Lanx Sales, LLC
Form 424B3
August 21, 2014
Table of Contents

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-194855
PROSPECTUS SUPPLEMENT
(to prospectus dated April 15, 2014 and the prospectus supplements dated April 30, 2014, July 3, 2014 and July 9, 2014)
BIOMET, INC.
$1,825,000,000 6.500% Senior Notes due 2020
$800,000,000 6.500% Senior Subordinated Notes due 2020

This prospectus supplement updates and supplements the prospectus dated April 15, 2014 and the prospectus supplements dated April 30, 2014, July 3, 2014 and July 9, 2014.

See the “Risk Factors” section beginning on page 7 of the prospectus and the “Risk Factors” section in our Annual Report on Form 10-K filed wit the Securities and Exchange Commission on August 20, 2014 for a discussion of certain risks that you should consider before investing in the notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus supplement and the accompanying prospectus have been prepared for and may be used by Goldman, Sachs & Co. and any affiliates of Goldman, Sachs & Co. in connection with offers and sales of the notes related to market-making transactions in the notes affected from time to time. Goldman, Sachs & Co. or its affiliates may act as principal or agent in such transactions, including as agent for the counterparty when acting as principal or as agent for both counterparties, and may receive compensation in the form of discounts and commissions, including from both counterparties, when it acts as agents for both. Such sales will be made at prevailing market prices at the time of sale, at prices related thereto or at negotiated prices. We will not receive any proceeds from such sales.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized any person to provide you with any information or represent anything about us or this offering that is not contained in this prospectus supplement and the accompanying prospectus. If given or made, any such other information or representation should not be relied upon as having been authorized by us. This prospectus supplement and the accompanying prospectus does not offer to sell nor ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities. You should not assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front cover of this prospectus supplement and the accompanying prospectus or the date of any document incorporated by reference herein.

The date of this prospectus supplement is August 20, 2014.

Table of Contents

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

_____

FORM 10-K

_____

(Mark One)

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

For the fiscal year ended May 31, 2014.

OR

ú 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 001-15601

_____

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

_____

Delaware	26-0499682
Indiana	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)
Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: LVB Acquisition, Inc. common stock, par value $0.01 per share

_____

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

LVB ACQUISITION, INC.	Yes	¨	No	x
BIOMET, INC.	Yes	¨	No	x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

LVB ACQUISITION, INC.	Yes	¨	No	x
BIOMET, INC.	Yes	¨	No	x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

LVB ACQUISITION, INC.	Yes	x	No	¨
BIOMET, INC.	Yes	x	No	¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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	x	No	¨
BIOMET, INC.	Yes	x	No	¨

Table of Contents

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

LVB ACQUISITION, INC.	¨
BIOMET, INC.	¨

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	x (Do not check if a smaller reporting company)	Smaller reporting company	¨
BIOMET, INC.			
Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

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

LVB ACQUISITION, INC.	Yes	¨	No	x
BIOMET, INC.	Yes	¨	No	x

As of May 31, 2014, there was no established public trading market for any of the common stock of the registrants.

The number of shares of the registrants' common stock outstanding as of July 31, 2014:

LVB ACQUISITION, INC.	552,486,996 shares of common stock
BIOMET, INC.	1,000 shares of common stock

DOCUMENTS INCORPORATED BY REFERENCE

None.

TABLE OF CONTENTS

Table of Contents

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements within the meaning of the U.S. federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements generally preceded by, followed by, or that include the words “believe,” “could,” “expect,” “forecast,” “intend,” “may,” “anticipate,” “plan,” “predict,” “possibly,” “project,” “potenti “should,” “will” or similar expressions. These statements include, but are not limited to, statements related to:

- the impact of the announcement of our anticipated merger with Zimmer Holdings, Inc. (“Zimmer”);
- the timing and number of planned new product introductions;
- the effect of anticipated changes in the size, health and activities of the population or on the demand for our products;
- assumptions and estimates regarding the size and growth of certain market categories;
- our ability and intent to expand in key international markets;
- the timing and anticipated outcome of clinical studies;
- assumptions concerning anticipated product developments and emerging technologies;
- the future availability of raw materials;
- the anticipated adequacy of our capital resources to meet the needs of our business;
- our continued investment in new products and technologies;
- the ultimate marketability of products currently being developed;
- our ability to successfully implement new technologies and transition certain manufacturing operations, including transitions to China;
- our ability to manage working capital and generate adequate cash flows to service outstanding debt;
- our ability to sustain sales and earnings growth;
- our success in achieving timely approval or clearance of our products with domestic and foreign regulatory entities;
- our success in implementing our operational improvement programs;
- the stability of certain foreign economic markets;
- the effect of foreign currency fluctuations on our results;
- the impact of anticipated changes in the musculoskeletal industry and our ability to react to and capitalize on those changes;
- our ability to successfully implement desired organizational changes;
- the impact of our managerial changes;
- our ability to take advantage of technological advancements;

Table of Contents

- our reliance on our private equity stockholders;

- our $5,720.4 million of total indebtedness outstanding as of May 31, 2014, and our ability to incur additional indebtedness in the future; and

- our inability to generate sufficient cash in order to meet our debt service obligations.

Forward-looking statements reflect our current expectations and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Important assumptions relating to these forward-looking statements include, among others, assumptions regarding demand for our products, expected pricing levels, raw material costs, the timing and cost of planned capital expenditures, future regulatory reforms affecting the healthcare industry, expected outcomes of pending litigation and regulatory matters, the solvency of our insurers and the ultimate resolution of allocation and coverage issues with those insurers, competitive conditions and general economic conditions. Readers of this annual report are cautioned that reliance on any forward-looking statement involves risks and uncertainties.

Although we believe that the assumptions on which the forward-looking statements contained herein are based are reasonable, any of those assumptions could prove to be inaccurate given the inherent uncertainties as to the occurrence or nonoccurrence of future events. There can be no assurance that the forward-looking statements contained in this annual report will prove to be accurate. The inclusion of a forward-looking statement in this annual report should not be regarded as a representation by us that our objectives will be achieved. Forward-looking statements also involve risks and uncertainties, which could cause actual results to differ materially from those projected by any forward-looking statement. Many of these factors are beyond our ability to control or predict and could, among other things, cause actual results to differ from those contained in forward-looking statements made or incorporated by reference in this annual report and presented elsewhere by management from time to time. Such factors, among others, may have a material adverse effect upon our business, financial condition, results of operations and cash flows and may include, but are not limited to, factors discussed under the heading "Risk Factors" and the following:

- the inability to obtain regulatory approvals of our proposed merger with Zimmer Holdings, Inc. (including the approval of antitrust authorities necessary to complete the transaction) on the terms desired or anticipated; the timing of such approvals and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the transaction;

- the risk that a condition to closing our proposed merger with Zimmer may not be satisfied on a timely basis or at all;

- the risk that the our proposed merger with Zimmer fails to close for any other reason;

- the effect of the potential disruption of management's attention from ongoing business operations due to our proposed merger with Zimmer;

- the effect of the announcement of the proposed merger on Zimmer's and Biomet's relationships with their respective customers, vendors and lenders and on their respective operating results and businesses generally;

- changes in general economic conditions and interest rates;
- changes in the availability of capital and financing sources;
- changes in competitive conditions and prices in our markets;
- changes to the regulatory environment for our products, including national health care reform;
- the effects of incurring or having incurred a substantial amount of indebtedness under our 6.500% senior notes, 6.500% senior subordinated notes and senior secured credit facilities;
- the effects upon us of complying with the covenants contained in our senior secured credit facilities and the indentures governing our 6.500% senior notes and 6.500% senior subordinated notes;

4

Table of Contents

- restrictions that the terms and conditions of indentures governing our 6.500% senior notes and 6.500% senior subordinated notes and our senior secured credit facilities may place on our ability to respond to changes in our business or take certain actions;
- changes in the relationship between supply of and demand for our products;
- fluctuations in costs of raw materials and labor;
- the effect of foreign currency fluctuations on our results;
- changes in other significant operating expenses;
- decreases in sales of our principal product lines;
- slowdowns or inefficiencies in our product research and development efforts;
- increases in expenditures related to increased government regulation of our business;
- developments adversely affecting our sales activities inside or outside the United States;
- decreases in reimbursement levels by our customers, including certain of our foreign government customers that are experiencing financial distress;
- differences in transitioning certain manufacturing operations to China and other locations;
- challenges in effectively implementing restructuring and cost saving initiatives;
- increases in cost-containment efforts from managed care organizations and other third-party payors;
- loss of our key management and other personnel or inability to attract such management and other personnel;
- increases in costs of retaining existing independent sales agents of our products;
- potential future goodwill and/or intangible impairment charges;
- inability to obtain, protect or enforce our intellectual property rights;
- unanticipated expenditures related to litigation; and
- failure to comply with the terms of the Deferred Prosecution Agreement.

We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date they were made. We do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this annual report or to reflect the occurrence of unanticipated events. We intend to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 regarding our forward-looking statements, and are including this sentence for the express purpose of enabling us to use the protections of the safe harbor with respect to all forward-looking statements.

Table of Contents

Part I.

Explanatory Note

This Form 10-K is a combined annual report being filed separately by two registrants: LVB Acquisition, Inc. ("LVB" and "Parent") and its wholly owned subsidiary, Biomet, Inc. Each registrant hereto is filing on its own behalf all of the information contained in this annual 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.

Item 1. Business.

Overview

We are one of the largest orthopedic medical device companies in the world, with operations in more than 50 locations and distribution in more than 90 countries. We design, manufacture and market surgical and non-surgical products used primarily by orthopedic surgeons and other musculoskeletal medical specialists. Our product offerings include:

- Reconstructive Products-Hips and Knees
- Sports, Extremities and Trauma (S.E.T.) Products
- Spine, Bone Healing and Microfixation Products
- Dental Reconstructive Products
- Cement, Biologics and Other Products

Since our founding in 1977, we have grown to nearly 9,000 employees and generated more than $3.0 billion of net sales in our most recent fiscal year. We believe that our success is largely attributable to our dedication to excellence in product engineering and innovation, and our responsiveness to our customers through service and support. In recent years, we have built on our core competencies in hip and knee reconstructive products by expanding our business into higher-growth categories, such as sports medicine, extremities and trauma, and in our higher-growth international markets.

General

The principal asset of LVB is the ownership of 100% of the common stock of Biomet, Inc., which is an operating company. Biomet, Inc., an Indiana corporation incorporated in 1977, is one of the largest orthopedic medical device companies in the United States and worldwide with operations in more than 50 locations throughout the world and distribution in approximately 90 countries. Biomet, Inc.'s principal operating subsidiaries include Biomet U.S. Reconstruction, LLC; Biomet Orthopedics, LLC; Biomet Manufacturing, LLC; Biomet Europe BV; EBI, LLC; Biomet 3i, LLC; Biomet International Ltd.; Biomet Microfixation, LLC; Biomet Sports Medicine, LLC; Biomet Trauma, LLC; and Biomet Biologics, LLC. Unless the context requires otherwise, the term "LVB," "Biomet," "Company," "we," "our", or "us" refers to LVB Acquisition, Inc. and all of its subsidiaries. We design, manufacture and market a comprehensive range of both surgical and non-surgical products used primarily by orthopedic surgeons and other musculoskeletal medical specialists. For over 35 years, we have applied advanced engineering and manufacturing technology to the development of highly durable joint replacement systems.

Merger with Zimmer Holdings, Inc.

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. Zimmer and LVB currently expect to complete the merger in the first quarter of 2015, subject to the receipt of regulatory approvals and the satisfaction or waiver of the other conditions to the merger contained in the Merger Agreement. However, it is possible that factors outside the control of Zimmer and LVB could require Zimmer and LVB to complete the merger at a later date or not complete it at all.

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. As of July 31, 2014, Holding owns approximately 536,034,330 shares, or 97.16%, of our common stock outstanding. Therefore, pursuant to the voting agreement, we expect to receive written consents sufficient to approve our proposed merger with Zimmer.

Table of Contents

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-Q filed on August 7, 2014, in connection with the merger, Zimmer expects to pay off all of the outstanding funded debt of LVB, totaling $5,681.8 million as of July 31, 2014 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.

Transactions with the Principal Stockholders

On December 18, 2006, Biomet, Inc. entered into an Agreement and Plan of Merger with LVB Acquisition, LLC, a Delaware limited liability company, which was subsequently converted to a corporation, LVB Acquisition, Inc., and LVB Acquisition Merger Sub, Inc., an Indiana corporation and a wholly-owned subsidiary of LVB ("Purchaser"), which agreement was amended and restated as of June 7, 2007 and which we refer to as the "2007 Merger Agreement." Pursuant to the 2007 Merger Agreement, on June 13, 2007, Purchaser commenced a cash tender offer (the "Offer") to purchase all of Biomet, Inc.'s outstanding common shares, without par value (the "Shares") at a price of $46.00 per Share (the "Offer Price"). Approximately 82% of the outstanding Shares were tendered to Purchaser in the Offer. At Biomet, Inc.'s special meeting of shareholders held on September 5, 2007, more than 91% of its shareholders voted to approve the proposed merger, and LVB acquired Biomet, Inc. on September 25, 2007 through a reverse subsidiary merger, with Biomet, Inc. being the surviving company (the "Merger"). Subsequent to the acquisition, Biomet, Inc. became a subsidiary of LVB. Approximately 97% of the outstanding shares of LVB common stock are owned by Holdings, an entity controlled collectively by a consortium of private equity funds affiliated with private equity funds affiliated with the Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts & Co. and TPG (which we refer to collectively as our "Principal Stockholders") and their co-investors.

Our product categories

We offer one of the most comprehensive portfolios of products, as well as the associated instrumentation, in the orthopedic and dental markets, as described below:

Reconstructive Products-Hips and Knees. Orthopedic reconstructive implants are used to replace joints that have deteriorated as a result of disease (principally osteoarthritis) or injury. Reconstructive joint surgery involves the modification of the affected area of the joint and the implantation of one or more manufactured components. Our fiscal 2014 net sales were $649.2 million (20.1% of total net sales) for hip products and $995.7 million (30.9% of total net sales) for knee products.

Sports, Extremities and Trauma (S.E.T.) Products. In sports medicine, we primarily manufacture and market a line of procedure-specific products for the repair of soft tissue injuries, most commonly used in the knee and shoulder. Extremity systems comprise a variety of joint replacement systems, primarily for the shoulder, elbow and wrist. Trauma hardware includes internal and external fixation products used by orthopedic surgeons to set and stabilize fractures, primarily for upper and lower extremities. Our fiscal 2014 net sales for S.E.T. products were $647.5 million (20.1% of total net sales).

Spine, Bone Healing and Microfixation Products. Our spinal products include traditional, minimally-invasive and lateral access spinal fusion and fixation systems, implantable electrical stimulation products for spinal applications and osteobiologics, including allograft services. Our bone healing products include non-invasive electrical stimulation devices designed to stimulate bone growth in the posterior lumbar spine and appendicular skeleton. Our microfixation

products primarily include neuro, craniomaxillofacial, or CMF, and cardiothoracic products for fixation and reconstructive procedures. Our fiscal 2014 net sales for spine, bone healing and microfixation products were $446.7 million (13.9% of total net sales).

Dental Reconstructive Products. Our dental reconstructive products are designed to enhance oral rehabilitation through the replacement of teeth and the repair of hard and soft tissues. These products include dental reconstructive products and related instrumentation, bone substitute materials, regenerative products and materials,

Table of Contents

CAD/CAM copings and implant bridges. Our fiscal 2014 net sales for dental reconstructive products were $259.1 million (8.0% of total net sales).

Cement, Biologics and Other Products. We manufacture and distribute numerous other products, including bone cement and accessories, autologous blood therapy products and services, operating room supplies, general surgical instruments, wound care products and other surgical products. Our fiscal 2014 net sales for cement, biologics and other products were $225.2 million (7.0% of total net sales).

Consistent with our heritage of engineering excellence and innovation, our product portfolio incorporates a number of advanced, highly-differentiated technologies that are applicable across multiple product categories, allowing us to magnify our market impact and leverage our research and development investments. These cross-platform technologies include specialized materials designed to improve the longevity of implants, proprietary surfaces and coatings to allow for biologic fixation, and patient-specific implants and positioning guides designed using CT or MRI imaging data.

Complete references, product information and product reference material, including indications, contraindications, risks and warnings can be obtained from us on request.

Reconstructive Products —Hips and Knees

Orthopedic reconstructive implants are used to replace joints that have deteriorated as a result of disease (principally osteoarthritis) or injury. Reconstructive joint surgery involves the modification of the affected area of the joint and the implantation of one or more manufactured components, and may involve the use of bone cement. Our primary orthopedic reconstructive joints are hips and knees. We also produce the associated instruments required by orthopedic surgeons to implant our reconstructive products.

Category	Net Sales for the year ended May 31, 2014 (% of total)
Hip reconstructive products	$649.2 million (20.1%)
Key Products	**Description**
Taperloc Complete Hip System	Biomet’s flagship primary hip replacement product, which has demonstrated 99% survivorship over a 22-26 year post-operative period.*
G7 Acetabular System	Our multi-bearing acetabular cup system for use in hip replacement surgery, featuring next-generation instrumentation designed to increase operating room efficiency
Arcos Modular Femoral Revision System	Comprehensive, modular system designed for reconstruction of femoral revision surgery defects

* According to McLaughlin JR, Lee KR, Orthopedics, 2010 Sep 7; 33(9): 639. The lead author, Dr. J.R. McLaughlin, was a paid Biomet consultant during the preparation and publication of the study, as disclosed in the published paper.

Hip reconstructive products. A total hip replacement involves the replacement of the head and neck of the femur and the diseased and damaged bone of the acetabulum, and may occur as an initial joint replacement procedure or as a revision procedure, which may be required to replace, repair or enhance the initial implant. We offer a broad array of femoral and acetabular systems, each in a variety of sizes and configurations, designed to address varying patient conditions and surgeon preferences.

Our flagship hip stem is the Taperloc Complete Hip System. The Taperloc Complete Hip System modernizes the Taperloc Hip System, a proven technology which has demonstrated 99% survivorship over a 22-26 year post-operative period, as noted in the above cited article. The Taperloc Complete Hip System offers a series of implant and instrument options, and is compatible with minimally-invasive anterior surgical techniques.

Table of Contents

Our newest hip replacement product is the G7 Acetabular System, which we introduced globally in late 2013. Among other innovations, the G7 Acetabular System features unique color coding and instrumentation delivery to simplify the procedure in the operating room. The system allows surgeons to choose from a variety of articular bearing components, including our ArComXL or E1 polyethylene, or our ceramic bearing. Additionally, the G7 acetabular system can be used in conjunction with our Signature patient-specific guides for acetabular positioning and alignment, arguably the most critical clinical issues in hip replacement.

We also offer the Arcos Modular Femoral Revision System, a comprehensive system to meet the demands of complex revision surgery. It features numerous interchangeable and modular components.

Category	Net Sales for the year ended May 31, 2014 (% of total)
Knee reconstructive products	$995.7 million (30.9%)

Key Products	Description
Vanguard Complete Knee System	Our flagship brand for total knee replacement and revisions, offering advanced sizing options and patented interchangeability of femoral and tibial components
Oxford Partial Knee	The only free-floating, mobile bearing partial knee system approved by the FDA in the United States
Vanguard SSK 360 Revision System	Our best-selling knee revision implant
Vanguard XP Knee System	A new knee replacement system that retains all of the patient's healthy native ligaments, including the ACL. We plan to launch Vanguard XP in the second half of calendar year 2014.

Knee reconstructive products. Our knee products are designed to replace portions of the knee that have deteriorated from disease or injury. We offer several total and partial knee replacement products. A total knee replacement typically includes a femoral component, a patellar component, a tibial component and an articulating surface. Total knee replacement may occur as an initial joint replacement procedure, or as a revision procedure, which may be required to replace, repair or enhance the initial implant. Partial knee replacement is an option when only a portion of the knee requires replacement.

The Vanguard Complete Knee System is our flagship brand for primary and revision total knee replacement. The Vanguard Complete Knee System demonstrates strong clinical results, accommodates a high degree of flexion and offers advanced sizing options and patented interchangeability of femoral and tibial components. Several instrumentation platforms support the Vanguard Complete Knee System, including instruments for minimally invasive procedures, enabling it to accommodate a variety of patient needs and surgeon preferences. The Vanguard Complete Knee System serves as the platform for current and future product innovations, including the Vanguard SSK 360 Revision System, which was introduced in fiscal 2012. The Vanguard SSK 360 Revision System is our best-selling knee revision implant by revenue and has helped us achieve the second largest market share position for knee revision implants in the United States.

The Oxford Partial Knee leads the market in the United States, and we believe, in the world in partial knee implant units sold. It is the only free-floating, mobile bearing partial knee system approved by the FDA in the United States, and is designed to provide more natural motion than total knee replacement systems. We believe its high rate of adoption by surgeons reflects its strong, long-term clinical results, continued product upgrades and a successful

direct-to-consumer advertising campaign highlighting its unique lifetime knee implant warranty in the United States.

We plan to launch the Vanguard XP Knee System in the second half of calendar year 2014. The Vanguard XP is FDA 510(k) cleared and in early clinical use in the United States and across Europe. Once launched, we expect that the Vanguard XP will be the only widely-available total knee replacement system in the world capable of retaining all of the patient's healthy native ligaments, including the ACL and PCL, and offers intraoperative

Table of Contents

flexibility depending on patient's soft tissue status. We believe that, by retaining the ACL, the Vanguard XP has the potential to improve patient satisfaction following total knee replacement, which has been reported as low as 70%-86%. A recent independent study reported that patients receiving the Oxford Partial Knee, which retains the ACL, are 2.7 times more likely to be satisfied than total knee replacement patients in their ability to perform activities of daily living, and 1.8 times more likely to report that their new knee feels normal (according to a study by researchers at Washington University in St. Louis, Missouri, presented by Michael Berend, MD, Current Concepts in Joint Replacement, May 20, 2013. Determined based on adjusted odds ratio calculation. The study was partially funded by the Company). The goal of the Vanguard XP is to offer a total knee product that delivers the patient satisfaction levels achieved with the Oxford Partial Knee.

Table of Contents

Sports Medicine, Extremities and Trauma (S.E.T.) Products

Category	Net Sales for the year ended May 31, 2014 (% of total)
S.E.T. Products	$647.5 million (20.1%)
Key Products	**Description**
Sports Medicine	
JuggerKnot Soft Anchor	Fixation device used in soft tissue repairs, with a smaller anchor to minimize bone removal
JuggerKnotless Soft Anchor	Fixation device used for labral repairs, which was recently launched
Extremities	
Comprehensive Shoulder System including the Primary, Reverse and Fracture	Shoulder system designed to allow intra-operative flexibility and streamlined instrumentation
Comprehensive SRS	Fully modular, shoulder system designed to address complex revision and oncology cases
Comprehensive Nano*	Stemless shoulder that integrates seamlessly into the Comprehensive system while also providing a less-invasive total shoulder option
Trauma	
DVR Crosslock Distal Radius Plating System/ePAK	Our flagship product line for treating certain wrist fractures
AFFIXUS Hip Fracture Nail	Nail system designed to treat hip fractures
A.L.P.S. Plating System	Anatomic locked plating system designed to treat a host of trauma and reconstructive fractures of the upper and lower extremities

* Only available outside the United States. This device is the subject of a FDA Investigational Device Exemption, or IDE, premarket clinical study.

Our S.E.T. product category includes sports medicine, extremities and trauma products.

Sports Medicine. In sports medicine, we primarily manufacture and market a line of procedure specific products for the repair of soft tissue injuries, most commonly used in the knee and shoulder. Our sports medicine offerings include the market-leading JuggerKnot Soft Anchor family and its line extension, the JuggerKnotless Soft Anchor. The JuggerKnot Soft Anchor is used for soft tissue repairs and offers a competitive advantage because its smaller anchor minimizes bone removal. In addition, we recently launched the JuggerKnotless device for labral repair. The JuggerKnotless device eliminates the need for surgeons to tie knots during soft tissue repair, which allows surgeons to control tension for their fixation, and includes the all-suture benefits of the JuggerKnot family.

Extremities. Extremity systems comprise a variety of shoulder joint replacement, elbow replacement systems, and products for the wrist. During the fourth quarter of fiscal year 2014, we recorded our 26th consecutive quarter of double digit growth in our extremities business. Our flagship shoulder product, the Comprehensive Shoulder System, capitalizes on our platform approach to shoulder surgery and allows intra-operative flexibility and streamlined instrumentation. In particular, the system permits the choice of several different stems, many of which

Table of Contents

can be used without bone cement. The Comprehensive Shoulder System can be used in conjunction with our Signature patient-specific guides that are designed to assist with glenoid component positioning. In 2013, demand for the Comprehensive Shoulder System allowed us to achieve the leadership position in the United States in both the anatomic shoulder and reverse shoulder markets.

Trauma. We develop, manufacture and distribute a comprehensive line of products in the internal and external fixation market used by orthopedic surgeons to set and stabilize fractures, primarily for upper and lower extremities. Products include those acquired as part of the 2012 Trauma Acquisition. We lead the U.S. market in volar locked plating for treating fractures of the distal radius (wrist). The DVR System is our flagship product line for treating certain wrist fractures. The DVR Crosslock Wrist Fracture Fixation System, launched in late 2013, is the newest addition to the DVR family of products and is offered in our standard delivery system and the ePAK single-use system. The ePAK system is designed to reduce costs because its pre-sterilized, single-use disposable kit, which includes the implant and necessary instruments, allows for rapid set-up and minimal operating room turnover time between surgical cases.

Spine, Bone Healing and Microfixation Products

Category	Net Sales for the year ended May 31, 2014 (% of total)
Spine, Bone Healing and Microfixation	$446.7 million (13.9%)
Key Products	**Description**
Spine	
Lineum OCT Spine System and Polaris Spinal System incorporating the Translation Screw technology	Proprietary screw system that combines 3mm of medial/lateral screw translation with a broad range of options for optimal screw placement
Cellentra VCBM (Viable Cell Bone Matrix)	Innovative bone graft that includes all of the three elements required for bone remodeling
Timberline Lateral Fusion System and Timberline MPF Modular Plate Fixation System	A complete lateral solution with an innovative, radiolucent retractor and modular lateral-plating system
Alpine XC Adjustable Fusion System	Designed to help optimize surgical results when using spinous process fixation
Bone Healing	
The Biomet SpinalPak and OrthoPak Non-Invasive Bone Growth Stimulator Systems	Small and lightweight non-invasive bone growth stimulators
The Biomet EBI Bone Healing System	Non-invasive bone growth stimulation device supported by more than 30 years of clinical evidence
Microfixation	
TraumaOne Plating System	Comprehensive trauma and reconstruction system designed to treat fractures of the mandible and

	mid-face
SternaLock Blu Primary Closure System	Rigid fixation system designed to restore bones of the chest following heart surgery
HTR-PEKK Patient-Matched Cranial Implant	Customized solution for severe cranial defects

Table of Contents

Spine. As a result of our 2013 Spine Acquisition, we have expanded our portfolio to include minimally-invasive and lateral-approach systems, which complement our existing collection of fusion and deformity correction products. Our spinal products include cervical and thoracolumbar hardware systems, implantable electrical stimulation devices to allow for bone healing, and osteobiologics (including allograft services), and are used primarily for spinal fusions and spine-related procedures.

Our flagship product, the Polaris Spinal System, incorporates a number of cutting-edge innovations designed to provide surgeons with expanded treatment options and greater precision. These innovations include: a screw technology that eases rod introduction and encourages optimal screw placement; instrumentation that permits direct vertebral body rotation and correction and a variety of screw, hook and rod options.

Additionally, we offer the MaxAn Anterior Cervical Plating System, which incorporates technology developed by Gary K. Michelson, M.D., that is designed to allow for maximum angulation of the screws. The MaxAn System has a unique design that permits surgeons to use a shorter plate during certain procedures, improving the precision of plate placement to better avoid impingement on an adjacent disc.

Bone Healing. Our bone healing products include non-invasive electrical stimulation devices designed to stimulate bone growth in the posterior lumbar spine and appendicular skeleton. The SpinalPak Non-Invasive Spine Fusion Stimulator System is indicated as an adjunct electrical treatment to primary lumbar spinal fusion surgery for one or two levels. The Biomet OrthoPak Non-Invasive Bone Growth Stimulator System is a device designed to allow patients to remain active while undergoing treatment. The Biomet EBI Bone Healing System is a non-invasive bone growth stimulation device that is supported by more than 30 years of clinical evidence.

Microfixation. We offer products for use in neurological, craniomaxillofacial and thoracic procedures. Our face and skull reconstruction products, led by the TraumaOne Plating System, are used for a range of surgical procedures by oral, neuro, plastic, and ear, nose and throat, or E.N.T., surgeons. The TraumaOne System is a comprehensive trauma and reconstruction system designed to treat fractures of the mandible and mid-face. The iQ Rapid Screw Delivery System is an intelligent cordless drill/driver featuring an on-board computer chip and software, allowing for rapid, precise screw placement in cranial procedures. The HTR-PEKK Patient-Matched Implant provides a customized solution for severe cranial defects. The thoracic product portfolio consists of products that fixate and stabilize the bones of the chest in order to facilitate healing or reconstruction after open heart surgery, trauma or for deformities of the chest.

Dental Reconstructive Products

Category	Net Sales for the year ended May 31, 2014 (% of total)
Dental reconstructive products	$259.1 million (8.0%)
Key Products	**Description**
OSSEOTITE Product Line	Our leading dental implant system, designed to improve bone integration
3i T3 Implants	Our newest dental implant, designed to preserve tissue and deliver on patient expectations of sustainable aesthetics
Certain Implants	Implant line with an internal connection system that allows for greater ease of use by clinicians
BellaTek Encode Impression System	Designed to help create a highly aesthetic definitive abutment
Endobon Xenograft Granules	

	Bovine-derived granules designed for bone augmentation in the mouth

Our dental reconstructive products include dental implants, abutments, bone substitute and regenerative products and materials, and digital patient-specific products.

Table of Contents

Dental implants are small titanium screws that are surgically inserted into the jaw to replace a root and provide an anchor for an artificial tooth. Our leading dental implant system is the OSSEOTITE product line. The OSSEOTITE product line contains a micro-roughened surface technology that allows for early/immediate loading and improves bone integration to the implant as compared to machine-surfaced implants.

Our newest dental implant product is the 3i T3 Implant, which we launched in early 2013. The 3i T3 Implant aims to preserve tissue and deliver on patient expectations of sustainable aesthetics. The product is designed to increase osseointegration through its hybrid surface, augment bone preservation through integrated platform switching and improve seal integrity.

Our implant portfolio is supported by the Certain Implant System. The Certain Implant is an internal connection system that allows for greater ease of use by clinicians because it delivers audible and tactile feedback when restorative abutments and ancillary components are seated.

The BellaTek Encode Impression System allows clinicians to create a BellaTek Abutment by making a conventional or digital impression. Unique codes on the BellaTek Encode Healing Abutment relay abutment design and milling information for a highly aesthetic definitive abutment. This technology also eliminates the need for impression materials when used in conjunction with an intraoral scanner.

Cement, Biologics and Other

Category	Net Sales for the year ended May 31, 2014 (% of total)
Cement, Biologics and Other	$225.2 million (7.0%)

Key Products	Description
Cement	
Cobalt, Refobacin* and Biomet Bone Cements	Cement designed for use in a variety of clinical situations
Optipac Pre-Packed Cement Mixing System	Closed vacuum mixing and delivery system pre-packed with bone cement
Optivac Vacuum Mixing System	Cement system that mixes and collects cement under vacuum
StageOne Cement Spacer Molds	Designed to create a temporary cement spacer for patients undergoing stage one of a two-stage revision
Biologics	
rejuvesol Solution	Red blood cell (RBC) processing solution for restoring the oxygen carrying capacity of aged, donated RBCs to fresh levels. We introduced rejuvesol Solution in fiscal year 2014
NStride Solution**	Autologous protein solution used for treatment of knee osteoarthritis
MarrowStim PAD System***	Autologous bone marrow concentration system for treating critical limb ischemia

BioCUE Platelet Concentration System	Autologous blood and bone marrow concentration system for mixing with allograft and/or autograft bone in orthopedic applications

Table of Contents

* Refobacin is a trademark licensed from Merck KGaA.
** Not approved for use in the United States.
*** This is the subject of a FDA IDE premarket clinical study.

Cement. We offer a wide range of acrylic bone cements and cementing systems for primary and revision reconstructive joint procedures. These products are used primarily to fix implant components to bone during reconstruction.

Cobalt, Refobacin and Biomet Bone Cement offerings are designed for use in a variety of clinical situations, which is why we have a broad portfolio of high, medium and low viscosity cements to be used with our user-friendly mixing and delivery systems. Cobalt is available with or without antibiotics.

The Optivac Mixing System mixes and collects the cement in a closed vacuum, which is designed to improve bone cement quality and reduce monomer exposure in the operating room. The Optipac system, leveraging the proven technology of Optivac, is a system that comes pre-packed with both polymer and monomer, which eliminates several steps in the mixing procedure.

StageOne Spacer Molds are single-use molds designed to create a temporary cement spacer for patients undergoing stage one of a two-stage revision. We offer cement spacer mold options for hip, knee and shoulder revision procedures.

Biologics. We are making considerable investments in programs for our Biologics business that have the potential to address significant unmet clinical needs. One leading product is rejuvesol Red Blood Cell Processing Solution, which restores the oxygen delivery capabilities in aged, donated red blood cells. We introduced rejuvesol Solution in fiscal 2014 and are currently working with the FDA to expand indications. We also offer blood and bone marrow aspiration collection and concentration systems for various orthopedic applications globally: GPS III Platelet Concentration System, Plasmax Platelet Concentration System, Clotalyst Autologous Activation Solution, BioCUE Platelet Concentration System, and Recover Kit. New therapies are also under clinical evaluation in the areas of early osteoarthritis and peripheral vascular disease management based on our core Biologics autologous platform technologies.

Other. We offer a variety of other products, including operating room supplies, general surgical instruments, wound care products and other surgical products.

Cross-Platform Technologies

Consistent with our heritage of engineering excellence and innovation, our product portfolio incorporates a number of advanced, highly-differentiated technologies that are applicable across multiple product categories, allowing us to magnify their market impact and leverage our research and development investments. These cross-platform technologies include specialized materials designed to improve the longevity of implants, proprietary surfaces and coatings to allow for biologic fixation, and patient-specific implants and positioning guides designed using CT or MRI imaging data. The revenues from these technologies are included in net sales in their respective product categories.

Our PMI Patient-Matched Implant group creates patient-specific reconstructive products. These products assist orthopedic surgeons and their surgical teams in preoperative planning and utilize a 3-D bone reconstruction imaging system. With this imaging and model-making technology, our PMI group assists the physician prior to surgery by creating 3-D models and manufacturing patient specific implants. We believe these products and services continue to enhance our reconstructive product sales by strengthening our business relationships with our surgeon and hospital customers.

Our Signature Personalized Patient Care System addresses anatomic individuality with an image-based approach to interactive preoperative planning, and creation of patient-specific surgical positioning guides, applicable to hip, knee, and shoulder replacement products. The Signature System provides a personalized patient solution while reducing instrumentation and implant inventory required for each surgery and improving the efficiency of procedures. The Signature System was developed through a partnership with Materialise NV.

Table of Contents

E1 polyethylene is a Vitamin E infused highly crosslinked polyethylene that is used to create bearings for our hip, knee and shoulder products. Vitamin E, a natural antioxidant, provides strength and oxidative stability. This technology maintains mechanical properties and wear resistance over time.

PPS Porous Plasma Spray is Biomet's proprietary porous coating. It is designed to provide for biologic fixation of our hip, knee, and shoulder replacement products. Introduced in 1983, PPS has achieved outstanding long-term clinical success, as documented by numerous studies.

OsseoTi material is a new porous titanium alloy material, inspired by the structure of human cancellous bone, that is designed to allow biologic fixation. In its FDA cleared indications, OsseoTi can address bone deficiencies and can serve as a coating to allow for biologic fixation in reconstructive implant systems. We currently offer OsseoTi technology to address bone deficiencies in foot and ankle applications, and are now developing products for other joint reconstructive procedures, including implant augmentations for the Vanguard SSK 360 Knee Revision System and an OsseoTi version of the G7 Acetabular System.

In addition, we are currently developing our One Patient Solutions offering. Our One Patient Solutions is an image based system designed to provide a personalized patient solution while reducing the cost, handling, time, and inventory involved in performing a total joint replacement. Planning software is designed to allow the surgeon to create virtual anatomical models and discuss the surgery plan with the patient in real time, determine the proper implant and instrumentation required, and provide the patient with access to personalized online education about the surgery. Our One Patient Solutions delivery model then allows us to deliver only those implants and instrumentation necessary for that surgery, reducing the hospital's cost and handling, improving operating room flow, and more efficiently utilizing our working capital. In the United Kingdom, we are also piloting a new program, Theatre Care Rapide, which combines a sterilization service with the advantages of case-specific just-in-time delivery of inventory and instruments. This innovative system uses our Signature Personalized Patient Care System for the planning of each case. We believe that both One Patient Solutions and Theatre Care Rapide are unique approaches to the delivery of orthopedic products.

Product Development

Our new product development, or NPD, efforts are led by global product groups, or Product Groups, for each category of our product offerings: reconstructive products—hips and knees; S.E.T products; spine, bone healing and microfixation products; dental reconstructive products; and cement, biologics and other products.

Each Product Group is responsible for all aspects of NPD management, including collection of market inputs, design, development, marketing, launch and post-market release support. Globally organized functions, including manufacturing, supply chain, regulatory, clinical and quality, coordinate with and provide resources to support the Product Groups in planning, designing and executing new product launches. In most Product Groups, the NPD process and commercial launch is managed via a new product introduction process, which has been designed to best support each Product Group and minimize time to market. This process utilizes a stage-gate review approach to managing development programs. As an industry leader, we are constantly evaluating our portfolio relative to evolving customer needs and market opportunity.

We continue to conduct internal research and development efforts to generate new marketable products, technologies and materials. Our research and applied technology discovery is led primarily by our corporate biomaterials group. This group develops technology platforms that can be applied across multiple product categories. Adoption of the relatively complex and advanced technologies developed by our biomaterials group across multiple product categories allows us to magnify their market impact and leverage our research and development investments.

In addition to our internal efforts, we intend to selectively pursue strategic acquisitions that provide us with new or complementary technologies. Further, an important component of our strategy has been the formation of strategic alliances to enhance the development of new musculoskeletal products.

For fiscal 2014, 2013 and 2012, we invested $169.6 million, $150.3 million and $126.8 million, respectively, on research and development. We believe we are well positioned to take advantage of external acquisition and development opportunities. We expect that our research and development investments will continue to increase. These investments are primarily related to our product development and clinical investments in our core businesses, as well as targeted emerging technologies.

16

Table of Contents

Patents and Trademarks

We believe that patents and other intellectual property will continue to be of importance in the musculoskeletal industry. Accordingly, we continue to take actions to protect technology developed internally and to acquire intellectual property rights associated with technology developed by third parties. We enforce our intellectual property rights consistent with our strategic business objectives. We do not believe that we have any single patent or license (or series of patents or licenses) which is material to our operations, consolidated revenues or earnings. We are not aware of any single patent that, if lost or invalidated, would be material to our consolidated revenues or earnings. We currently have more than 2,500 patents worldwide and in excess of 1,200 pending patent applications in jurisdictions around the world.

BIOMET is our principal registered trademark throughout the world, and registrations have been obtained or are pending with respect to various other trademarks associated with our products. Unless otherwise noted in this annual report, all trademarks contained herein are owned by Biomet, Inc., or one of its subsidiaries.

Government Regulation

Most aspects of our business are subject to some degree of government regulation in the countries in which our operations are conducted. It has always been our practice to comply with the regulatory requirements governing our products and operations and to conduct our affairs in an ethical manner. This practice is reflected in our Code of Business Conduct and Ethics, various other compliance policies and through the responsibility of the Audit Committee of the Board of Directors to review our systems of internal control, our process for monitoring compliance with laws and regulations and our process for monitoring compliance with our Code of Business Conduct and Ethics.

For some products, and in some areas of the world such as the United States, Canada, Japan and Europe, government regulation is significant and, in general, there appears to be a trend toward more stringent regulation throughout the world, as well as global harmonization of various regulatory requirements. We devote significant time, effort and expense to addressing the extensive government and regulatory requirements applicable to our business.

Governmental regulatory actions can result in the recall or seizure of products, suspension or revocation of the authority necessary for the production or sale of a product, and other civil and criminal sanctions. We believe that we are no more or less adversely affected by existing government regulations than are our competitors.

U.S. Food and Drug Administration

Our products are medical devices subject to extensive regulation by the FDA and other U.S. federal and state regulatory bodies and comparable authorities in other countries. To ensure that medical products distributed domestically and internationally are safe and effective for their intended use, the FDA and comparable authorities in other countries have imposed regulations that govern, among other things, the following activities that we perform and will continue to perform:

- product design and development;
- product testing;
- product manufacturing;
- product labeling;
- product storage;
- premarket clearance or approval;
- advertising and promotion;
- product marketing, sales and distribution; and
- post-market surveillance reporting death or serious injuries and medical device reporting.

FDA’s Premarket Clearance and Approval Requirements

Unless an exemption applies, each medical device that we commercially distribute in the United States requires either prior 510(k) clearance or prior premarket approval from the FDA. The FDA classifies medical devices into one of three classes. Devices deemed to pose lower risk are placed in either class I or II, which requires the manufacturer to submit to the FDA a premarket notification requesting permission for commercial distribution. This process is known as 510(k) clearance. Some low risk devices are exempt from this requirement. Devices deemed by the FDA to pose the greatest risk, such as life-sustaining, life-supporting or certain implantable devices, or devices deemed not

substantially equivalent to a previously cleared 510(k) device, are placed in class III, requiring premarket approval. Most of our current products are Class II devices marketed under FDA 510(k)

Table of Contents

premarket clearance. However, we also market class III products that have received approval of a premarket approval application, or PMA. Both premarket clearance and PMAs are subject to the payment of user fees, paid at the time of submission for FDA review.

510(k) Clearance Pathway

To obtain 510(k) clearance, we must submit a premarket notification demonstrating that the proposed device is substantially equivalent to a previously cleared 510(k) device or a device that was in commercial distribution before May 28, 1976 for which the FDA has not yet called for the submission of PMAs. The FDA's 510(k) clearance pathway usually takes from three to twelve months, but it can take significantly longer. The FDA may require additional information, including clinical data, to make a determination regarding substantial equivalence.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a new or major change in its intended use, will require a new 510(k) clearance or, depending on the modification, require premarket approval. The FDA requires each manufacturer to determine whether the proposed change requires submission of a 510(k), or a premarket approval, but the FDA can review any such decision and can disagree with a manufacturer's determination. If the FDA disagrees with a manufacturer's determination, the FDA can require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or premarket approval is obtained. If the FDA requires us to seek 510(k) clearance or premarket approval for any modifications to a previously cleared product, we may be required to cease marketing or recall the modified device until we obtain this clearance or approval. Also, in these circumstances, we may be subject to significant regulatory fines or penalties. We have made and plan to continue to make additional product enhancements to products that we believe do not require new 510(k) clearances.

Premarket Approval Pathway

A premarket approval application must be submitted if the device cannot be cleared through the 510(k) process. The premarket approval application process is generally more costly and time consuming than the 510(k) process. A premarket approval application must be supported by extensive data including, but not limited to, technical, preclinical, clinical trials, manufacturing and labeling to demonstrate to the FDA's satisfaction with the safety and effectiveness of the device for its intended use.

After a premarket approval application is sufficiently complete, the FDA will accept the application and begin an in-depth review of the submitted information. By statute, the FDA has 180 days to review the "accepted application," although, generally, review of the application can take between one and three years, but it may take significantly longer. During this review period, the FDA may request additional information or clarification of information already provided. Also during the review period, an advisory panel of experts from outside the FDA may be convened to review and evaluate the application and provide recommendations to the FDA as to the approvability of the device. In addition, the FDA will conduct a preapproval inspection of the manufacturing facility to ensure compliance with quality system regulations. New premarket approval applications or premarket approval application supplements are required for modifications that affect the safety or effectiveness of the device, including, for example, certain types of modifications to the device's indication for use, manufacturing process, labeling and design. Premarket approval supplements often require submission of the same type of information as a premarket approval application, except that the supplement is limited to information needed to support any changes from the device covered by the original premarket approval application, and may not require as extensive clinical data or the convening of an advisory panel. To date, a number of our products, such as the Oxford Partial Knee have been approved under the PMA process. We also have several product candidates in our development pipeline which will require the approval of a PMA.

Clinical Trials

Clinical trials are almost always required to support a PMA and are sometimes required for a 510(k) premarket notification. If the device presents a "significant risk," as defined by the FDA, to human health, the FDA requires the device sponsor to file an investigational device exemption, or IDE, application with the FDA and obtain IDE approval prior to commencing the human clinical trials. The investigational device exemption application must be supported by appropriate data, such as animal and laboratory testing results, showing that it is safe to test the device in humans and that the testing protocol is scientifically sound. The investigational device exemption application must be approved in advance by the FDA for a specified number of patients, unless the product is deemed a "non-significant risk" device and

eligible for more abbreviated investigational device exemption requirements. Clinical trials for a significant risk device may begin once the investigational device exemption

Table of Contents

application is approved by the FDA and the appropriate institutional review boards at the clinical trial sites. Future clinical trials of our motion preservation designs will require that we obtain an investigational device exemption from the FDA prior to commencing clinical trials and that the trial be conducted under the oversight of an institutional review board at the clinical trial site. Our clinical trials must be conducted in accordance with FDA regulations and federal and state regulations concerning human subject protection, including informed consent and healthcare privacy. A clinical trial may be suspended by FDA or the investigational review board at any time for various reasons, including a belief that the risks to the study participants outweigh the benefits of participation in the study. Even if a study is completed, the results of our clinical testing may not demonstrate the safety and efficacy of the device, or may be equivocal or otherwise not be sufficient to obtain approval of our product.

Pervasive and Continuing FDA Regulation

After a device is placed on the market, numerous regulatory requirements continue to apply. These include:

- product listing and establishment registration, which helps facilitate FDA inspections and other regulatory action;
- Quality System Regulation, or QSR, which requires manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the manufacturing process;
- labeling regulations and FDA prohibitions against the promotion of products for uncleared, unapproved or off-label use or indication;
- clearance of product modifications that could significantly affect safety or efficacy or that would constitute a major change in intended use of one of our cleared devices;
- approval of product modifications that affect the safety or effectiveness of one of our approved devices;
- medical device reporting regulations, which require that manufacturers comply with FDA requirements to report if their device may have caused or contributed to a death or serious injury, or has malfunctioned in a way that would likely cause or contribute to a death or serious injury if the malfunction of the device or a similar device were to recur;
- post-approval restrictions or conditions, including post-approval study commitments;
- post-market surveillance regulations, which apply when necessary to protect the public health or to provide additional safety and effectiveness data for the device;
- the FDA's recall authority, whereby it can ask, or under certain conditions order, device manufacturers to recall from the market a product that is in violation of governing laws and regulations;
- regulations pertaining to voluntary recalls; and
- notices of corrections or removals.

We have registered with the FDA as medical device manufacturers and have obtained all necessary state permits or licenses to operate our business. As manufacturers, we are subject to announced and unannounced inspections by the FDA to determine our compliance with quality system regulation and other regulations. Failure to comply with applicable regulatory requirements can result in enforcement action by the FDA, which may include any of the following sanctions:

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

Healthcare Fraud, Anti-Corruption, Privacy and Other Regulations

There are also various federal healthcare laws that apply when we or customers submit claims for items or services that are reimbursed under Medicare, Medicaid or other federally-funded healthcare programs, including among others: (1) the Federal Anti-Kickback Statute which prohibits offers to pay or receive remuneration of any kind for the purpose of inducing or rewarding referrals of items or services reimbursable by a Federal healthcare program; (2) the False Claims Act, which prohibits the submission of false or otherwise improper claims for

Table of Contents

payment to a federally-funded health care program; and (3) the Stark law, which prohibits physicians from referring Medicare or Medicaid patients to a provider that bills these programs for the provision of certain designated health services if the physician (or a member of the physician's immediate family) has a financial relationship with that provider. There are often similar state false claims, anti-kickback and anti-self-referral and insurance laws that apply to state-funded Medicaid and other healthcare programs and private third-party payors.

We are subject to various federal and foreign laws that govern our international business practices, including with respect to payments to government officials. The U.S. Foreign Corrupt Practices Act, or FCPA, has been used with some frequency to prosecute companies in the United States. The FCPA prohibits U.S. companies and their officers, directors, employees, shareholders acting on their behalf and agents from offering, promising, authorizing or making payments to foreign officials for the purpose of obtaining or retaining business abroad or otherwise obtaining favorable treatment and this law requires companies to maintain records which fairly and accurately reflect transactions and to maintain internal accounting controls. In many countries, hospitals and clinics are government-owned and healthcare professionals employed by such hospitals and clinics, with whom we regularly interact, may meet the definition of a foreign official for purposes of the FCPA. See "Note 17—Contingencies" to our audited financial statements included in Part II, Item 8 of this report for a description of the outcome of the FCPA investigation of us by the SEC and DOJ. On July 1, 2011, the U.K. Bribery Act 2010 became effective, which prohibits active and passive bribery, including commercial bribery, and bribery of a foreign public official for a business purpose. The U.K Bribery Act also imposes attribution liability on companies that fail to prevent "associated persons" from committing acts of bribery and includes far-reaching jurisdiction for prosecution.

In addition, we are subject to various federal and foreign laws concerning sales to countries or persons subject to economic sanctions or other restrictions, including laws administered by the Office of Foreign Assets Control and the Bureau of Industry and Security of the U.S. Department of Commerce.

We are also subject to various federal, state and foreign laws that protect the confidentiality of certain patient health information, including patient medical records, and restrict the use and disclosure of patient health information by healthcare providers. In April 2003, the U.S. Department of Health and Human Services (HHS) published patient privacy rules under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and, in April 2005, published security rules for protected health information. The HIPAA privacy and security rules govern the use, disclosure and security of protected health information by "Covered Entities," which include, among others, healthcare providers that submit electronic claims and health plans. In 2009, Congress passed the HITECH Act, which modified certain provisions of the HIPAA privacy and security rules for Covered Entities and their Business Associates, which is anyone that performs a service on behalf of a Covered Entity involving the use or disclosure of protected health information and is not a member of the Covered Entity's workforce. Among other things, the HITECH Act provided that Business Associates will now be subject to the same security requirements as Covered Entities, and that with regard to both the security and privacy rule, Business Associates will be subject to direct enforcement by HHS, including civil and criminal liability, just as Covered Entities are.

In the past, HIPAA has generally affected us indirectly. We do not generally qualify as a Covered Entity under HIPAA, except for our non-invasive bone growth stimulation business and our health insurance plans. We only operate as a Business Associate to Covered Entities in a limited number of instances. In those cases, the patient data that we receive and analyze may include protected health information. We are committed to maintaining the security and privacy of patients' health information and believe that we meet the expectations of the HIPAA rules. Some modifications to our systems and policies may be necessary to address requirements for recently enacted state privacy laws, but we believe we have laid the necessary framework for such changes. We believe the ongoing costs and impacts of assuring compliance with the HIPAA privacy and security rules are not material to our business.

We believe that we are well positioned to face the changing international regulatory environment. The International Standards Organization, or the ISO, has an internationally recognized set of standards aimed at ensuring the design and manufacture of quality products. A company that has passed ISO audits and obtained ISO certification applicable to its activity sector is internationally recognized as having quality manufacturing processes. The European Union (EU) legislation requires that medical devices bear a CE mark. The CE mark is a European Union and European Free Trade Association symbol, which indicates that the product adheres to European Medical Device Directives.

Compliance with ISO quality systems standards is one of the requirements for placing the CE mark on our products. Each of our principal manufacturing facilities has been certified to ISO 13485:2003. Our products sold in Europe bear the CE mark to the extent required by European law and regulations.

In addition, governmental bodies in the United States and throughout the world have expressed concern about the costs relating to healthcare and, in some cases, have focused attention on the pricing of medical devices.

Table of Contents

Government regulation regarding pricing of medical devices already exists in some countries and may be expanded in the United States and other countries in the future. We are subject to increasing pricing pressures worldwide as a result of growing regulatory pressures, as well as the expanding predominance of managed care groups and institutional and governmental purchasers. Under Title VI of the Social Security Amendments of 1983, hospitals receive a predetermined amount of Medicare reimbursement for treating a particular patient based upon the patient's type of illness identified with reference to the patient's diagnosis under one or more of several hundred diagnosis-related groups. Other factors affecting a specific hospital's reimbursement rate include the size of the hospital, its teaching status and its geographic location.

While we are unable to predict the extent to which our business may be affected by future regulatory developments, we believe that our substantial experience in dealing with governmental regulatory requirements and restrictions throughout the world, our emphasis on efficient means of distribution and our ongoing development of new and technologically-advanced products should enable us to continue to compete effectively within this increasingly regulated environment.

Sales and Marketing

We have diligently worked to attract and retain qualified, well-trained and motivated sales representatives. Our products are marketed by more than 3,000 sales representatives throughout the world. The breadth of our product offering and the quality of our sales force create synergies that we believe uniquely position us to continue to efficiently penetrate the musculoskeletal market. In the United States, our products are marketed by a combination of independent third-party distributors, independent commissioned sales agents and direct sales representatives, primarily based on the specific product group being represented and the market characteristics of specific geographies. In Europe, our products are promoted by sales representatives employed by subsidiaries, independent third-party distributors, and some independent commissioned sales agents, based primarily on the geographic location. In the rest of the world, we maintain direct selling organizations, as well as independent commissioned sales agents and independent third-party distributors in other key markets. In addition, we market certain products, such as our Oxford Partial Knee, directly to consumers.

Seasonality

Elective surgery-related products are influenced to some degree by seasonal factors, as the number of elective procedures declines during the summer months, particularly in European countries.

Customers

Our customers are the hospitals, surgeons, other physicians and healthcare providers who use our products in the course of their practices. Our business is dependent upon the relationships maintained by our distributors and salespersons with these customers, as well as our ability to design and manufacture products that meet customers' technical requirements at a competitive price.

Inventory and Trade Accounts Receivable

We have inventory located throughout the world with our customers, our distributors and direct salespersons for their use in marketing our products and in filling customer orders. As of May 31, 2014, inventory of approximately $413.1 million was located with these distributors, salespersons and customers. We maintain trade accounts receivable balances based on credit terms that are generally consistent with industry and local market practices.

Distribution

We operate distribution facilities domestically in Warsaw, Indiana; Palm Beach Gardens, Florida; Jacksonville, Florida and Braintree, Massachusetts, and internationally in Hazeldonk, The Netherlands; Valencia, Spain; Tokyo, Japan; Seoul, South Korea; and North Ryde, Australia. We generally ship our orders via expedited courier service. Our backlog of firm orders is not considered material to understanding our business.

Table of Contents

Competition

Our business is highly competitive. Competition within the industry is primarily based on service, clinical results and product design. Price competition is also an important factor as healthcare providers continue to be concerned with costs. Major competitors in our five product categories are set forth below by product category.

Hip and Knee Products

Our hip and knee reconstructive products compete with numerous suppliers, including products offered by DePuy Synthes (a Johnson & Johnson company), Smith & Nephew plc, Stryker Orthopaedics (a division of Stryker Corp.), Zimmer, Inc. (a subsidiary of Zimmer Holdings, Inc.), Microport, Corin, DJO, Exactech, ConforMIS and Medacta. We believe our prices for hip and knee orthopedic reconstructive products are competitive with those in the industry. We believe our future success will depend upon, among other things, our service and responsiveness to our distributors and orthopedic specialists, the continued strong clinical results of our products, and upon our ability to design and market innovative and technologically-advanced products that meet the needs of the marketplace.

S.E.T. Products

Our sports medicine products compete primarily in the areas of procedure-specific implants and instruments, manual instruments and power instruments. Our products compete with numerous suppliers, including products offered by Smith & Nephew, Stryker, Linvatec Corp. (a subsidiary of CONMED Corporation), Mitek (a division of Ethicon, a Johnson & Johnson company) and Arthrex, Inc.

Our extremity products compete with numerous suppliers, including products offered by DePuy Synthes, Tornier, Inc., Zimmer, Inc., Smith & Nephew plc, Wright Medical, Exactech, Integra, DJO and Stryker Orthopaedics. Our internal fixation trauma products compete with numerous suppliers, including products offered by DePuy Synthes, Zimmer, Smith & Nephew, DJO, Integra, Orthofix and Stryker Trauma (a division of Stryker Corp.). Competitors in the external fixation trauma segment include Smith & Nephew, Stryker Trauma, DePuy Synthes, Zimmer and Orthofix, Inc. (a subsidiary of Orthofix International N.V.).

Spine, Bone Healing and Microfixation Products

Our spinal products compete with other spinal products primarily on the basis of breadth of product line, product recognition and price. Our spinal products compete with numerous suppliers, including products offered by Medtronic Sofamor Danek, Inc. (a subsidiary of Medtronic, Inc.), DePuy Synthes, NuVasive, Inc., Globus Medical, Inc., Stryker Spine (a division of Stryker Corp.), Zimmer Spine (a subsidiary of Zimmer Holdings, Inc.) and others.

Our osteobiologic products compete with other osteobiologics primarily on the basis of breadth of product line, product recognition and price. Our spinal products compete with numerous suppliers, including products offered by Medtronic Sofamor Danek, DePuy Synthes, Stryker Spine, Zimmer Spine and others.

Our electrical stimulation products primarily compete with those offered by Orthofix, DJO, Inc. (formerly ReAble Therapeutics, Inc.) and Smith & Nephew. Competition in the electrical stimulation market is on the basis of product design, service, price and success rates of various treatment alternatives. The stimulation market has faced increased reimbursement challenges by healthcare payers. Our craniomaxillofacial fixation products, specialty surgical instrumentation and neurosurgical cranial flap fixation products compete with those offered by DePuy Synthes, Stryker Leibinger Micro Implants (a division of Stryker Corp.), KLS-Martin, L.P., Osteomed Corp., Aesculap, Inc., Medtronic, Inc., Codman & Shurtleff, Inc. (a Johnson & Johnson company) and others.

Dental Reconstructive Products

Our dental reconstructive products compete in the areas of dental reconstructive implants and related products. Our dental implant products compete with numerous suppliers, including products offered by Nobel Biocare AB, Straumann AG, DENTSPLY International, Inc., Zimmer Dental (a subsidiary of Zimmer Holdings, Inc.) and others. Weaker economic conditions in recent years have resulted in greater penetration of the dental market by numerous smaller value-based competitors. We believe we can compete in the value market on an organic basis by repurposing our existing portfolio of technology and products.

Table of Contents

Cement, Biologics and Other Products

Our cement products compete with numerous suppliers, including products offered by DePuy Synthes, Smith & Nephew, Wright Medical, Exactech, Stryker Orthopaedics, Heraeus and Zimmer, Inc.

Raw Materials and Supplies

Our suppliers are a critical element of our supply chain. We have established strategic partnerships with key suppliers. This has enabled us to utilize purchasing scale, establish vendor managed inventory arrangements, enhance product innovation and reduce our risk. Long-term contracts allow us to develop mutually advantageous relationships with our suppliers by providing them with more visibility into our future demand and new product needs. Our Sales, Inventory and Operations Planning, or SIOP, process balances our inventory position and supply capacity with our forward looking sales plan through a reconciliation process. On a monthly basis, our SIOP process in each business unit reviews demand, supply, and inventory, and identifies potential future capacity or material gaps so that the proper corrective actions can be put in place.

The raw materials used in the manufacture of our hip and knee products, S.E.T. products, spine and bone healing products and dental products are principally nonferrous metallic alloys, stainless steel and polyethylene powder. With a few exceptions, none of our raw material requirements are limited to any material extent by critical supply or single origins. The demand for certain raw materials used by us, such as cobalt-chromium alloy and titanium may vary. The primary buyers of these metallic alloys are in the aerospace industry. If the demands of the aerospace industry should increase dramatically, we could experience complications in obtaining these raw materials.

Based on our current relationships with our suppliers, we do not anticipate a material shortage in the foreseeable future. Further, we believe that our inventory of raw materials is sufficient to meet any short-term supply shortages of metallic alloys. The results of our operations are not materially dependent on raw material costs.

Safety stock levels of critical materials are reviewed on a quarterly basis to ensure these stocks are appropriately set. Factors that determine these stock levels include future usage estimates, lead times, forecast accuracy, commodity pricing trends, worldwide market conditions and risk mitigation. In the case of single sourced materials, stock levels are established taking into account potential disruption to supply and, where practical, back-up supply points are identified for contingency.

Environmental Matters

We are subject to various federal, state and local laws and regulations regulating the discharge of materials into the environment and otherwise relating to the protection of the environment. We do not believe that we will be required to spend any material amounts in order to comply with these laws and regulations or that compliance with such laws and regulations will materially affect our capital expenditures, results of operations, financial condition or cash flows.

Employees

As of May 31, 2014, our domestic operations (including Puerto Rico) employed 4,204 persons, of whom 2,034 were engaged in production and 2,170 in research and development, sales, marketing, administrative and clerical efforts. Our international subsidiaries employed 5,075 persons, of whom 2,667 were engaged in production and 2,408 in research and development, sales, marketing, administrative and clerical efforts. None of our principal domestic manufacturing employees are represented by a labor union. The production employees at our Bridgend, South Wales facility are organized. Employees working at the facilities in Berlin, Germany; Valence, France and Valencia, Spain are represented by Workers' Councils. We believe that our relationship with our employees is satisfactory.

The establishment of our domestic orthopedic reconstructive manufacturing operations in north central Indiana, near other members of the orthopedic industry, provides access to the highly skilled machine operators required for the manufacture of our products. Our European manufacturing locations in South Wales, France, Spain and Germany also provide good sources for skilled manufacturing labor. Our Puerto Rican operations principally involve the assembly of purchased components into finished products using a skilled labor force. Our manufacturing operations in Jinhua, Zhejiang Province, and Changzhou, Jiangsu Province, China are growing and currently include approximately 950 persons who are included in the numbers above.

Table of Contents

Available Information

Our reports filed or furnished pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, are available free of charge in, or may be accessed through, the “Investor Relations” section of our website at www.biomet.com as soon as reasonably practicable after we file or furnish such material with or to the Securities and Exchange Commission, or the SEC. Any materials we file with the SEC are also available to the public at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. In addition, copies of these reports will be made available free of charge, upon written request to our Investor Relations Department at 56 East Bell Drive, Warsaw, IN 46582.

The information on Biomet’s website is not included as part of, nor incorporated by reference into, this Annual Report on Form 10-K except to the extent such information is separately set forth herein.

Table of Contents

Item 1A. Risk Factors.

The following factors, among others, could cause our future results to differ from those contained in forward-looking statements made in this annual report and presented elsewhere by management from time to time. Such factors, among others, may have a material adverse effect on our business, financial condition, results of operations and cash flows. The risks identified in this section are not exhaustive. We operate in a dynamic and competitive environment. New risk factors affecting us emerge from time to time and it is not possible for management to predict all such risk factors. Further, it is not possible to assess the impact of all risk factors on our business or the extent to which any single factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Given these inherent risks and uncertainties, investors are cautioned not to place undue reliance on forward-looking statements as a prediction of actual results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business or results of operations in the future. In addition, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The following discussion of our risk factors speaks only as of the date on which they were made and should be read in conjunction with the consolidated financial statements and related notes included herein. Because of these and other factors, past financial performance should not be considered an indication of future performance. Any of the following risks could materially adversely affect our business, financial condition, results of operations or cash flows.

Risks Related to our Merger with Zimmer Holdings. Inc. (“Zimmer”)

There is no assurance when or if the merger will be completed. Any delay in completing the merger may substantially reduce the benefits that Zimmer and LVB expect to obtain from the merger.

Completion of the merger is subject to the satisfaction or waiver of a number of conditions as set forth in the Merger Agreement. There can be no assurance that Zimmer and LVB will be able to satisfy the closing conditions or that closing conditions beyond their control will be satisfied or waived. The obligations of each of Zimmer and LVB to complete the merger are subject to the satisfaction (or waiver) of the following conditions:

- absence of any law or order preventing the consummation of the transactions contemplated by the Merger Agreement (excluding any such law or order arising under any applicable antitrust, competition, fair trade or similar law other than the Hart-Scott-Rodino Act (the “HSR Act”), the EU Merger Regulation or applicable antitrust, competition, fair trade or similar laws of Japan);
- expiration or termination of any applicable waiting period under the HSR Act;
- approval of the European Commission (or, as applicable, any national competition authority in the European Union having jurisdiction under the EU Merger Regulation), and approval or expiration or termination of any applicable waiting period with respect to Japan;
- effectiveness of the registration statement on Form S-4 which we expect will be filed by Zimmer and absence of any stop order, or pending proceedings seeking a stop order, suspending such effectiveness;
- adoption of the Merger Agreement by LVB stockholders;
- approval for listing on the NYSE of the shares of Zimmer common stock to be issued to LVB stockholders in the merger, except that such approval will not be a condition to Zimmer’s and Merger Sub’s obligations to complete the merger if approval of Zimmer stockholders is necessary for such issuance;
- representations and warranties of the other party being true and correct, subject to, in certain cases, certain materiality or other thresholds, as of the date of the Merger Agreement and as of the closing of the merger, except for such representations and warranties that are made as of a specific date which must be true and correct as of such date;

- the other party having performed or complied with, in all material respects, all agreements, covenants and obligations required by the Merger Agreement to be performed or complied with by it on or prior to the closing of the merger; and

Table of Contents

- receipt of a certificate of a duly authorized officer of the other party certifying as to the satisfaction of the conditions relating to the representations and warranties of such party and the performance of the obligations of such party.

We cannot give any assurance that all of the conditions to the merger will either be satisfied or waived or when or if the merger will occur. If the merger and the integration of the companies' respective businesses are not completed within the expected timeframe of the closing of the merger, such delay may materially and adversely affect the synergies and other benefits that Zimmer and LVB expect to achieve as a result of the Merger and could result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the merger.

Zimmer and LVB can agree at any time to terminate the Merger Agreement, even if LVB stockholders have already adopted the Merger Agreement and thereby approved the merger and the other transactions contemplated by the Merger Agreement. Zimmer and LVB can also terminate the Merger Agreement under other specified circumstances, including subject to certain limited exceptions, if the effective time for the merger has not occurred on or by April 24, 2015, subject to each party's right to extend such period for an additional ninety day period in the event that certain regulatory approvals have not been obtained prior to such date.

Zimmer and LVB may be unable to obtain the regulatory approvals required to complete the merger.

Completion of the merger is conditioned upon, among other conditions, the expiration or termination of any waiting period under the HSR Act, the approval of the European Commission pursuant to the EU Merger Regulation and the receipt of approval or expiration or termination of any waiting period under applicable antitrust, competition, fair trade or similar laws of Japan. Zimmer and LVB are pursuing all required consents, orders and approvals in accordance with the Merger Agreement. These consents, orders and approvals may impose conditions on or require divestitures relating to the divisions, operations or assets of Zimmer or LVB or may impose requirements, limitations or costs or place restrictions on the conduct of the combined company's business. The Merger Agreement requires Zimmer and LVB, among other things, to accept all such conditions, divestitures, requirements, limitations, costs or restrictions that may be imposed by regulatory entities. Such conditions, divestitures, requirements, limitations, costs or restrictions may jeopardize or delay completion of the merger, may reduce the anticipated benefits of the merger or may result in the abandonment of the merger. Further, no assurance can be given that the required consents, orders and approvals will be obtained or that the required conditions to closing will be satisfied, and, even if all such consents, orders and approvals are obtained and the conditions are satisfied, no assurance can be given as to the terms, conditions and timing of such consents, orders and approvals.

Failure to complete the merger could negatively impact the future business and financial results of LVB.

If the merger is not completed, our ongoing business may be adversely affected. We will be subject to several risks, including the following:

- having to pay certain costs relating to the merger, such as legal, accounting, financial advisory, filing and printing fees; and
- focusing our company's management on the merger instead of on pursuing other opportunities that could have been beneficial to us and our stockholders, in each case, without realizing any of the benefits of having the merger completed.

We cannot assure you that, if the merger is not completed, these risks will not materialize and will not materially adversely affect the business and financial results of either company.

Covenants in the Merger Agreement place certain restrictions on LVB's conduct of business prior to the closing of the merger.

The Merger Agreement restricts LVB from taking certain specified actions without Zimmer's consent while the merger is pending. These restrictions may prevent LVB from pursuing otherwise attractive business opportunities or other capital structure alternatives and making other changes to its business or executing certain of its business strategies prior to the completion of the merger.

The announcement and pendency of the merger could have an adverse effect on our business, financial condition, results of operations or business prospects.

The announcement and pendency of the merger could disrupt our businesses in the following ways, among others:

- Our employees may experience uncertainty regarding their future roles in the combined company, which might adversely affect our ability to retain, recruit and motivate key personnel;

Table of Contents

- the attention of our management may be directed towards the completion of the merger and other transaction-related considerations and may be diverted from our day-to-day business operations, and matters related to the merger may require commitments of time and resources that could otherwise have been devoted to other opportunities that might have been beneficial to us; and

- customers, suppliers and other third parties with business relationships with us may decide not to renew or decide to seek to terminate, change and/or renegotiate their relationships with us as a result of the merger, whether pursuant to the terms of their existing agreements with us or otherwise.

Any of these matters could adversely affect our business of, or harm our financial condition, results of operations or business prospects.

The Merger Agreement contains provisions that limit LVB's ability to pursue alternatives to the merger, which discourage a potential acquirer of LVB from making an alternative transaction proposal.

The Merger Agreement contains provisions that make it more difficult for LVB to sell its business to a party other than Zimmer. These provisions include the general prohibition on LVB taking certain actions prior to the termination of the Merger Agreement that might lead to or otherwise facilitate a proposal by a third party for a competing transaction. These provisions might discourage a third party that might have an interest in acquiring all or a significant part of the stock, properties or assets of LVB from considering or proposing such acquisition. In addition, Holdings, which owns approximately 97% of the outstanding shares of LVB common stock, has entered into a voting agreement with Zimmer agreeing to vote against (and withhold consent with respect to) any competing transaction.

Zimmer's share price may fluctuate prior to the completion of the merger, and the value of the merger consideration at the closing of the merger may not be the same as at the time of signing of the Merger Agreement or on the date of this report.

Upon completion of the merger, shares of LVB common stock will be converted into the merger consideration, which will consist of cash and shares of Zimmer common stock. Any change in the market price of Zimmer common stock prior to completion of the merger will affect the dollar value of the merger consideration that LVB stockholders will receive upon completion of the merger. Changes in the market price of Zimmer common stock could result from a variety of factors, many of which are beyond Zimmer's control, including:

- general market and economic conditions, including market conditions in the orthopedic/musculoskeletal devices industry;

- actual or expected variations in results of operations;

- changes in recommendations by securities analysts;

- operations and stock performance of industry participants;

- significant acquisitions or strategic alliances by competitors;

- sales of Zimmer common stock, including sales by Zimmer's directors and officers or significant investors;

- recruitment or departure of key personnel;

- early termination of customer or supplier agreements or loss of customers or relationships with suppliers; and

- failure to achieve the perceived benefits of the merger as rapidly as, or to the extent, expected.

Table of Contents

The issuance of Zimmer common stock in connection with the merger could decrease the market price of Zimmer common stock.

In connection with the merger and as part of the merger consideration, Zimmer will issue shares of Zimmer common stock to LVB stockholders. The issuance of Zimmer common stock in the merger may result in fluctuations in the market price of Zimmer common stock, including a stock price decrease.

The merger may be completed even though material adverse changes may result from the announcement of the merger, industry-wide changes or other causes.

In general, either party can refuse to complete the merger if there is a material adverse effect (as defined in the Merger Agreement) affecting the other party prior to the closing of the merger. However, some types of changes do not permit either party to refuse to complete the merger, even if such changes would have a material adverse effect on Zimmer or LVB. If adverse changes occur but Zimmer and LVB must still complete the merger, the market price of Zimmer common stock may suffer.

Risks Related to Our Business

A majority of our net sales is derived from our sales of hip and knee reconstructive products.

Sales of our hip and knee products accounted for approximately 51.0%, 51.5% and 55.5% of our net sales for each of the three fiscal years ended May 31, 2014, 2013 and 2012, respectively. We expect sales of hip and knee products to continue to account for a significant portion of our net sales. Any event adversely affecting the sale of hip and knee products may, as a result, adversely affect our business, financial condition, results of operations and cash flows.

If we are unable to continue to develop and market new products and technologies in a timely manner, the demand for our products may decrease or our products could become obsolete, and our revenue and profitability may decline.

The market for our products is highly competitive and dominated by a small number of large companies. We are continually engaged in product development, research and improvement efforts. New products and line extensions of existing products represent a significant component of our historical growth. Our ability to continue to grow sales effectively depends on our capacity to keep up with existing or new products and technologies in the musculoskeletal products market.

In addition, if our competitors' new products and technologies reach the market before our products, our competitors may gain a competitive advantage or our products may be rendered obsolete.

The ultimate success of our product development efforts will depend on many factors, including, but not limited to, our ability to create innovative designs and materials, provide innovative surgical techniques, accurately anticipate and meet customers' needs, commercialize new products in a timely manner, differentiate our offerings from competitors' offerings, achieve positive clinical outcomes with new products, satisfy the increased demands by healthcare payors, providers and patients for shorter hospital stays, faster post-operative recovery and lower-cost procedures, provide adequate medical education relating to new products and manufacture and deliver products and instrumentation in sufficient volumes on time. Moreover, research and development efforts may require a substantial investment of time and resources before we are adequately able to determine the commercial viability of a new product, technology, material or other innovation. Our competition may respond more quickly to new or emerging technologies, undertake more effective marketing campaigns, adopt more aggressive pricing policies, have greater financial, marketing and other resources than us or may be more successful in attracting potential customers, employees and strategic partners.

Even in the event that we are able to successfully develop innovations, they may not produce revenue in excess of the costs of development and may be quickly rendered obsolete as a result of changing customer preferences, changing demographics, slowing industry growth rates, declines in the reconstructive implant market, the introduction of new products and technologies, evolving surgical philosophies, evolving industry standards or the introduction by our competitors of products embodying new technologies or features. New materials, product designs and surgical techniques that we develop may not be accepted or may not be accepted quickly, in some or all markets, because of, among other factors, entrenched patterns of clinical practice, the need for regulatory clearance and uncertainty with respect to third-party reimbursement. If actual product life cycles, product demand or

Table of Contents

acceptance of new product introductions are less favorable than projected by management, a higher level of inventory write downs may result. Given these factors, we may be unable to continue our level of success in the industry.

We rely on payments from third-party payors for payment on our products.

In the United States, healthcare providers that purchase our products (e.g., hospitals, physicians, dentists and other healthcare providers) generally rely on payments from third-party payors (principally federal Medicare, state Medicaid and private health insurance plans) to cover all or a portion of the cost of our musculoskeletal products. These third-party payors may deny reimbursement if they determine that a device used in a procedure was not in accordance with cost-effective treatment methods, as determined by the third-party payor, or was used for an unapproved indication. Third-party payors may also decline to reimburse for experimental procedures and devices. Further, third-party payors are continuing to carefully review their coverage policies with respect to existing and new therapies and can, without notice, deny coverage for treatments that may include the use of our products. In the event that third-party payors deny coverage or reduce their current levels of reimbursement, demand for our products may decline or we may experience increased pressure to reduce the prices of our products, and we may be unable to sell certain products on a profitable basis, thereby materially adversely impacting our results of operations.

Our results of operations since January 1, 2013 have been and will continue to be impacted by the enactment of the Patient Protection and Affordable Health Care Act (P.L. 111-148). In addition, our business, financial condition, results of operations and cash flows could be significantly and adversely affected if this legislation ultimately results in lower reimbursements for our products or reduced medical procedure volumes or if certain other types of healthcare reform programs are adopted in our key markets.

In March 2010, the U.S. Congress adopted and President Obama signed into law comprehensive healthcare reform legislation through the passage of the Patient Protection and Affordable Health Care Act (P.L. 111-148) and the Healthcare and Education Reconciliation Act (P.L. 111-152). Among other initiatives, these bills impose a 2.3% excise tax on domestic sales of certain medical devices, including most of our products, following December 31, 2012. The excise tax applies to a majority of our medical device products. We do not expect to be able to pass along the cost of the tax to hospitals, which continue to face cuts to their Medicare reimbursement per the healthcare law, nor do we expect to be able to offset the cost of the tax through higher sales volumes resulting from the expansion of health insurance coverage because of the demographics of the current uninsured population. The medical device excise tax regulations and interim guidance issued in late 2012 by the U.S. Department of Treasury did little to lessen the burden of complying with the excise tax statute. In addition, the law’s Medicare payment reforms, such as accountable care organizations and bundled payments, could provide additional incentives for healthcare providers to reduce spending on our medical device products and reduce utilization of hospital procedures that use our products. Various healthcare reform proposals have also emerged at the state level. Other than the excise tax, which has affected our results of since January 1, 2013, we cannot predict with certainty what healthcare initiatives, if any, will be implemented at the state level, or the ultimate effect that federal healthcare reform or any future legislation or regulation will have on us. However, an expansion in government’s role in the U.S. healthcare industry may lower reimbursements for procedures that involve our products, reduce medical procedure volumes and adversely affect our business and results of operations, possibly materially.

Outside of the United States, reimbursement systems vary significantly from country to country. In the majority of the international markets in which our products are sold, government-managed healthcare systems mandate the reimbursement rates and methods for medical devices and procedures. If adequate levels of reimbursement from third-party payors outside of the United States are not obtained, international sales of our products may decline. Many foreign markets, including Canada and some European and Asian countries, have tightened reimbursement rates. Our ability to continue to sell certain products profitably in these markets may diminish if the government-managed healthcare systems continue to reduce reimbursement rates.

As both the U.S. and foreign government regulators have become increasingly stringent, we may be subject to more rigorous regulation by governmental authorities in the future. Our products and operations are also often subject to the rules of industrial standards bodies, such as the International Standards Organization, or ISO. If we fail to adequately address any of these regulations, our business will be harmed.

29

Table of Contents

If pricing pressures cause us to decrease prices for our goods and services and we are unable to compensate for such reductions through product mix and reductions to our expenses, our results of operations will suffer.

We have experienced and expect to continue to experience decreasing prices for the goods and services we offer due to pricing pressure exerted by our customers in response to initiatives sponsored by government agencies, legislative bodies and managed care organizations and other third-party payors to limit the growth of healthcare costs, including price regulation and competitive pricing. Pricing pressure has also increased in our markets due to increased market power of our customers from continued consolidation among healthcare providers, trends toward managed care, the shift towards governments becoming the primary payers of healthcare expenses, and government laws and regulations relating to reimbursement and pricing generally. Reductions in reimbursement levels or coverage or other cost containment measures could unfavorably affect our future operating results. If we are unable to offset such price reductions through product mix or reductions in our expenses, our business, financial condition, results of operations and cash flows will be adversely affected.

We have incurred losses in the past and may incur losses in the future. If we incur losses over an extended period of time, the value of our common stock could decline.

For the fiscal years ended May 31, 2013 and 2012, we experienced net losses of $623.4 million and $458.8 million, respectively. We may not be profitable in future periods. Any failure to become profitable could, among other things, impair our ability to complete future financings or the cost of obtaining financing, and have a material adverse effect on our business. In addition, a lack of profitability could adversely affect the price of our common stock.

Reduction or interruption in supply and an inability to develop alternative sources for supply may adversely affect our manufacturing operations and related product sales.

We purchase many of the components and raw materials used in manufacturing our products from numerous suppliers in various countries. Generally we have been able to obtain adequate supplies of such raw materials and components. We work closely with our suppliers to try to ensure continuity of supply while maintaining high quality and reliability. However, we cannot guarantee that these efforts will be successful. In addition, due to the stringent regulations and requirements of the FDA regarding the manufacture of our products, we may not be able to quickly establish additional or replacement sources for certain components or materials. Further, an increase in demand from other industries which use some of the same metallic alloys or other materials as us (such as the aerospace industry) could reduce the availability or increase the cost of materials used in our products. A reduction or interruption in supply, and an inability to develop alternative sources for such supply, could adversely affect our ability to manufacture our products in a timely or cost-effective manner and to make our related product sales.

We, like other companies in the orthopedic industry, are involved in ongoing governmental investigations, the results of which may adversely impact our business and results of operations.

We are subject to various federal and state laws concerning healthcare fraud and abuse, including false claims laws and anti-kickback laws, such as the Federal Anti-Kickback Statute and similar state laws. In addition, we are subject to various federal and foreign laws concerning anti-corruption and anti-bribery matters, sales to countries or persons subject to economic sanctions and other matters affecting our international operations. Violations of these laws are punishable by criminal and/or civil sanctions, including, in some instances, fines, imprisonment and, within the United States, exclusion from participation in government healthcare programs, including Medicare, Medicaid and VA health programs. These laws are administered by, among others, the DOJ, the Office of the Inspector General of the U.S. Department of Health and Human Services, or OIG-HHS, the Securities and Exchange Commission, or SEC, the Office of Foreign Assets Control, the Bureau of Industry and Security of the U.S. Department of Commerce and state attorneys general. The interpretation and enforcement of these laws and regulations are uncertain and subject to change.

On September 25, 2007, we received a letter from the SEC informing us that it was conducting an informal investigation regarding possible violations of the Foreign Corrupt Practices Act, or FCPA, in the marketing and sale of medical devices in certain foreign countries by companies in the medical devices industry. The FCPA prohibits domestic concerns, including U.S. companies and their officers, directors, employees, shareholders acting on their behalf and agents, from offering, promising, authorizing or making payments to foreign officials for the purpose of obtaining or retaining business abroad or otherwise obtaining an improper advantage. This law also requires issuers of

publicly registered securities to maintain records which fairly and accurately reflect transactions and to maintain

Table of Contents

an adequate system of internal controls. In many countries, hospitals and clinics are government-owned and, therefore, healthcare professionals employed by such hospitals and clinics, with whom we regularly interact, may meet the definition of a foreign official for purposes of the FCPA. On November 9, 2007, we received a letter from the DOJ requesting that any information provided to the SEC also be provided to the DOJ on a voluntary basis.

On March 26, 2012, Biomet resolved the DOJ's and SEC's investigations by entering into a Deferred Prosecution Agreement, or DPA, with the DOJ and a Consent to Final Judgment, or Consent, with the SEC. Pursuant to the DPA, the DOJ has agreed to defer prosecution of Biomet in connection with this matter, provided that Biomet satisfies its obligations under the agreement over the term of the DPA. The DOJ has further agreed to not continue its prosecution and seek to dismiss its indictment should Biomet satisfy its obligations under the agreement over the term of the DPA. The DPA has a three-year term but provides that it may be extended in the sole discretion of the DOJ for an additional year. Pursuant to the Consent, Biomet consented to the entry of a Final Judgment which, among other things, permanently enjoined Biomet from violating the provisions of the Foreign Corrupt Practices Act.

In addition, pursuant to the terms of the DPA, an independent external compliance monitor has been appointed to review Biomet's compliance with the DPA, particularly in relation to Biomet's international sales practices, for at least the first 18 months of the three-year term of the DPA. The monitor has divided his review into two phases. The first phase consisted of the monitor familiarizing himself with our global compliance program, assessing the effectiveness of the program and making recommendations for enhancement of our compliance program based on that review. The second phase commenced in June 2013 and consists of the monitor testing implementation of his recommended enhancements to our compliance program. The monitor recently identified that certain of our compliance enhancements have been implemented too recently to be satisfactorily tested, and we continue to work with the monitor to allow for such transactional testing. The Consent Biomet entered into with the SEC mirrors the DPA's provisions with respect to the compliance monitor. Compliance with the DPA requires substantial cooperation of our employees, distributors and sales agents and the healthcare professionals with whom they interact. These efforts not only involve expense, but also require management and other key employees to focus extensively on these matters.

Biomet agreed to pay a monetary penalty of $17.3 million to resolve the charges brought by the DOJ. The terms of the DPA and the associated monetary penalty reflect Biomet's full cooperation throughout the investigation. Biomet further agreed in its Consent to disgorge profits and pay prejudgment interest in the aggregate amount of $5.6 million.

In October 2013, Biomet became aware of certain alleged improprieties regarding its operations in Brazil and Mexico. Biomet retained counsel and other experts to investigate both matters. Based on the results of the investigation, Biomet terminated, suspended or otherwise disciplined certain of the employees and executives involved in these matters, and took certain other remedial measures. Additionally, pursuant to the terms of the DPA, in April 2014, Biomet disclosed these matters to the independent compliance monitor and to the DOJ and SEC. On July 2, 2014, the SEC issued a subpoena to Biomet requiring that Biomet produce certain documents relating to such matters.

Pursuant to the DPA, the DOJ has sole discretion to determine whether conduct by Biomet constitutes a violation or breach of the DPA. If the DOJ determines that the conduct underlying these investigations constitutes a violation or breach of the DPA, the DOJ could, among other things, extend or revoke the DPA or prosecute Biomet and/or the involved employees and executives. Biomet continues to cooperate with the SEC and DOJ and expects that discussions with the SEC and the DOJ will continue.

In June 2013, we received a subpoena from the U.S. Attorney's Office for the District of New Jersey requesting various documents relating to the fitting of custom-fabricated or custom-fitted orthoses, or bracing, to patients in New Jersey, Texas and Washington. We have produced responsive documents and are fully cooperating with the request of the U.S. Attorney's Office. We may need to devote significant time and resources to this inquiry and can give no assurances as to its final outcome.

In September 2010, we received a Civil Investigative Demand, or CID, issued by the U.S. Department of Justice Civil Division pursuant to the False Claims Act. The CID requests that we provide documents and testimony related to allegations that OtisMed Corp., Stryker Corp. and our company have violated the False Claims Act relating to the marketing of, and payment submissions for, OtisMed's OtisKnee (a trademark of Otis Med Corporation) knee replacement system. We have produced responsive documents and are fully cooperating in the

31

Table of Contents

investigation. We may need to devote significant time and resources to this inquiry and can give no assurances as to its final outcome.

In February 2010, we received a subpoena from the Office of the Inspector General of the U.S. Department of Health and Human Services requesting various documents relating to agreements or arrangements between physicians and our Interpore Cross subsidiary for the period from 1999 through the present and the marketing and sales activities associated with Interpore Cross's spinal products. We are cooperating with the request of the Office of the Inspector General. We may need to devote significant time and resources to this inquiry and can give no assurances as to its final outcome.

In April 2009, we received an administrative subpoena from the U.S. Attorney's Office for the District of Massachusetts requesting various documents relating primarily to the Medicare reimbursement of and certain business practices related to our non-invasive bone growth stimulators. It is our understanding that competitors in the non-invasive bone growth stimulation market received similar subpoenas. We received subsequent subpoenas in connection with the investigation in September 2009, June 2010 and February 2011 along with several informal requests for information. We are producing responsive documents and are fully cooperating in the investigation. We may need to devote significant time and resources to this inquiry and can give no assurances as to its final outcome.

In April 2009, we became aware of a qui tam complaint alleging violations of the federal and various state False Claims Acts filed in the U.S. District Court for the District of Massachusetts, where it is currently pending. Biomet, LVB Acquisition, Inc. and several of our competitors in the non-invasive bone growth stimulation market were named as defendants in this action. The allegations in the complaint are similar in nature to certain categories of requested documents in the above-referenced administrative subpoenas. The U.S. government has not intervened in the action. We are vigorously defending this matter and intend to continue to do so. We may need to devote significant time and resources to this inquiry and can give no assurances as to its final outcome.

From time to time, we are, and may continue to be, the subject of additional investigations. If, as a result of these investigations described above or any additional investigations, we are found to have violated one or more applicable laws, our business, financial condition, results of operations and cash flows could be materially adversely affected. If some of our existing business practices are challenged as unlawful, we may have to modify those practices, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We could be subject to further governmental investigations or actions by other third parties as a result of our settlement with the DOJ, the SEC and the OIG-HHS.

As a result of our settlement in 2012 with the DOJ and SEC related to the FCPA investigation described above, we have been and may continue to be subject to further governmental investigations by foreign governments or other claims by third parties arising from the conduct subject to the investigation.

We intend to review and take appropriate actions with respect to any such investigations or proceedings; however, we cannot assure you that the costs of defending or fines imposed in resolving those civil or criminal investigations or proceedings would not have a material adverse effect on our financial condition, results of operations and cash flows.

We could be adversely affected by violations of the FCPA and similar anti-corruption laws.

Our business operations and sales in countries outside the United States are subject to anti-corruption laws and regulations, including restrictions imposed by the FCPA and similar anti-corruption and anti-bribery laws in other jurisdictions.

We operate and sell our products in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-corruption laws may conflict with local customs and practices. While we train our employees concerning anti-corruption laws and issues and have internal controls and compliance policies and procedures in place designed for the maintenance of accurate books and records and that prohibit our employees or third-parties acting on our behalf from making improper payments, violations of those policies and failures of those internal controls have occurred in the past and could recur. We have entered into a DPA with the DOJ and SEC regarding violations of the FCPA, and are currently the subject of an SEC investigation regarding possible FCPA violations. See "We, like other companies in the orthopedic industry, are

Table of Contents

involved in ongoing governmental investigations, the results of which may adversely impact our business and results of operations."

From time to time we become aware of allegations of potential improper payments made by our employees or agents. When this happens, we investigate the allegations and, if necessary, remediate the issue and disclose the matter to the appropriate regulators and the monitor under the DPA. We cannot provide assurance that our internal controls and procedures will always protect us from reckless or criminal acts committed by our employees or third-parties with whom we work. If we are found to be liable for violations of the FCPA or similar anti-corruption laws in international jurisdictions, either due to our own acts or out of inadvertence, or due to the acts or inadvertence of others, we could suffer criminal or civil penalties which could have a material and adverse effect on our results of operations, financial condition and cash flows.

Our business may be harmed as a result of product liability litigation.

Our involvement in the design, manufacture and sale of medical devices creates exposure to risks of product liability claims alleging that component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or product-related information resulted in an unsafe condition or injury to patients, particularly in the United States. In the past, we have received product liability claims relating to our products and anticipate that we will continue to receive claims in the future, some of which could have a material adverse impact on our business. These claims are subject to many uncertainties and outcomes are not predictable. We may incur significant legal expenses regardless of whether we are found to be liable. In addition, we could experience a material design or manufacturing failure in our products, a quality system failure, other safety issues or heightened regulatory scrutiny that would warrant a recall of some of our products. Our existing product liability insurance coverage may be inadequate to satisfy liabilities we might incur. Moreover, even if any product liability loss is covered by an insurance policy, these policies have substantial self-insured retentions or deductibles that we remain responsible for. Any product liability claim brought against us, with or without merit, can be costly to defend and may negatively impact our ability to obtain third-party insurance coverage in future periods on a cost effective basis or at all.

As of August 8, 2014, we are a defendant in 2,434 product liability lawsuits relating to metal-on-metal hip implants, most of which were filed in 2014. The majority of these cases involve the M2a-Magnum hip system, 502 cases involve the M2a-38 hip system, 93 involve the M2a-Taper system, and 15 involve the M2a-Ringloc system. The cases are currently venued in various state and federal courts. 2,322 federal cases have been consolidated in one multi-district proceeding in the U.S. District Court for the Northern District of Indiana. We have seen a decrease in the number of claims filed since the last date to participate in the settlement reached in the multi-district litigation involving our metal-on-metal hip systems expired in April 2014.

On February 3, 2014, we announced the settlement of the Multi-District Litigation entitled MDL 2,391 - In Re: Biomet M2a-Magnum Hip Implant Product Liability Litigation. Lawsuits filed in the MDL by April 15, 2014 may participate in the settlement. We continue to evaluate the inventory of lawsuits in the MDL pursuant to the categories and procedures set forth in the settlement agreement, and as such the final payment amount is uncertain. As of May 31, 2014, we accrued $123.5 million for contingencies associated with metal-on-metal hip products, which is increased from $50.0 million as of November 30, 2013.

We believe that the payments under the settlement will exhaust our self-insured retention under its insurance program, which is $50.0 million. If this should occur, we would submit an insurance claim for the amount by which ultimate losses under the settlement exceed the self-insured retention amount. We maintain $100.0 million of third-party insurance coverage. Our insurance carriers have been placed on notice of the claims associated with metal-on-metal hip products that are subject to the settlement and have been placed on notice of the terms of the settlement. As is customary in these situations, certain of our insurance carriers have reserved all rights under their respective policies. We have received a letter from one of our carriers denying coverage, and certain of our other insurance carriers could also deny coverage for some or all of our insurance claims. We continue to believe our contracts with the insurance carriers are enforceable for these claims and the settlement agreement. However, we would be responsible for any amounts that its insurance carriers do not cover or for the amount by which ultimate losses exceed the amount of our third-party insurance coverage. The settlement does not affect certain other claims relating to our metal-on-metal hip products that are pending in various state courts, or other claims that may be filed in the future. We are currently

assessing any potential receivables to be recorded for recoveries from the insurance carriers. As of May 31, 2014 no receivable has been recorded.

Table of Contents

On August 27, 2013, we initiated a voluntary recall of 87,601 units of OSSEOTITE, NanoTite and T3 dental implants, of which 34,744 units have been distributed. We have notified regulatory bodies of this recall, which was taken due to discoloration of some implants that did not meet our internal standard for visual inspection. The discoloration was caused by the affected implants coming into contact with residual machining fluid that may have been left on the metal packaging insert for the products. We have determined that there are no known health effects of the residue. The ultimate financial impact with respect to this matter will depend on many factors that are difficult to predict with the limited information received to date and may vary materially based on the number of and actual costs of patients seeking testing and treatment services and the number of and actual costs to settle any lawsuits filed against us.

Product liability lawsuits and claims, safety alerts or product recalls, regardless of their ultimate outcome, could have a material adverse effect on our business and reputation and on our ability to attract and retain customers. If a product liability claim or series of claims is brought against us for uninsured liabilities or is in excess of our insurance coverage limits, our business could suffer and our financial condition, results of operations and cash flow could be materially adversely impacted. Further, such product liability matters may negatively impact our ability to obtain insurance coverage or cost-effective insurance coverage in future periods.

We may be subject to intellectual property litigation and infringement claims, which could cause us to incur significant expenses or prevent us from selling our products.

The musculoskeletal products industry is highly litigious with respect to the enforcement of patents and other intellectual property rights. In some cases, intellectual property litigation may be used to gain a competitive advantage. We have in the past and may in the future become a party to lawsuits involving patents or other intellectual property. A successful claim of patent or other intellectual property infringement against us could adversely affect our growth and results of operations, in some cases materially. A legal proceeding, regardless of the outcome, could put pressure on our financial resources and divert the time, energy and efforts of our management.

From time to time, we receive notices from third parties of potential intellectual property infringement and receive claims alleging intellectual property infringement. We may be unaware of intellectual property rights of others that may cover some of our technology. If someone claims that our products infringed their intellectual property rights, any resulting litigation could be costly and time consuming and would divert the attention of management and key personnel from other business issues.

The complexity of the technology involved and the uncertainty of intellectual property litigation increase these risks. Claims of intellectual property infringement also might require us to enter into costly royalty or license agreements. However, we may be unable to obtain royalty or license agreements on terms acceptable to us or at all. We also may be subject to significant damages or an injunction preventing us from manufacturing, selling or using some of our products in the event of a successful claim of patent or other intellectual property infringement. Any of these adverse consequences could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In December 2008, Heraeus Kulzer GmbH (“Heraeus”), initiated legal proceedings in Germany against Biomet, Biomet Europe BV and certain other subsidiaries, alleging that Biomet and Biomet Europe BV misappropriated Heraeus trade secrets when developing Biomet Europe’s Refobacin and Biomet Bone Cement line of cements, which are referred to as European Cements in this consent solicitation statement/prospectus. The lawsuit sought to preclude the defendants from producing, marketing and offering for sale their current line of European Cements and to compensate Heraeus for any damages incurred (alleged to be in excess of €30.0 million). On December 20, 2012, the trial court dismissed Biomet, Biomet Europe BV, Biomet Deutschland GmbH and other defendants from the lawsuit. Biomet Orthopaedics Switzerland GmbH was the only Biomet entity remaining as a defendant.

Following an appeal by Heraeus, on June 5, 2014, the German appeals court (i) enjoined Biomet, Biomet Europe BV and Biomet Deutschland GmbH from manufacturing, selling or offering the European Cements to the extent they contain certain raw materials in particular specifications; (ii) held the defendants jointly and severally liable to Heraeus for any damages from the sale of European Cements since 2005 and (iii) ruled that no further review may be sought. Damages have not been determined. The judgment is not final and the defendants will seek review (including review of the appeals court ruling that no further review may be sought) from Germany’s Supreme Court. The defendants issued a bank guaranty in favor of Heraeus for €11.25 million in order to stay the judgment. During the

pendency of the stay, the defendants were entitled to continue the manufacture, marketing, sale and offering of European Cements in their current composition. On July 3, 2014, Heraeus offered security and may now

Table of Contents

execute the judgment in Germany at any time. If Heraeus were to execute the judgment, Biomet, Biomet Europe BV and Biomet Deutschland GmbH would be immediately enjoined from the manufacture, marketing, sale and offering of European Cements in Germany. While Heraeus has indicated that it intends to take the position that the judgment would prohibit the manufacture, marketing, sale and offering of European Cements outside of Germany as well, Biomet, Biomet Europe BV and Biomet Deutschland GmbH will vigorously contest any attempt to extend the effect of the judgment beyond Germany.

No prediction can be made as to the likelihood of review being granted by Germany's Supreme Court nor can any assurance be made as to the time or resources that will be needed to devote to this litigation or its final outcome.

On May 3, 2013, Bonutti Skeletal Innovations LLC, a company formed to hold certain patents acquired from Dr. Peter M. Bonutti and an affiliate of patent licensing firm Acacia Research Group LLC, filed suit against us in the U.S. District Court for the Eastern District of Texas, alleging a failure to pay royalties due under a license agreement with Dr. Bonutti, misuse of confidential information and infringement of U.S. Patent Nos. 5,921,986; 6,099,531; 6,423,063; 6,638,279; 6,702,821; 7,070,557; 7,087,073; 7,104,996; 7,708,740; 7,806,896; 7,806,897; 7,828,852; 7,931,690; 8,133,229; and 8,147,514. Prior to the filing of this lawsuit, on March 8, 2013, we had filed a complaint for declaratory judgment with the U.S. District Court for the Northern District of Indiana seeking a judgment of non-infringement and invalidity of the patents at issue, and Acacia Research Group LLC entered counterclaims of infringement seeking damages in an amount yet to be determined and injunctive relief. On September 17, 2013 the May 3, 2013 case in the Eastern District of Texas was dismissed. On March 31, 2014, we entered into a Settlement and License Agreement with Bonutti Skeletal Innovations LLC settling all claims related to U.S. Patents 5,921,986, 6,638,279, 7,070,557, 7,087,073, and 8,147,514 for a one-time payment, and on June 25, 2014, the U.S. District Court for the Northern District of Indiana issued an order dismissing the claims related to these patents with prejudice. We are vigorously defending this matter and believe that our defenses against infringement for the patents remaining in the suit are valid and meritorious. We can make no assurances as to the time or resources that will be needed to devote to this litigation or its final outcome.

We are involved in legal proceedings that may result in adverse outcomes.

In addition to intellectual property and product liability claims and lawsuits, we are involved in various commercial litigation and claims and other legal proceedings that arise from time to time in the ordinary course of our business. Although we believe we have substantial defenses in these matters, litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. Given the uncertain nature of legal proceedings generally, we are not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome. We could in the future incur judgments or enter into settlements of claims that could have a material adverse effect on our results of operations in any particular period.

The current global economic uncertainties may adversely affect our results of operations.

Our results of operations could be substantially affected not only by global economic conditions, but also by local operating and economic conditions, which can vary substantially by market. Although the U.S. economy continues to recover from the worst recession in decades, unemployment and consumer confidence have not rebounded as quickly as in some prior recessions, resulting in reduced numbers of insured patients and the deferral of elective reconstructive procedures. Global economic conditions remain uncertain. We believe that European austerity measures implemented to address the ongoing financial crisis contributed to decreased healthcare utilization and increased pricing pressure for some of our products. We cannot assure you that challenges in the global economy will not continue to negatively impact procedure volumes, average selling prices and reimbursement rates from third-party payors, any of which could adversely affect our results of operations. In addition, we have experienced delays in the collection of receivables from hospitals in certain countries that have national healthcare systems, including certain regions in Spain, Italy, Greece and Portugal, which are the countries most directly affected by economic difficulties in the euro zone. Repayment of these receivables is dependent upon the financial stability of the economies of those countries. Continuing high unemployment in the U.S., a worsening of the European financial crisis or a failure to receive payment of all or a significant portion of our European receivables could adversely affect our results of operations. Unfavorable conditions can depress sales in a given market and may result in actions that adversely affect our margins, constrain our operating flexibility or result in charges which are unusual or non-recurring. Certain

macroeconomic events, such as the continuing adverse conditions in the global economy, the recent recessions in Europe and the euro zone crisis could have a more wide-ranging and prolonged impact on the general business

Table of Contents

environment, which could also adversely affect us. These economic developments could affect us in numerous ways, many of which we cannot predict. Among the potential effects could be an increase in our variable interest rates, an inability to access credit markets should we require external financing, a reduction in the purchasing power of our European Union customers due to a deterioration of the value of the euro, and inventory issues due to financial difficulties experienced by our suppliers and customers, including distributors, delays in collection, greater bad debt expense and further impairments of our goodwill and other intangible assets. In addition, it is possible that further deteriorating economic conditions, and resulting federal budgetary concerns, could prompt the federal government to make significant changes in the Medicare program, which could adversely affect our results of operations. We are unable to predict the likely duration and severity of the current disruption in financial markets and adverse economic conditions, or the effects these disruptions and conditions could have on us.

We are subject to cost-containment efforts of group purchasing organizations, which may have a material adverse effect on our financial condition, results of operations and cash flows.

Many customers of our products have joined or developed group purchasing organizations in an effort to contain costs. Group purchasing organizations negotiate pricing arrangements with medical supply manufacturers and distributors, and these negotiated prices are made available to a group purchasing organization's affiliated hospitals and other members. If we are not one of the providers selected by a group purchasing organization, affiliated hospitals and other members may be less likely to purchase our products, and if the group purchasing organization has negotiated a strict compliance contract for another manufacturer's products, we may be precluded from making sales to members of the group purchasing organization for the duration of the contractual arrangement. Our failure to respond to the cost-containment efforts of group purchasing organizations may cause us to lose market share to our competitors and could have a material adverse effect on our sales, financial condition, results of operations and cash flows.

We conduct a significant amount of our sales activity outside of the United States, which subjects us to additional business risks and may adversely affect our results due to increased costs.

During the fiscal year ended May 31, 2014, we derived approximately 37% of our net sales from sales of our products outside of the United States, including in emerging markets. We intend to continue to pursue growth opportunities in sales internationally, which could expose us to additional risks associated with international sales and operations. Our international operations are, and will continue to be, subject to a number of risks and potential costs, including:

- changes in foreign medical reimbursement policies and programs;
- unexpected changes in foreign regulatory requirements;
- differing local product preferences and product requirements;
- diminished protection of intellectual property in some countries outside the United States;
- differing payment cycles;
- trade protection measures, import or export licensing requirements and compliance with economic sanctions laws and regulations that may prevent us from shipping our products to a particular market and may increase our operating costs;
- foreign exchange controls that might prevent us from repatriating cash earned in countries outside the United States;
- complex data privacy requirements and labor relations laws;
- labor relations, including relations with Workers' Councils;
- the application of U.S., U.K. and other foreign country regulatory and anti-corruption laws to our international operations;
- difficulty in staffing, training and managing foreign operations;
- differing legal regulations and labor relations;
- potentially negative consequences from changes in tax laws (including potential taxes payable on earnings of foreign subsidiaries upon repatriation); and
- political and economic instability.

In addition, we are subject to risks arising from currency exchange rate fluctuations, which could increase our costs, expose us to counterparty risks and may adversely affect our results. Cross border transactions, both with external

parties and intercompany relationships, result in increased exposure to foreign exchange effects. In addition, our sales are translated into U.S. dollars for reporting purposes. The U.S. dollar value of our foreign-generated revenues varies with currency exchange rate fluctuations. Significant increases in the value of the U.S. dollar relative to foreign currencies could have a material adverse effect on our results of operations.

Table of Contents

Any of these factors may, individually or collectively, have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, violations of foreign laws or regulations could result in fines, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business and damage to our reputation.

We may have additional tax liabilities.

We are subject to income taxes in the United States and many foreign jurisdictions. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain, and we regularly are under audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits could be different from our historical income tax provisions and accruals. In addition, there have been proposals to change U.S. tax laws that would significantly impact how U.S. multinational corporations are taxed on foreign earnings. Although we cannot predict whether or in what form this proposed legislation will pass, if enacted it could have a material adverse impact on our tax expense and cash flow.

Our global manufacturing operations, distribution warehouses, and sales offices are exposed to political and economic risks, commercial volatility, and events beyond our control in the countries in which we operate.

In addition to our principal executive offices, we maintain more than 50 other manufacturing facilities, offices and warehouse facilities in various countries and regions, including Canada, Europe, Asia Pacific and Latin America. We currently conduct manufacturing operations in Jinhua, Zhejiang Province, China and Changzhou, Jiangsu Province, China. Our future business strategy may involve the operation of other manufacturing facilities in China. As a result of this initiative, we are exposed to all the risks inherent in operating in an emerging market like China. In recent years the Chinese economy has undergone various developments, including beginning the transition from a more heavily government influenced-planned economy to a more market-oriented economy. Despite this transition, the Chinese government continues to own significant production assets and exercises significant control over economic growth.

Our international operations, including any planned future expansion in China, may be subject to greater or new political, legal and economic risks than those faced by our operations in the United States, including such risks as those arising from:

- unexpected changes in foreign or domestic legal, regulatory or governmental requirements or approvals, such as those related to taxation, lending, import and tariffs, environmental regulations, land use rights, intellectual property and other matters;
- unexpected increases in taxes, tariffs and other assessments;
- diminished protection of intellectual property;
- trade protection measures and import or export licensing requirements;
- difficulty in staffing, training and managing foreign operations;
- differing legal and labor regulations;
- political and economic instability; and
- operating in a market with a less developed supply chain, transportation and distribution infrastructure.

Due to these inherent risks, there can be no assurance that we will achieve anticipated benefits from global operations because any of these factors may, individually or collectively, have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business relies on obtaining certain “conflict minerals.”

Certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act require us to report on certain minerals and their derivatives, namely tin, tantalum, tungsten or gold, known as “conflict minerals,” used in our products and the due diligence plan we put in place to track whether such minerals originate from the Democratic Republic of Congo, or DRC, and adjoining countries. The implementation of these requirements could affect the sourcing, pricing and availability of minerals used in certain of our products. In addition, we may incur additional costs to comply with the disclosure requirements, including costs related to determining the source of any of the relevant minerals used in our products. Since our supply chain is complex, the procedures that we implement may not enable us to ascertain the origins for these minerals or determine that these minerals are DRC conflict free, which may

harm our reputation. These new requirements also could have the effect of limiting the pool of suppliers

Table of Contents

from which we source these minerals. We may be unable to obtain conflict-free minerals at competitive prices, which could increase our costs and adversely affect our manufacturing operations and our profitability.

Inventory may become obsolete due to shortened product life cycles, reduced product demand or changes in market conditions, resulting in inventory write-downs that may adversely affect our results of operations, possibly materially.

In our industry, inventory is routinely placed at hospitals to provide the healthcare provider with the appropriate product when needed. Because product usage tends to follow a bell curve of sizes, larger and smaller sizes of inventory are provided, but infrequently used. In addition, the musculoskeletal market is highly competitive, with new products, raw materials and procedures being introduced continually, which may make those products currently on the market obsolete. We make estimates regarding the future use of these products and provide a provision for excess and obsolete inventory. If actual product life cycles, product demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required, which would adversely affect our business, financial condition, results of operations and cash flows.

We may not be able to protect our intellectual property rights, which could materially affect our business.

We rely on a variety of intellectual property rights (including patents, trademarks, copyrights and trade secrets) to protect our proprietary technology and products. These legal means, however, afford only limited protection and may not adequately protect our rights. The laws of some of the countries in which our products are or may be sold may not protect our intellectual property rights to the same extent as U.S. laws or at all or effective enforcement of such intellectual property rights may not be available. Our ability to obtain, protect and enforce our intellectual property rights is subject to general litigation or third-party opposition risks, as well as the uncertainty as to the registrability, patentability, validity and enforceability of our intellectual property rights in each applicable country.

The patents we own may not be of sufficient scope or strength to provide us with significant commercial protection or commercial advantage, and competitors may be able to design around our patents or develop products that provide outcomes that are similar to ours without infringing on our intellectual property rights. In addition, we cannot be certain that any of our pending patent applications will be issued or that the scope of the claims in our pending patent applications will not be significantly narrowed or determined to be invalid. In addition, each patent has a specific non-renewable term, which would allow a third party to make a product covered by an expired patent.

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

We seek to protect our trade secrets and know-how in part with confidentiality agreements with our vendors, employees, consultants and others who may have access to proprietary information. We cannot be certain, however, that these agreements will not be breached, adequate remedies for any breach would be available or our trade secrets and know-how will not otherwise become known to or be independently developed by our competitors.

If a competitor infringes our patents, trademarks or other intellectual property rights, enforcing those patents, trademarks and other rights may be difficult and time consuming. Even if successful, litigation to defend our patents and trademarks against challenges or to enforce our intellectual property rights could be expensive and time consuming and could divert management’s attention from managing our business. Moreover, we may not have sufficient resources or desire to defend our intellectual property rights against challenges or to enforce our intellectual property rights.

We rely on licenses from third parties to certain technology and intellectual property rights for some of our products and the licenses we currently have could terminate or expire.

We license from third parties intellectual property used in some of our products or services. Our licensors may breach or otherwise fail to perform their obligations. Furthermore, our licenses may expire or our licensors may claim that we have breached our agreement or may otherwise attempt to terminate their license agreements with us. Challenges to such third parties’ intellectual property rights may be brought against us directly or against the

Table of Contents

licensor, and we cannot guarantee that such third-party intellectual property rights provide us with meaningful protection. The expiration of intellectual property we license may further enable third parties to offer products that are competitive with ours. Further, we cannot guarantee that renewals of current licenses upon their expiration or that future third party intellectual property rights that we may need or that may be useful will be available to us for license or, even if they are, that the terms of such licenses will be financially and commercially viable.

The conditions of the U.S. and international capital markets may adversely affect our ability to access the credit or capital markets.

We believe that our cash, other liquid assets and operating cash flow, together with available borrowings and potential access to credit and capital markets, will be sufficient to meet our operating expenses, research and development costs and capital expenditures and service our debt requirements as they become due. However, our ongoing ability to meet our substantial debt service and other obligations will be dependent upon our future performance, which will be subject to business, financial and other factors. We will not be able to control many of these factors, such as economic conditions in the markets where we operate and pressure from competitors. We cannot be certain that our cash flow will be sufficient to allow us to pay principal and interest on our debt, support our operations and meet our other obligations. If we do not have enough money to support our operations and meet our obligations, we may be required to refinance all or part of our existing debt, sell assets or borrow more money. We may not be able to do so on terms acceptable to us, if at all. In addition, the terms of existing or future debt agreements, including the indentures, may restrict us from pursuing any of these alternatives.

We rely on financial institutions to fund credit commitments to us.

If financial institutions that have extended credit commitments to us are adversely affected by the conditions of the U.S. and international capital markets, they may become unable to fund borrowings under their credit commitments to us, which could have a material adverse impact on our financial condition and our ability to borrow additional funds, if needed, for working capital, capital expenditures, acquisitions, research and development and other corporate purposes.

Loss of our key management and other personnel, or an inability to attract such management and other personnel, could impact our business.

We depend on our senior managers and other key personnel to run our business and on technical experts to develop new products and technologies. The loss of any of these senior managers or other key personnel could adversely affect our operations. Competition for qualified employees is intense, and the loss of qualified employees or an inability to attract, retain and motivate additional highly skilled employees required for the management, operation and expansion of our business could hinder our ability to expand, conduct research and development activities successfully and develop marketable products.

If we fail to retain our existing relationships with our independent sales agents and distributors or establish relationships with different agents and distributors, our results of operations may be negatively impacted.

Our revenues and profitability depend largely on the ability of independent sales agents and distributors to sell our products to customers. Because the independent distributor manages the customer relationships within its territory (and, in certain countries outside the United States, the regulatory relationship), there is a risk that if our relationship with the distributor ends, our relationship with the customer will be lost. In addition, in certain countries outside the United States, we could experience delays in amending or transferring our product registrations. Also, because we do not control a distributor’s sales agents, there is a risk we will be unable to ensure that our sales processes and priorities will be consistently communicated and executed by the distributor. Typically, these agents and distributors have developed long-standing relationships with our customers and provide our customers with the necessary training and product support relating to our products. If we fail to retain our existing relationships with these agents and distributors or establish relationships with different agents and distributors, our business, financial condition, results of operations and cash flows may be negatively impacted.

We may record future goodwill and/or intangible impairment charges related to one or more of our reporting units, which could materially adversely impact our results of operations.

We test our goodwill and indefinite lived intangible asset balances as of March 31 of each fiscal year to determine whether events or changes in circumstances indicate that the carrying value of our intangible assets may not be

recoverable. We test these balances more frequently if indicators are present or changes in circumstances

Table of Contents

suggest that impairment may exist. In evaluating the potential for impairment we make assumptions regarding revenue projections, growth rates, cash flows, tax rates and discount rates. These assumptions are uncertain and by nature can vary from actual results. Various future events could have a negative impact on the fair value of our reporting units' goodwill and indefinite lived intangibles when the annual or interim impairment test is completed. The events include, but are not limited to:

- our ability to sustain sales and earnings growth;
- the effect of anticipated changes in the size, health and activities of the population or on the demand for our products;
- our ability and intent to expand in key international markets;
- the timing and anticipated outcome of clinical studies;
- assumptions concerning anticipated product developments and emerging technologies;
- our continued investment in new products and technologies;
- the ultimate marketability of products currently being developed;
- our success in achieving timely approval or clearance of our products with domestic and foreign regulatory entities; and
- the stability of certain foreign economic markets.

If the operating performance at one or more of our business units falls significantly below current levels, if competing or alternative technologies emerge, or if market conditions or future cash flow estimates for one or more of our businesses decline, we could be required, under current U.S. accounting rules, to record a non-cash charge to operating earnings for the amount of the impairment. Any write-off of a material portion of our unamortized intangible assets would negatively affect our results of operations.

We have identified a material weakness in our internal controls over financial reporting for income taxes that could cause investors to lose confidence in the reliability of our financial statements.

In the preparation of this annual report, each of LVB's and Biomet's management identified a material weakness in our internal control over financial reporting as of May 31, 2014, arising from internal control deficiencies relating to its income tax provision and related balance sheet accounts, as discussed in Part II, Item 9A, "Controls and Procedures." Due to the identification of a material weakness in internal control over financial reporting, our Chief Executive Officer and Chief Financial Officer concluded that, as of May 31, 2014, and the date of this report, our disclosure controls and procedures were not effective. The material weakness did not result in any material misstatement of the Company's financial statements and disclosures for the years ended May 31, 2014, 2013, and 2012.

We will continue to evaluate, upgrade and enhance our internal controls, including the remediation of the material weakness. Because of inherent limitations, our internal control over financial reporting may not prevent or detect misstatements, errors or omissions, and any projections of any evaluation of effectiveness of internal controls to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with our policies or procedures may deteriorate. Insufficient internal controls could also cause investors to lose confidence in our reported financial information.

A natural or man-made disaster could have a material adverse effect on our business.

We have manufacturing operations located throughout the world. However, a significant portion of our products are produced at and shipped from our facility in Warsaw, Indiana, including all of our production of E1 polyethylene components. In the event that this facility is severely damaged or destroyed as a result of a natural or man-made disaster, we would be forced to shift production to our other facilities and/or rely on third-party manufacturers and may result in our having to cease production of certain products, such as E1 polyethylene components, for a significant period of time. Our existing business interruption insurance coverage may be inadequate to satisfy liabilities we might incur in such a situation. If a business interruption claim or series of claims is in excess of our insurance coverage limits, or is not otherwise covered in whole or in part by our insurance coverage, our business could suffer and our financial condition, results of operations and cash flow could be materially adversely impacted.

40

Table of Contents

Failure to successfully integrate acquired businesses into our operations or to otherwise successfully execute strategic transactions could adversely affect our business.

We may, from time to time, consider and take advantage of selected opportunities to grow by acquiring businesses whose operations or product lines fit well within our existing businesses or whose geographic location or market position would enable us to expand into new markets, as well as companies with whom we could form strategic alliances or enter into arrangements with to develop or exploit intellectual property rights. Our ability to implement this expansion strategy will, however, depend on whether any suitable businesses are available at suitable valuations and how much money we can spend. Any acquisition that we make could be subject to a number of risks, including failing to discover liabilities of the acquired company for which we may be responsible as a successor owner or operator despite any investigation we may make before the acquisition, our overvaluing the assets of the acquired company, our inability to assimilate the operations and personnel of the acquired company, the loss of key personnel in the acquired company and any adverse impact on our financial statements from the amortization of acquired intangible assets or the creation of reserves or write-downs. These risks could be increased if we need to integrate geographically separated organizations, personnel with disparate business backgrounds and companies with different corporate cultures. Any such acquisition and resulting integration process may result in the need to allocate more resources to integration and product development activities than originally anticipated, the diversion of management's time (which could adversely affect management's ability to focus on other more profitable projects), the inability to realize the expected benefits, savings or synergies from the acquisition or the incompatibility of the priorities of any strategic partners with ours. We may not be able to adequately meet these challenges, and any failure to do so could adversely affect our business, financial condition, results of operations and cash flows. In addition, if we incur additional indebtedness to finance these acquisitions, the related risks we face from our already substantial level of indebtedness could intensify.

On June 15, 2012, we announced the initial closing of the previously announced $280.0 million acquisition of the worldwide trauma business of DePuy Orthopaedics, Inc. During the first and second quarters of fiscal year 2013, subsequent closings in various foreign countries occurred on a staggered basis, with the final closing occurring on December 7, 2012. On October 5, 2013, we and our wholly-owned subsidiaries EBI Holdings, LLC, a Delaware limited liability company, or EBI, and LNX Acquisition, Inc., a Delaware corporation, or Merger Sub Lanx, entered into an Agreement and Plan of Merger with Lanx, Inc., a Delaware corporation, or Lanx. On October 31, 2013, Merger Sub Lanx merged with and into Lanx and the separate corporate existence of Merger Sub Lanx ceased. Our integration of the operations of the acquired businesses requires significant efforts, including the coordination of complex information technology environments, research and development, sales and marketing, operations, manufacturing and finance.

The integration efforts related to the acquisitions described above require significant resources and involve significant amounts of management's time that cannot be dedicated to other initiatives. We may not be able to adequately meet these challenges, and any failure to do so could adversely affect our business, financial condition, results of operations and cash flows.

We are increasingly dependent on sophisticated information technology and if we fail to properly maintain the integrity of our data, our business could be adversely affected.

We are increasingly dependent on sophisticated information technology systems for our products and infrastructure. These systems include, but are not limited to, ordering and managing materials from suppliers, converting materials to finished products, shipping products to customers, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, providing data security and other processes necessary to manage our business. As a result of technology upgrades, recently enacted regulations, improvements in our system platforms and integration of new business acquisitions, we have been consolidating and integrating the number of systems we operate and have upgraded and expanded our information systems capabilities. Our information systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and keep information technology systems current. In addition, our obligations to protect patient and customer information have increased significantly. Third parties may attempt to hack into our products or systems and may obtain data relating to patients with our products or our proprietary information. If we fail to maintain or protect

our information systems and data integrity effectively, we could lose existing customers, have difficulty preventing, detecting, and controlling fraud, have disputes with customers, physicians, and other health care professionals, have regulatory sanctions or penalties imposed, incur expenses or lose revenues as a result of a data privacy breach, or suffer other adverse consequences. While we have invested in the protection of data and information technology, there can be no assurance that our process of consolidating the number of systems we operate, upgrading and expanding our information systems capabilities, protecting and enhancing our systems and

Table of Contents

developing new systems keep pace with continuing changes in information processing technology, will be successful or that additional systems issues will not arise in the future. Any significant breakdown, intrusion, interruption, corruption or destruction of these systems could have a material adverse effect on our business.

We could incur significant costs complying with environmental and health and safety requirements, or as a result of liability for contamination or other harm caused by hazardous materials that we use.

Our research and development and manufacturing processes involve the use of hazardous materials. We are subject to federal, state, local and foreign environmental requirements, including regulations governing the use, manufacture, handling, storage and disposal of hazardous materials, discharge to air and water, the cleanup of contamination and occupational health and safety matters. We cannot eliminate the risk of contamination or injury resulting from hazardous materials, and we may incur liability as a result of any contamination or injury. Under some environmental laws and regulations, we could also be held responsible for costs relating to any contamination at our past or present facilities and at third party waste disposal sites where we have sent wastes. These could include costs relating to contamination that did not result from any violation of law, and in some circumstances, contamination that we did not cause. We may incur significant expenses in the future relating to any failure to comply with environmental laws. Any such future expenses or liability could have a significant negative impact on our financial condition. The enactment of stricter laws or regulations, the stricter interpretation of existing laws and regulations or the requirement to undertake the investigation or remediation of currently unknown environmental contamination at our own or third party sites may require us to make additional expenditures, which could be material.

Certain of our stockholders have the right to engage in the same or similar business as us.

Our Principal Stockholders have other investments and business activities in addition to their ownership of us. Our Principal Stockholders have the right, and have no duty to abstain from exercising such right, to engage or invest in the same or similar businesses as us, do business with any of our clients, customers or vendors or employ or otherwise engage any of our officers, directors or employees. If our Principal Stockholders or any of their directors, officers or employees acquire knowledge of a potential transaction that could be a corporate opportunity, they have no duty, to the fullest extent permitted by law, to offer such corporate opportunity to us, our stockholders or our affiliates.

In the event that any of our directors or officers who is also a director, officer or employee of our Principal Stockholders acquires knowledge of a corporate opportunity or is offered a corporate opportunity, such person will be, to the fullest extent permitted by law, deemed to have fully satisfied his or her fiduciary duties owed to us and will not be liable to us if our Principal Stockholders, individually or collectively, pursue or acquire the corporate opportunity or do not present the corporate opportunity to us so long as such knowledge was not acquired solely as the result of an express, written offer to such person his or her capacity as our director or officer and such person acts in good faith.

Table of Contents

Risks Related to our Indebtedness and the Notes

Our substantial level of indebtedness could materially adversely affect our ability to generate sufficient cash to fulfill our obligations under our credit facilities, the notes and any other outstanding indebtedness, our ability to react to changes in our business and our ability to incur additional indebtedness to fund future needs.

We are highly leveraged. As of May 31, 2014 we had total indebtedness of $5,720.4 million (compared to total indebtedness of $5,966.4 million as of May 31, 2013). The following chart shows our level of indebtedness as of May 31, 2014 and 2013:

(in millions) Debt Instruments	May 31, 2014	May 31, 2013
European facility	$—	$2.3
China facility	—	6.0
Term loan facilities	3,062.9	3,295.4
Cash flow revolving credit facility	—	—
Asset-based revolving credit facility	—	—
6.500% Senior Notes due 2020	1,825.0	1,825.0
6.500% Senior Subordinated Notes due 2020	800.0	800.0
Premium on notes	32.5	37.7
Total debt	$5,720.4	$5,966.4

Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of our indebtedness. Our substantial indebtedness, combined with our other financial obligations and contractual commitments, could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness, including the notes, and any failure to comply with the obligations under any of our debt instruments, including restrictive covenants, could result in an event of default under such instruments;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions, research and development and other purposes;
- increase our vulnerability to adverse economic and industry conditions, which could place us at a competitive disadvantage compared to our competitors that have relatively less indebtedness;
- increase the risk we assess with our counterparties which could affect the fair value of our derivative instruments related to our debt facilities noted above;
- place us at a competitive disadvantage compared to our competitors that are less highly leveraged and therefore able to take advantage of opportunities that our indebtedness prevents us from exploiting;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- limit our noteholders' rights to receive payments under the notes and any other outstanding notes if secured creditors are not paid;
- limit our ability to borrow additional funds, or to dispose of assets to raise funds, if needed, for working capital, capital expenditures, acquisitions, research and development, debt service requirements, execution of our business strategy and other corporate purposes; and
- prevent us from raising the funds necessary to repurchase all notes tendered to us upon the occurrence of certain changes of control, which would constitute a default under the indentures.

Table of Contents

Restrictions imposed by our indentures, our senior secured credit facilities and our other outstanding indebtedness may limit our ability to operate our business and to finance our future operations or capital needs or to engage in other business activities.

The agreements governing our indebtedness, including the indentures, contain various covenants that limit our discretion in the operation of our business and also require us to meet financial maintenance tests and other covenants. The failure to comply with such tests and covenants could have a material adverse effect on us. The agreements governing our indebtedness, including the indentures, restrict our and our restricted subsidiaries' ability, among other things, to:

- incur additional indebtedness;
- pay dividends on our capital stock or redeem, repurchase or retire our capital stock or indebtedness;
- make investments, loans, advances and acquisitions;
- create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries;
- engage in transactions with our affiliates;
- sell assets, including capital stock of our subsidiaries;
- consolidate or merge;
- create liens; and
- enter into sale and lease-back transactions.

The terms of our senior secured credit facilities also restrict us from conducting any business or operations other than, among others, (i) owning Biomet, (ii) maintaining our legal existence, (iii) performing our obligations with respect to the senior secured credit facilities and the indentures governing the notes, (iv) publicly offering common stock of LVB, (v) financing activities, including the issuance of securities, incurrence of debt, payment of dividends, making contributions to the capital of its subsidiaries and guaranteeing the obligations of its subsidiaries, or (vi) providing indemnification to our officers and directors.

In addition, if borrowing availability under our senior secured revolving credit facilities is less than 10% of the sum of aggregate commitments under our asset-based revolving credit facility and the revolving credit commitments under our cash flow credit facilities at any time, we are required to maintain a fixed charge coverage ratio as of the end of the most recently ended fiscal quarter that must be greater than or equal to 1.00 to 1.00. In the event of a default under any of our senior secured credit facilities, the lenders could elect to declare all amounts outstanding under the agreements governing our senior secured credit facilities to be immediately due and payable. If the indebtedness under our senior secured credit facilities, or our notes were to be accelerated, our assets may not be sufficient to repay such indebtedness in full. In particular, noteholders will be paid only if we have assets remaining after we pay amounts due on our secured indebtedness, including our senior secured facilities.

We, including our subsidiaries, have the ability to incur substantially more indebtedness, including senior secured indebtedness, and our noteholders' right to receive payments on each series of notes is effectively junior to the right of lenders who have a security interest in our assets to the extent of the value of those assets.

Our obligations under the notes and our guarantors' obligations under their guarantees of the notes are unsecured, but our obligations under our senior secured credit facilities and each guarantor's obligations under its guarantee of our senior secured credit facilities are secured by a security interest in substantially all of our domestic tangible and intangible assets, including the stock of substantially all of our wholly-owned U.S. subsidiaries and a portion of the stock of certain of our non-U.S. subsidiaries. If we are declared bankrupt or insolvent, or if we default under our senior secured credit facilities, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the lenders could foreclose on the pledged assets to the exclusion of holders of the notes, even if an event of default exists at such time under the indentures. Furthermore, if the lenders foreclose and sell the pledged equity interests in any guarantor under the notes, then that guarantor will be released from its guarantee of the notes automatically and immediately upon such sale. In any such event, because the notes are not secured by any of our assets or the equity interests in the guarantors, it is possible that there would be no assets remaining from which noteholders' claims could be satisfied or, if any assets remained, they might be insufficient to satisfy noteholders' claims in full.

Subject to the restrictions in our senior secured credit facilities and the indentures, we, including our subsidiaries, may incur significant additional indebtedness. As of May 31, 2014:

- we and the guarantors had approximately $330.0 million available for borrowing under our cash flow revolving credit facilities, which, if borrowed, would be senior secured indebtedness;

Table of Contents

- we and the guarantors had $339.7 million available for borrowing under our asset-based revolving credit facility, subject to borrowing base limitations, which, if borrowed, would be senior secured indebtedness;
- we and the guarantors have the option to incur additional incremental term loans or increase the cash flow revolving credit facilities commitments under our senior secured credit facilities up to an amount that would cause our Senior Secured Leverage Ratio (as defined in our senior secured credit facilities) to be equal to or less than 4.50 to 1.00, which, if borrowed, would be senior secured indebtedness; and
- we and the guarantors have the option to increase the asset-based revolving credit facility commitments under our asset-based revolving credit facility by up to $100.0 million, which, if borrowed, would be senior secured indebtedness.

Although the terms of our senior secured credit facilities and the indentures contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of important exceptions, and indebtedness incurred in compliance with these restrictions could be substantial. If we and our restricted subsidiaries incur significant additional indebtedness, the related risks that we face could intensify.

We also had $20.0 million available for borrowing under our China facility.

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments, may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could limit our ability to incur additional indebtedness. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our senior secured credit facilities and indentures restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

Repayment of our debt, including the notes, is dependent on cash flow generated by our subsidiaries.

Our subsidiaries own a significant portion of our assets and conduct a significant portion of our operations. Accordingly, repayment of our indebtedness, including the notes, is dependent, to a significant extent, on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the notes, our subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indentures limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes.

45

Table of Contents

Claims of noteholders will be structurally subordinated to claims of creditors of all our non-U.S. subsidiaries and some of our U.S. subsidiaries because they will not guarantee the notes.

The notes are not guaranteed by any of our non-U.S. subsidiaries or any of our less than wholly owned U.S. subsidiaries. Accordingly, claims of holders of the notes will be structurally subordinated to the claims of creditors of these non-guarantor subsidiaries, including trade creditors. Therefore, all obligations of our non-guarantor subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us or a guarantor of the notes.

For the fiscal years ended May 31, 2014 and 2013, our non-guarantor subsidiaries accounted for $1,183.5 million, or 37% of our consolidated net sales and $1,130.6 million, or 37% of our consolidated net sales, respectively. As of May 31, 2014 and 2013, our non-guarantor subsidiaries accounted for approximately $2,367.4 million, or 24%, and $2,622.1 million, or 27%, of our consolidated assets, respectively, and approximately $465.3 million, or 6.1%, and $439.4 million, or 5.6%, of our consolidated liabilities, respectively. All amounts are presented after giving effect to intercompany eliminations.

The lenders under our senior secured credit facilities will have the discretion to release any guarantors under these facilities in a variety of circumstances, which will cause those guarantors to be released from their guarantees of the notes.

While any obligations under our senior secured credit facilities remain outstanding, any guarantee of the notes may be released without action by, or consent of, any holder of the notes or the trustee under the indentures, at the discretion of lenders under our senior secured credit facilities, if the related guarantor is no longer a guarantor of obligations under our senior secured credit facilities or any other indebtedness. The lenders under our senior secured credit facilities will have the discretion to release the guarantees under our senior secured credit facilities in a variety of circumstances. Noteholders will not have a claim as a creditor against any subsidiary that is no longer a guarantor of the notes, and the indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those subsidiaries will effectively be senior to claims of noteholders.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, including a default under our senior secured credit facilities that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants in the instruments governing our indebtedness (including covenants in our senior secured credit facilities and the indentures), we could be in default under the terms of the agreements governing such indebtedness, including our senior secured credit facilities and the indentures.

In the event of such default:

- the holders of such indebtedness may be able to cause all of our available cash flow to be used to pay such indebtedness and, in any event, could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest;
- the lenders under our senior secured credit facilities could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets;
- we could be forced into bankruptcy or liquidation; and
- the subordination provisions in senior subordinated notes may prevent us from paying any obligation with respect to such notes.

If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our senior secured credit facilities to avoid being in default. If we breach our covenants under our senior secured credit facilities and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our senior secured credit facilities, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

46

Table of Contents

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of specific kinds of change of control events, we will be required to offer to repurchase all outstanding notes at 101% of their principal amount plus accrued and unpaid interest, if any. The source of funds for any such purchase of the notes will be our available cash or cash generated from our subsidiaries' operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the notes upon a change of control because we may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control. Further, we will be contractually restricted under the terms of our senior secured credit facilities from repurchasing all of the notes tendered by holders upon a change of control. Accordingly, we may not be able to satisfy our obligations to purchase the notes unless we are able to refinance or obtain waivers under our senior secured credit facilities. Our failure to repurchase the notes upon a change of control would cause a default under the indentures and a cross default under our senior secured credit facilities. Our senior secured credit facilities also provide that a change of control will be a default that permits lenders to accelerate the maturity of borrowings thereunder. Any of our future debt agreements may contain similar provisions.

The trading prices for the notes will be directly affected by many factors, including our credit rating.

Credit rating agencies continually revise their ratings for companies they follow. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Any such fluctuation may impact the trading price of the notes. In addition, developments in our business and operations could lead to a ratings downgrade which could adversely affect the trading price of the notes, or the trading market for the notes.

An adverse rating of the notes may cause their trading price to fall.

If a rating agency rates the notes, it may assign a rating that is lower than the rating expected by the noteholders. Ratings agencies also may lower ratings on the notes or any of our other debt in the future, or may choose to cease providing ratings on the notes or such other debt. If rating agencies assign a lower than expected rating or reduce, or indicate that they may reduce, their ratings of our debt in the future, the trading price of the notes could significantly decline.

Certain covenants under the indentures will be suspended if and for so long as the notes are rated "investment grade" by both Standard & Poor's and Moody's and no default has occurred and is continuing. These covenants restrict, among other things, our and our restricted subsidiaries' ability to incur or guarantee debt or issue certain stock, pay dividends, make distributions on, or redeem or repurchase, capital stock and enter into transactions with affiliates. Because these restrictions would not apply if the notes are rated investment grade, we would be able to incur additional debt and consummate transactions that may impair our ability to satisfy our obligations with respect to the notes. In addition, we would not have to make certain offers to repurchase the notes. These covenants would be reinstated if the credit ratings assigned to the notes later declined below investment grade or a default occurs and is continuing.

Federal and state fraudulent transfer laws may permit a court to void the notes and the guarantees, subordinate claims in respect of the notes and the guarantees, and require noteholders to return payments received. If this occurs, noteholders may not receive any payments on the notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the notes and the incurrence of any guarantees. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the notes or guarantees could be voided as a fraudulent transfer or conveyance if (1) Biomet, Inc. or any of the guarantors, as applicable, issued the notes or incurred the guarantees with the intent of hindering, delaying or defrauding creditors or (2) we or any of the guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for either issuing the notes or incurring the guarantees and, in the case of (2) only, one of the following is also true at the time thereof:

- we or any of the guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the notes or the incurrence of the guarantees;
- the issuance of the notes or the incurrence of the guarantees left us or any of the guarantors, as applicable, with an unreasonably small amount of capital to carry on the business;
- we or any of the guarantors intended to, or believed that we or such guarantor would, incur debts beyond our or such guarantor's ability to pay such debts as they mature; or

47

Table of Contents

- we or any of the guarantors was a defendant in an action for money damages, or had a judgment for money damages docketed against us or such guarantor if, in either case, after final judgment, the judgment is unsatisfied.

A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the notes or such guarantee if we or such guarantor did not substantially benefit directly or indirectly from the issuance of the notes or the applicable guarantee. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the guarantees would not be further subordinated to our or any of our guarantors' other debt. Generally, however, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

If a court were to find that the issuance of the notes or the incurrence of the guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or such guarantee or further subordinate the notes or such guarantee to presently existing and future indebtedness of ours or of the related guarantor, or require the holders of the notes to repay any amounts received with respect to such guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, noteholders may not receive any repayment on the notes. Further, the voidance of the notes could result in an event of default with respect to our and our subsidiaries' other debt that could result in acceleration of such debt.

Although each guarantee entered into by a guarantor will contain a provision intended to limit that guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect those guarantees from being voided under fraudulent transfer law, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless.

We are indirectly owned and controlled by the collective Principal Stockholders, and our Principal Stockholders' interests as equity holders may conflict with the interests of noteholders as creditors.

Biomet, Inc. is a subsidiary of LVB, which is substantially owned by the collective Principal Stockholders through their ownership of membership units in Holdings. Holdings and the collective Principal Stockholders have the ability to direct our policies and operations. The interests of our Principal Stockholders may not in all cases be aligned with our noteholders' interests. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of our equity holders might conflict with our noteholders' interests. In addition, our equity holders may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to holders of the notes. Furthermore, our Principal Stockholders may in the future own businesses that directly or indirectly compete with us. Our Principal Stockholders also may pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us.

Risks related to Government Regulation of our Products

Our business, financial condition, results of operations and cash flows could be significantly and negatively affected by substantial government regulations.

Our products are subject to rigorous regulation by the FDA and numerous other federal, state and foreign governmental authorities. Overall, there appears to be a trend toward more stringent regulation worldwide, and we do not anticipate this trend to dissipate in the near future.

In general, the development, testing, labeling, manufacturing and marketing of our products are subject to extensive regulation and review by numerous governmental authorities both in the United States and abroad. The

Table of Contents

regulatory process requires the expenditure of significant time, effort and expense to bring new products to market. We are also required to implement and maintain stringent reporting, labeling and record keeping procedures. More specifically, in the United States, both before and after a product is commercially released, we have ongoing responsibilities under FDA regulations. Compliance with the FDA's requirements, including the Quality System regulation, recordkeeping regulations, labeling and promotional requirements and adverse event reporting regulations, is subject to continual review and is monitored rigorously through periodic inspections by the FDA, which may result in observations on Form 483, and in some cases warning letters, that require corrective action or other forms of enforcement.

In addition, the medical device industry also is subject to many complex laws and regulations governing Medicare and Medicaid reimbursement and targeting healthcare fraud and abuse, with these laws and regulations being subject to interpretation. In many instances, the industry does not have the benefit of significant regulatory or judicial interpretation of these laws and regulations. In certain public statements, governmental authorities have taken positions on issues for which little official interpretation was previously available. Some of these positions appear to be inconsistent with common practices within the industry but have not previously been challenged.

Various federal and state agencies have become increasingly vigilant in recent years in their investigation of various business practices. Governmental and regulatory actions against us can result in various actions that could adversely impact our operations, including:

- the recall or seizure of products;
- the suspension or revocation of the authority necessary for the production or sale of a product;
- the suspension of shipments from particular manufacturing facilities;
- the imposition of fines and penalties;
- the delay of our ability to introduce new products into the market;
- the exclusion of our products from being reimbursed by federal and state healthcare programs (such as Medicare, Medicaid, Veterans Administration, or VA, health programs and Civilian Health and Medical Program Uniformed Service, or CHAMPUS; and
- other civil or criminal sanctions against us.

Any of these actions, in combination or alone, or even a public announcement that we are being investigated for possible violations of these laws, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In the United States, if the FDA were to conclude that we are not in compliance with applicable laws or regulations or that any of our medical devices are ineffective or pose an unreasonable health risk, the FDA could ban such medical devices, detain or seize adulterated or misbranded medical devices, order a recall, repair, replacement, or refund of payment of such devices, refuse to grant pending premarket approval applications, refuse to provide certificates to foreign governments for exports, and/or require us to notify healthcare professionals and others that the devices present unreasonable risks of substantial harm to the public health. The FDA may also impose operating restrictions on a company-wide basis, enjoin and restrain certain violations of applicable law pertaining to medical devices and assess civil or criminal penalties against our officers, employees or us. The FDA may also recommend prosecution to the DOJ. Adverse regulatory action, depending on its magnitude, may restrict us from effectively marketing and selling our products.

In many of the foreign countries in which we market our products, we are subject to regulations affecting, among other things, clinical efficacy, product standards, packaging requirements, labeling requirements, import/ export restrictions, tariff regulations, duties and tax requirements. Many of the regulations applicable to our devices and products in these countries, such as the European Medical Devices Directive, are similar to those of the FDA. In addition, in many countries the national health or social security organizations require our products to be qualified before they can be marketed with the benefit of reimbursement eligibility. Failure to receive or delays in the receipt of relevant foreign qualifications also could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As both the U.S. and foreign government regulators have become increasingly stringent, we may be subject to more rigorous regulation by governmental authorities in the future. Our products and operations are also often subject to the rules of industrial standards bodies, such as the International Standards Organization, or ISO. If we fail to adequately address any of these regulations, our business will be harmed.

Table of Contents

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

Our products are subject to rigorous regulation by the FDA and numerous other federal, state and foreign governmental authorities. The process of obtaining regulatory clearances or approvals to market a medical device can be costly and time consuming, and we may not be able to obtain these clearances or approvals on a timely basis, if at all. In particular, the FDA permits commercial distribution of a new medical device only after the device has received clearance under Section 510(k) of the Federal Food, Drug and Cosmetic Act, or is the subject of an approved premarket approval application, or PMA, unless the device is specifically exempt from those requirements. The FDA will clear marketing of a lower risk medical device through the 510(k) process if the manufacturer demonstrates that the new product is substantially equivalent to other 510(k)-cleared products. High risk devices deemed to pose the greatest risk, such as life-sustaining or life-supporting devices, and devices not deemed substantially equivalent to a previously cleared device, require the approval of a PMA. The PMA process is more costly, lengthy and uncertain than the 510(k) clearance process. A PMA must be supported by extensive data, including, but not limited to, technical, preclinical, clinical trial, manufacturing and labeling data, to demonstrate to the FDA's satisfaction the safety and efficacy of the device for its intended use.

Our failure to comply with U.S. federal, state and foreign governmental regulations could lead to the issuance of warning letters or untitled letters, the imposition of injunctions, suspensions or loss of regulatory clearance or approvals, product recalls, termination of distribution, product seizures or civil penalties. In the most extreme cases, criminal sanctions or closure of our manufacturing facility are possible.

Foreign governmental authorities that regulate the manufacture and sale of medical devices have become increasingly stringent and, to the extent we market and sell our products internationally, we may be subject to rigorous international regulation in the future. In these circumstances, we would rely significantly on our foreign independent distributors to comply with the varying regulations, and any failures on their part could result in restrictions on the sale of our products in foreign countries.

Failure to receive clearance or approval for our new products would have an adverse effect on our business.

Modifications to our products may require new regulatory clearances or approvals or may require us to recall or cease marketing our products until clearances or approvals are obtained.

Modifications to our existing products may require new regulatory approvals or clearances, including 510(k) clearances or premarket approvals, or require us to recall or cease marketing the modified devices until these clearances or approvals are obtained. The FDA requires device manufacturers to initially make and document a determination of whether or not a modification requires a new approval, supplement or clearance.

If a manufacturer determines that a modification to an FDA-cleared device could significantly affect its safety or efficacy, or would constitute a major change in its intended use, then the manufacturer must file for a new 510(k) clearance or possibly a PMA. Where we determine that modifications to our products require a new 510(k) clearance or a PMA, we may not be able to obtain those additional clearances or approvals for the modifications or additional indications in a timely manner, or at all. For those products sold in the European Union, we must notify the agency that verified the product complies with relevant standards, if significant changes are made to the products or if there are substantial changes to our quality assurance systems affecting those products. Obtaining clearances and approvals can be a time consuming process, and delays in obtaining required future clearances or approvals would adversely affect our ability to introduce new or enhanced products in a timely manner, which in turn would harm our future growth.

With respect to PMA approved products, a new PMA or PMA supplements are required for modifications that affect the safety or effectiveness of the device, including, for example, certain types of modifications to the device's indication for use, manufacturing process, labeling and design. Premarket approval supplements often require submission of the same type of information as a PMA, except that the supplement is limited to information needed to support any changes from the device covered by the original PMA, and may not require as extensive clinical data or the convening of an advisory panel.

A manufacturer may determine that a modification does not require a new clearance or approval. However, the FDA can review a manufacturer’s decision and may disagree. The FDA may also on its own initiative determine that a new clearance or approval is required. We have made modifications to our products in the past and may make

Table of Contents

additional modifications in the future that we believe do not or will not require additional clearances or approvals. If the FDA disagrees and requires new clearances or approvals for the modifications, we may be required to recall and to stop marketing our products as modified, which could require us to redesign our products and harm our operating results. In these circumstances, we may be subject to significant enforcement actions.

Failure to obtain regulatory approval in additional foreign jurisdictions will prevent us from expanding the commercialization of our products abroad.

We currently market, and intend to continue marketing, our products in a number of international markets. Although certain of our products have been approved for commercialization in many global markets, including, among others, the European Union, in order to market our products in other foreign jurisdictions, we must obtain separate regulatory approvals. The approval procedure varies among jurisdictions and can involve substantial additional testing. Approval or clearance by the FDA does not ensure approval by regulatory authorities in other jurisdictions, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign jurisdictions or by the FDA. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval in addition to other risks. In addition, the time required to obtain foreign approval may differ from that required to obtain FDA approval, and we may not obtain foreign regulatory approvals on a timely basis, if at all. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products in foreign markets.

Clinical trials necessary to support any future PMA will be expensive and will require the enrollment of large numbers of patients, and suitable patients may be difficult to identify and recruit. Delays or failures in our clinical trials will prevent us from commercializing any modified or new PMA products and will adversely affect our business, operating results and prospects.

Clinical trials are generally required to support a PMA and are sometimes required for 510(k) clearance. Such trials, if conducted in the United States, generally require an investigational device exemption application, or IDE, approved in advance by the FDA for a specified number of patients and study sites, unless the product is deemed an no significant risk device eligible for more abbreviated IDE requirements. Clinical trials are subject to extensive monitoring, recordkeeping and reporting requirements. Clinical trials must be conducted under the oversight of an institutional review board, or IRB, for the relevant clinical trial sites and must comply with FDA regulations, including but not limited to those relating to good clinical practices. To conduct a clinical trial, we also are required to obtain the patients' informed consent that complies with FDA requirements, state and federal privacy regulations and human subject protection regulations. We, the FDA or the IRB could suspend a clinical trial at any time for various reasons, including a belief that the risks to study subjects outweigh the anticipated benefits. Additionally, we may decide at any time, for business or other reasons, to terminate a study. Even if a trial is completed, the results of clinical testing may not adequately demonstrate the safety and efficacy of the device or may otherwise not be sufficient to obtain FDA clearance or approval to market the product in the United States. Following completion of a study, we would need to collect, analyze and present the data in an appropriate submission to the FDA, either a 510(k) premarket notification or a PMA. Even if a study is completed and submitted to the FDA, the results of our clinical testing may not demonstrate the safety and efficacy of the device, or may be equivocal or otherwise not be sufficient to obtain approval of our product. In addition, the FDA may perform a bioresearch monitoring inspection of a study and if it finds deficiencies, we will need to expend resources to correct those deficiencies, which may delay clearance or approval or the deficiencies may be so great that FDA could refuse to accept all or part of our data or trigger enforcement action. Indeed, if the FDA were to find that we or our clinical investigators are not operating in compliance with applicable regulations, we could be subject to FDA enforcement action as well as refusal to accept all or part of our data in support our 510(k) or PMA and/or we may need to conduct additional studies.

Conducting successful clinical studies will require the enrollment of large numbers of patients, and suitable patients may be difficult to identify and recruit. Patient enrollment in clinical trials and completion of patient participation and follow-up depends on many factors, including the size of the patient population, the nature of the trial protocol, the attractiveness of, or the discomforts and risks associated with, the treatments received by enrolled subjects, the availability of appropriate clinical trial investigators, support staff, and proximity of patients to clinical sites and able to comply with the eligibility and exclusion criteria for participation in the clinical trial and patient compliance. For

example, patients may be discouraged from enrolling in our clinical trials if the trial protocol requires them to undergo extensive post-treatment procedures or follow-up to assess the safety and effectiveness of our products or if they determine that the treatments received under the trial protocols are not attractive or involve unacceptable risks or discomforts. Patients may also not participate in our clinical trials if they choose to participate

Table of Contents

in contemporaneous clinical trials of competitive products. In addition, patients participating in clinical trials may die before completion of the trial or suffer adverse medical events unrelated to investigational products.

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

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

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

Even if our clinical trials are completed as planned, we cannot be certain that their results will support our product candidate claims or that the FDA or foreign authorities will agree with our conclusions regarding them. Success in pre-clinical studies and early clinical trials does not ensure that later clinical trials will be successful, and we cannot be sure that the later trials will replicate the results of prior trials and pre-clinical studies. The clinical trial process may fail to demonstrate that our product candidates are safe and effective for the proposed indicated uses, which could cause us to abandon a product candidate and may delay development of others. Any delay or termination of our clinical trials will delay the filing of our product submissions and, ultimately, our ability to commercialize our product candidates and generate revenues. It is also possible that patients enrolled in clinical trials will experience adverse side effects that are not currently part of the product candidate's profile.

If we or our suppliers fail to comply with ongoing FDA or other foreign regulatory authority requirements, or if we experience unanticipated problems with our products, these products could be subject to restrictions or withdrawal from the market.

The manufacturing processes, reporting requirements, post-approval clinical data and promotional activities for each of our products is subject to continued regulatory review, oversight and periodic inspections by the FDA and other domestic and foreign regulatory bodies. In particular, we and our suppliers are required to comply with FDA's Quality System Regulations, or QSR, and International Standards Organization, or ISO, regulations for the manufacture of our products and other regulations which cover the methods and documentation of the design, testing, production, control, quality assurance, labeling, packaging, storage and shipping of any product for which we obtain clearance or approval. Regulatory bodies, such as the FDA, enforce the QSR and other regulations through periodic inspections. For example, from July 29, 2013 through August 2, 2013, the FDA conducted an inspection of our 3i facility in Palm Beach Gardens Florida. A Form 483 was provided to us at the conclusion of the inspection. In the FDA's most recent Form 483, eight inspectional observations were identified. We submitted a response to the FDA on August 22, 2013, which identified our proposed corrective actions to address the FDA's observations. Note to Biomet: please let us know if there have been any notable developments or other inspections. We also have met with the agency regarding this response and have provided monthly updates regarding the status of our corrective action plan. Whether the FDA will accept our response is uncertain. If the FDA does not agree with our proposed corrective actions, or accepts them but finds that we have not implemented them adequately, or if we otherwise fail to comply with applicable regulatory requirements, the FDA could initiate an enforcement action, including any of the actions identified below.

The failure by us or one of our suppliers to comply with applicable statutes and regulations administered by the FDA and other regulatory bodies, or the failure to timely and adequately respond to any adverse inspectional observations or product safety issues, could result in, among other things, any of the following enforcement actions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;

- unanticipated expenditures to address or defend such actions;
- customer notifications for repair, replacement, refunds;

Table of Contents

- recall, detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying our requests for 510(k) clearance or premarket approval of new products or modified products;
- operating restrictions;
- withdrawing 510(k) clearances on PMA approvals that have already been granted;
- refusal to grant export approval for our products; or
- criminal prosecution.

If any of these actions were to occur it would harm our reputation and cause our product sales and profitability to suffer and may prevent us from generating revenue. Furthermore, our key component suppliers may not currently be or may not continue to be in compliance with all applicable regulatory requirements which could result in our failure to produce our products on a timely basis and in the required quantities, if at all. In addition, we may be required to conduct costly post-market testing and surveillance to monitor the safety or effectiveness of our products, and we must comply with medical device reporting requirements, including the reporting of adverse events and malfunctions related to our products. Later discovery of previously unknown problems with our products, including unanticipated adverse events or adverse events of unanticipated severity or frequency, manufacturing problems, or failure to comply with regulatory requirements such as QSR, may result in changes to labeling, restrictions on such products or manufacturing processes, withdrawal of the products from the market, voluntary or mandatory recalls, a requirement to repair, replace or refund the cost of any medical device we manufacture or distribute, fines, suspension of regulatory approvals, product seizures, injunctions or the imposition of civil or criminal penalties which would adversely affect our business, operating results and prospects.

Our products may in the future be subject to product recalls that could harm our reputation, business and financial results.

The FDA and similar foreign governmental authorities have the authority to require the recall of commercialized products in the event of material deficiencies or defects in design or manufacture. In the case of the FDA, the authority to require a recall must be based on an FDA finding that there is a reasonable probability that the device would cause serious injury or death. In addition, foreign governmental bodies have the authority to require the recall of our products in the event of material deficiencies or defects in design or manufacture. Manufacturers may, under their own initiative, recall a product if any material deficiency in a device is found. A government-mandated or voluntary recall by us or one of our distributors could occur as a result of component failures, manufacturing errors, design or labeling defects or other deficiencies and issues. Recalls of any of our products would divert managerial and financial resources and have an adverse effect on our financial condition and results of operations. The FDA requires that certain classifications of recalls be reported to FDA within 10 working days after the recall is initiated. Companies are required to maintain certain records of recalls, even if they are not reportable to the FDA. We have initiated certain voluntary recalls involving products that have been distributed to our customers and may take additional such actions in the future. Though we have reported a majority of these recalls to the FDA, we believe that certain of those recalls did not require notification of the FDA. If the FDA disagrees with our determinations, they could require us to report those actions as recalls. Any future recall announcement could harm our reputation with customers and negatively affect our sales. In addition, the FDA could take enforcement action, detailed above, for failing to report the recalls when they were conducted.

If our products, or malfunction of our products, cause or contribute to a death or a serious injury, we will be subject to medical device reporting regulations, which can result in voluntary corrective actions or agency enforcement actions. Under the FDA medical device reporting regulations, medical device manufacturers are required to report to the FDA information that a device has or may have caused or contributed to a death or serious injury or has malfunctioned in a way that would likely cause or contribute to death or serious injury if the malfunction of the device or one of our similar devices were to recur. All manufacturers placing medical devices in the market in the European Union are legally bound to report any serious or potentially serious incidents involving devices they produce or sell to the relevant regulatory authority in whose jurisdiction the incident occurred. Were this to happen to us, the relevant regulatory authority would file an initial report, and there would then be a further inspection or assessment if there are

particular issues. This would be carried out either by the relevant regulatory authority or it could require that the agency that verified the product complies with relevant standards carry out the inspection or assessment.

Table of Contents

Any such adverse event involving our products could result in future voluntary corrective actions, such as recalls or customer notifications, or agency action, such as inspection or enforcement action. Adverse events involving our products have been reported to us in the past, and we cannot guarantee that they will not occur in the future. Any corrective action, whether voluntary or involuntary, as well as defending ourselves in a lawsuit, will require the dedication of our time and capital, distract management from operating our business, and may harm our reputation and financial results.

We may be subject to fines, penalties or injunctions if we are determined to be promoting the use of our products for unapproved or "off-label" uses.

Our promotional materials and training methods regarding surgeons must comply with FDA and other applicable laws and regulations. We believe that the specific surgical procedures and claims for which our products are marketed fall within the scope of their applicable 510(k) clearances or PMA approvals. However, the FDA could disagree and require us to stop promoting our products for specific procedures, uses or claims until we obtain FDA clearance or approval for them. In addition, if the FDA determines that our promotional materials or training constitutes promotion of an unapproved use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including the issuance of an untitled letter, a warning letter, injunction, seizure, civil fine and criminal penalties. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider our promotional or training materials to constitute promotion of an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement. In that event, our reputation could be damaged and adoption of the products would be impaired.

Legislative or regulatory reforms in the United States and abroad may make it more difficult and costly for us to obtain regulatory approval of our product candidates and to produce, market and distribute our products after approval is obtained.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulatory approval, manufacture and marketing of regulated products or the reimbursement thereof. In addition, FDA regulations and guidance are often revised or reinterpreted by the FDA in ways that may significantly affect our business and our products. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of future products. In addition, FDA regulations and guidance are often revised or reinterpreted by the agency in ways that may significantly affect our business and our products. It is impossible to predict whether legislative changes will be enacted or FDA regulations, guidance or interpretations changed, and what the impact of such changes, if any, may be. Such changes could, among other things, require:

- changes to manufacturing methods;
- additional studies, including clinical studies;
- recall, replacement, or discontinuance of one or more of our products;
- the payment of additional taxes; or
- additional record keeping.

For example, the FDA recently adopted rules to establish a Unique Device Identification, or UDI, system, which will require that most medical devices distributed in the United States carry a unique device identifier. We expect that adoption of the UDI system will result in significant cost to implement and to maintain compliance. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted may have on our business in the future. Each of these would likely entail substantial time and cost and could materially harm our business and our financial results.

Table of Contents

Risks Related to Our Common Stock

There are risks associated with an investment in our common stock given the generally illiquid nature of our common stock.

There is no public market for our common stock and the common stock, options and restricted stock units are subject to significant restrictions on transfer, including restrictions under the federal and state securities laws, the Management Stockholders' Agreement for Senior Executives among LVB and the stockholders party thereto, dated as of September 13, 2007 and the Management Stockholders' Agreement among LVB and the stockholders party thereto, dated as of November 6, 2007 (collectively, the "Stockholders Agreement"), which substantially restrict the liquidity of the securities described herein. In addition, there are no assurances that a liquidity event as described in the Stockholders Agreement will occur, and if it does so when such event occurs or on what terms and conditions. Therefore investors must be prepared to bear the economic risk of holding such securities for an indefinite period of time and without any assurance that the options, restricted stock units or the common stock will generate any investment return.

We do not expect to pay dividends on our common stock in the foreseeable future.

LVB is a holding company with no business operations of its own. As a result, LVB depends on its operating subsidiaries for cash to make dividend payments. Deterioration in the financial conditions, earnings or cash flow of our significant subsidiaries for any reason could limit or impair their ability to pay cash dividends or other distributions. We may also need to contribute additional capital to improve the capital ratios of certain of our subsidiaries, which could also affect the ability of these subsidiaries to pay dividends.

In addition, the terms of certain of the outstanding indebtedness of subsidiaries of LVB substantially restricts our ability to pay dividends. See "Management's Discussion and Analysis of Our Financial Condition and Results of Operations-Credit Facilities and Notes." There cannot be any assurance that agreements governing the current and future indebtedness of LVB or its subsidiaries will permit LVB or its subsidiaries to provide LVB's stockholders with sufficient dividends, distributions or loans. Accordingly, the restrictions above would limit our ability to make dividend payments to our stockholders, and investors must be prepared to rely on sales of their common stock after price appreciation to earn an investment return, which may never occur, particularly in view of our transfer restrictions applicable to our common stock. Any determination to pay dividends in the future will be made at the discretion of our board of directors and will depend on our results of operations, cash flows, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors the board deems relevant.

Our bylaws designate the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Our bylaws provide that unless we consent to the selection of an alternative forum the Delaware Court of Chancery (or, if the Court of Chancery of the State of Delaware does not have jurisdiction, any state or federal court located in the State of Delaware that has jurisdiction) will be the sole and exclusive jurisdiction the sole and exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the DGCL, our Certificate of Incorporation or Bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. The choice of forum provision in our bylaws may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Table of Contents

Item 1B. Unresolved Staff Comments.
Not applicable.

Table of Contents

Item 2. Properties.

Our Facilities

Our principal executive offices are at 56 East Bell Drive, Warsaw, Indiana. In addition, we maintain more than 50 other manufacturing facilities, offices and warehouse facilities in various countries, including Canada and numerous countries within Europe, Asia Pacific and Latin America. We believe that all of our facilities are adequate, well maintained and suitable for the development, manufacture, distribution and marketing of all our products. The following is a list of our principal properties as of July 31, 2014:

FACILITY	LOCATION	SQUARE FEET	OWNED/ LEASED
Corporate headquarters of Biomet, Inc.; manufacturing, storage and research and development facilities of Biomet Manufacturing, LLC; manufacturing and storage facilities of Biomet Microfixation, LLC; distribution center and offices of Biomet Orthopedics, LLC; distribution center and offices of Biomet Sports Medicine, LLC; distribution center and offices of Biomet Biologics, LLC and distribution center of EBI, LLC	Warsaw, Indiana Warsaw, Indiana	690,970 78,363	Owned Leased
Administrative facility of EBI, LLC and administrative offices of Electro-Biology, LLC	Parsippany, New Jersey	102,224	Leased
Administrative, manufacturing and distribution facility of Biomet Microfixation, LLC	Jacksonville, Florida	83,442	Owned
Office, manufacturing and distribution facility of Biomet 3i, LLC	Palm Beach Gardens, Florida (a)	165,288	Owned
Office, manufacturing and distribution facility of Citra Labs, LLC	Braintree, Massachusetts	32,094	Leased
Manufacturing facility of Biomet Fair Lawn, LLC	Fair Lawn, New Jersey	40,000	Owned
Office and warehouse of Biomet Spine, LLC	Broomfield, CO	66,232	Leased
Office and manufacturing facility of Electro-Biology, LLC	Guaynabo, Puerto Rico	54,975	Owned
Office and manufacturing facilities of Interpore Spine Ltd.	Irvine, California	36,830	Leased
Office and warehouse facilities of Biomet Europe B.V.	Hazeldonk, The Netherlands	203,158	Leased
Office and research and development facilities for Trauma operations	Miami, Florida	47,700	Leased
Office, manufacturing and warehouse facility of Biomet France Sarl	Valence, France	117,123	Owned
Office, manufacturing and warehouse facilities of Biomet Deutschland GmbH	Berlin, Germany	69,383	Owned
Administrative offices of Biomet Europe B.V. and office and warehouse facility of Biomet Nederland B.V. and Biomet Microfixation Europe B.V.	Dordrecht, The Netherlands	37,782	Owned
Office and manufacturing facility of met 3i Dental Iberica, S.L.	Valencia, Spain	77,000	Owned
Manufacturing and administrative facilities of Biomet UK Ltd.	Bridgend, South Wales	186,607 100,602	Owned Leased

Manufacturing, administrative and warehouse facilities of Zhejiang Biomet	Jinhua, China	135,756	Owned
Manufacturing, administrative and warehouse facilities of Changzhou Biomet	Changzhou, China	93,427	Owned
Manufacturing facility for Trauma operations (b)	Le Locle, Switzerland	115,240	Leased

Table of Contents

(a) Includes 23,000 square feet of space in this facility that is leased to other parties.

(b) Biomet has ceased manufacturing operation in Le Locle, Switzerland. A portion of the facility is being sub-leased to a third party.

Our properties in Warsaw, Indiana and Palm Beach Gardens, Florida secure our obligations under our senior secured cash flow facilities. We believe our headquarters, manufacturing and other facilities are suitable for their respective uses and are, in all material respects, adequate for our present needs. Our properties are subject to various federal, state, foreign and local laws and regulations regulating their operation. We do not believe that compliance with such laws and regulations will materially affect our financial position or results of operations.

Item 3. Legal Proceedings.

Information with respect to legal proceedings can be found in Note 17, Contingencies, to the consolidated financial statements contained in Part II, Item 8 of this report and is hereby incorporated by reference herein.

Item 4. Mine Safety Disclosures.

Not applicable.

Table of Contents

Part II.

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

Market and other information

We are a privately-owned company with no established public trading market for our common stock.

Holders

As of July 31, 2014, there was one holder of Biomet, Inc.'s common stock, LVB Acquisition, Inc., and 216 holders of LVB Acquisition, Inc.'s common stock (or 629 holders on a fully diluted basis assuming exercise of outstanding options and settlement of outstanding restricted stock units). See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

Dividends

We are currently restricted in our ability to pay dividends under various covenants of our debt agreements, including our credit facilities and the indentures governing the notes issued by Biomet, Inc. and did not declare or pay any dividends to our shareholders during the fiscal years ended May 31, 2014 and May 31, 2013. We do not expect for the foreseeable future to pay dividends on our common stock. Any future determination to pay dividends will depend upon, among other factors, our results of operations, financial condition, cash flows, capital requirements, any contractual restrictions and any other considerations our Board of Directors deems relevant.

Securities authorized for issuance under equity compensation plans

As of May 31, 2014

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights		Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders				
Stock options	36,668,827	$8.01		1,851,173
Restricted Stock Units	12,675,625	$7.91	*	1,324,375
Equity compensation plans not approved by security holders	—	—		—
Total	49,344,452			3,175,548

* Value of shares underlying the restricted stock units as of date of grant

Table of Contents

Item 6. Selected Financial Data.

Statement of Operations Data

(in millions)	Fiscal Year Ended May 31, 2014	2013	2012	2011	2010[1]
Net sales	$3,223.4	$3,052.9	$2,838.1	$2,732.2	$2,698.0
Cost of sales	1,040.2	873.4	775.5	724.2	709.9
Gross profit	2,183.2	2,179.5	2,062.6	2,008.0	1,988.1
Selling, general and administrative expense	1,393.2	1,312.5	1,172.2	1,156.2	1,152.3
Research and development expense	169.6	150.3	126.8	119.4	106.6
Amortization	307.2	313.8	327.2	367.9	372.6
Goodwill impairment charge	—	473.0	291.9	422.8	—
Intangible assets impairment charge	—	94.4	237.9	518.6	—
Operating income (loss)	313.2	(164.5)	(93.4)	(576.9)	356.6
Interest expense	355.9	398.8	479.8	498.9	516.4
Other (income) expense	(2.8)	177.8	17.6	(11.2)	(18.1)
Loss before income taxes	(39.9)	(741.1)	(590.8)	(1,064.6)	(141.7)
Benefit from income taxes	(115.8)	(117.7)	(132.0)	(214.8)	(94.1)
Net income (loss)	$75.9	$(623.4)	$(458.8)	$(849.8)	$(47.6)

(1) Certain instrument depreciation amounts have been reclassified to conform to the current presentation.

Balance Sheet Data

(in millions)	May 31, 2014	May 31, 2013	May 31, 2012	May 31, 2011	May 31, 2010
Current assets less current liabilities	$1,025.9	$1,208.5	$1,200.8	$1,079.0	$786.5
Total assets	9,766.6	9,794.7	10,420.4	11,357.0	11,969.0
Total debt	5,720.4	5,966.4	5,827.8	6,020.3	5,896.5
Shareholder’s equity	2,109.2	1,968.6	2,682.1	3,175.1	3,733.5

Table of Contents

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

The following discussion reflects the results of operations and financial condition of Biomet, Inc., which are materially the same as the results of operations and financial condition of LVB. Therefore, the discussions provided are applicable to each of LVB and Biomet, Inc., unless otherwise noted. The principal difference in the financial statements of LVB and Biomet, Inc. relates to the fact that while LVB is a guarantor under our senior secured credit facilities, it is not a guarantor under the indentures governing the notes.

The following discussion and analysis of our financial condition and results of operations contains forward-looking statements, which are subject to numerous risks and uncertainties, including, but not limited to, those described in "Risk Factors" and "Forward-Looking Statements" of this annual report. Actual results may differ materially from those contained in any forward-looking statements.

Executive Overview

Our consolidated net sales for the year ended May 31, 2014, increased 5.6% to $3,223.4 million, compared to $3,052.9 million for the year ended May 31, 2013. For the year ended May 31, 2014, the effect of foreign currency fluctuations negatively impacted reported net sales by $16.4 million, with Europe reported net sales positively impacted by $27.9 million and International reported net sales negatively impacted by $44.3 million. The following represents financial highlights for the year ended May 31, 2014 compared to the year ended May 31, 2013.

- Consolidated net sales increased 5.6% (6.1% constant currency) worldwide to $3,223.4 million.
- Knee sales grew 5.9% (6.6% constant currency) worldwide, with U.S. growth of 5.9%.
- S.E.T. sales increased 7.9% (8.6% constant currency) worldwide and grew 9.7% in the U.S.
- Net income increased to $75.9 million and Adjusted net income to $438.4 million.

On April 24, 2014, LVB, which owns all of the outstanding shares of common stock of Biomet, Inc., entered into the Merger Agreement, with Zimmer and Owl Merger Sub, Inc., a wholly owned subsidiary of 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). Zimmer and LVB currently expect to complete the merger in the first quarter of 2015, subject to the receipt of regulatory approvals and the satisfaction or waiver of the other conditions to the merger contained in the Merger Agreement. However, it is possible that factors outside the control of Zimmer and LVB could require Zimmer and LVB to complete the merger at a later date or not complete it at all.

According to Zimmer's Form 10-Q filed on August 7, 2014, in connection with the merger, Zimmer expects to pay off all of the outstanding funded debt of LVB and its subsidiaries at the closing, 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.

On October 5, 2013, the Company and our 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 (the "Merger Agreement Lanx") 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 "2013 Spine Acquisition"). Upon the consummation of the 2013 Spine Acquisition, Lanx became a wholly-owned subsidiary of EBI and the Company. As of November 1, 2013 the activities of Lanx were included in our consolidated results. The aggregate purchase price for the acquisition was approximately $150.8 million on a debt-free basis.

On May 24, 2012, DePuy Orthopaedics, Inc. accepted our binding offer to purchase certain assets representing substantially all of DePuy's worldwide trauma business, which involves researching, developing, manufacturing, marketing, distributing and selling products to treat certain bone fractures or deformities in the human body. On June 15, 2012, the Company announced the initial closing of the Trauma Acquisition. During the

Table of Contents

first and second quarters of fiscal year 2013, subsequent closings in various foreign countries occurred on a staggered basis, with the final closing occurring on December 7, 2012.

Opportunities and Challenges

We believe that growth opportunities exist in the global orthopedics market as a result of favorable demographics in major markets and underserved needs for musculoskeletal care in certain underpenetrated regions, including both developed and emerging markets. As the baby boomer population ages and life expectancy increases, the elderly will represent a higher percentage of the overall population. Many conditions that require orthopedic surgery affect people in middle age or later in life, which is expected to drive growth in procedural volumes. According to U.S. Census Bureau "2012 National Population Projections", the U.S. population aged 65 and over is expected to grow more than four times the average rate of population growth from 47.7 million and 14.8% of the population in 2015 to 72.8 million and 20.3% of the population in 2030. We also believe there are considerable opportunities for global expansion as healthcare spending increases in international markets, which accounted for more than 40% of the global orthopedic market in 2013. We plan to strengthen our position in under-penetrated regions, and we believe significant orthopedic opportunities exist, as many people will have a need for musculoskeletal care throughout their lives.

Our results of operations could be substantially affected not only by global economic conditions, but also by local operating and economic conditions, which can vary substantially by market. Unfavorable conditions can depress sales in a given market and may result in actions that adversely affect our margins, constrain our operating flexibility or result in charges which are unusual or non-recurring. Certain macroeconomic events, such as the continuing adverse conditions in the global economy, could have a more wide-ranging and prolonged impact on the general business environment, which could also adversely affect us.

In the United States, health and dental providers that purchase our products (e.g., hospitals, physicians, dentists and other health care providers) generally rely on payments from third-party payors (principally federal Medicare, state Medicaid and private health insurance plans) to cover all or a portion of the cost of our musculoskeletal products. In March 2010, comprehensive health care reform legislation was enacted through the passage of the Patient Protection and Affordable Health Care Act (P.L. 111-148) and the Health Care and Education Reconciliation Act (P.L. 111-152). Among other initiatives, these laws impose a 2.3% excise tax on domestic sales of medical devices after December 31, 2012. Various healthcare reform proposals have also emerged at the state level. Other than the excise tax, which affected our results of operations and cash flows from December 31, 2012, we cannot predict with certainty what healthcare initiatives, if any, will be implemented at the state level, or what the ultimate effect of federal health care reform or any future legislation or regulation will have on us. However, an expansion of government's role in the U.S. healthcare industry may lower reimbursements for procedures that involve our products, reduce medical procedure volumes and adversely affect our business, results of operations and cash flows, possibly materially.

Outside the United States, reimbursement systems vary significantly from country to country. If adequate levels of reimbursement from third-party payors outside the United States are not obtained, international sales of our products may decline. Many foreign markets, including Canada and some European and Asian countries, have decreased reimbursement rates in recent years. Our ability to continue to sell certain products profitably in these markets may diminish if government-managed healthcare systems continue to reduce reimbursement rates, which can decrease pricing and procedural volume.

Seasonality

Our business is somewhat seasonal in nature as many of our products are used in elective procedures, which typically decline during the summer months, particularly in European countries.

Constant Currency Reconciliation

Because we sell our products in many different countries in local currency, our net sales are affected by fluctuations in those currencies against the U.S. dollar during each period. We calculate the constant currency change by taking the current period local currency sales multiplied by the prior year currency rate for the corresponding period for a given country. The translated results are then used to determine period-over-period percentage increases or decreases that exclude the effect of changes in foreign currency exchange rates. The tables below set forth the currency impact of our net sales for the periods indicated.

62

Table of Contents

For the Year Ended May 31, 2014 Compared to the Year Ended May 31, 2013

	Year Ended May 31, 2014 Net Sales Growth As Reported	Currency Impact	Year Ended May 31, 2014 Net Sales Growth in Local Currencies
Knees	5.9 %	0.7 %	6.6 %
Hips	2.6 %	1.2 %	3.8 %
Sports, Extremities, Trauma (S.E.T.)	7.9 %	0.7 %	8.6 %
Spine, Bone Healing and Microfixation	9.3 %	(0.2)%	9.1 %
Dental	0.8 %	(0.2)%	0.6 %
Cement, Biologics and Other	5.2 %	(0.6)%	4.6 %
Net Sales	5.6 %	0.5 %	6.1 %

	Year Ended May 31, 2014 Net Sales Growth As Reported	Currency Impact	Year Ended May 31, 2014 Net Sales Growth in Local Currencies
United States	5.8 %	—	5.8 %
Europe	8.7 %	(3.9)%	4.8 %
International	0.1 %	9.2 %	9.3 %
Total	5.6 %	0.5 %	6.1 %

For the Year Ended May 31, 2013 Compared to the Year Ended May 31, 2012

	Year Ended May 31, 2013 Net Sales Growth As Reported	Currency Impact	Year Ended May 31, 2013 Net Sales Growth in Local Currencies
Knees	(0.2)%	1.6 %	1.4 %
Hips	— %	2.1 %	2.1 %
Sports, Extremities, Trauma (S.E.T.)	66.0 %	2.4 %	68.4 %
Spine, Bone Healing and Microfixation	(0.7)%	0.6 %	(0.1)%
Dental	(4.0)%	2.1 %	(1.9)%
Cement, Biologics and Other	(3.7)%	1.8 %	(1.9)%
Net Sales	7.6 %	1.7 %	9.3 %

	Year Ended May 31, 2013 Net Sales Growth As Reported	Currency Impact	Year Ended May 31, 2013 Net Sales Growth in Local Currencies
United States	8.7 %	—	8.7 %
Europe	1.1 %	4.2 %	5.3 %
International	13.8 %	4.6 %	18.4 %
Total	7.6 %	1.7 %	9.3 %

Table of Contents

Results of Operations
For the Year Ended May 31, 2014 Compared to the Year Ended May 31, 2013

(in millions, except percentages)	Year Ended May 31, 2014	Percentage of Net Sales	Year Ended May 31, 2013	Percentage of Net Sales	Percentage Increase/ (Decrease)
Net sales	$3,223.4	100.0 %	$3,052.9	100.0 %	5.6 %
Cost of sales	1,040.2	32.3	873.4	28.6	19.1
Gross profit	2,183.2	67.7	2,179.5	71.4	0.2
Selling, general and administrative expense	1,393.2	43.2	1,312.5	43.0	6.1
Research and development expense	169.6	5.3	150.3	4.9	12.8
Amortization	307.2	9.5	313.8	10.3	(2.1)
Goodwill impairment charge	—	—	473.0	15.5	*
Intangible assets impairment charge	—	—	94.4	3.1	*
Operating income (loss)	313.2	9.7	(164.5)	(5.4)	*
Interest expense	355.9	11.0	398.8	13.1	(10.8)
Other (income) expense	(2.8)	(0.1)	177.8	5.8	*
Other expense, net	353.1	11.0	576.6	18.9	*
Loss before income taxes	(39.9)	(1.2)	(741.1)	(24.3)	*
Benefit from income taxes	(115.8)	(3.6)	(117.7)	(3.9)	*
Net income (loss)	$75.9	2.4 %	$(623.4)	(20.4)%	*
Adjusted net income[(1)]	$438.4	13.6 %	$340.7	11.2 %	28.7 %
Adjusted EBITDA[(1)]	$1,078.6	33.5 %	$1,036.3	33.9 %	4.1 %

(1) See “Non-GAAP Financial Information” at the end of this item for a reconciliation of non-GAAP financial measures.

* Not meaningful.

Sales

Net sales were $3,223.4 million for the year ended May 31, 2014, and $3,052.9 million for the year ended May 31, 2013. The following tables provide net sales by geography and product category:

Geography Sales Summary

(in millions, except percentages)	Year Ended May 31, 2014	Percentage of Net Sales	Year Ended May 31, 2013	Percentage of Net Sales	Percentage Increase/ (Decrease)
United States	$1,970.4	61.1 %	$1,862.2	61.0 %	5.8 %
Europe	772.0	23.9	710.2	23.3	8.7
International[(1)]	481.0	15.0	480.5	15.7	0.1
Total	$3,223.4	100.0 %	$3,052.9	100.0 %	5.6 %

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

Table of Contents

Product Category Summary

(in millions, except percentages)	Year Ended May 31, 2014	Percentage of Net Sales	Year Ended May 31, 2013	Percentage of Net Sales	Percentage Increase/ (Decrease)
Knees	$995.7	30.9 %	$940.0	30.8 %	5.9 %
Hips	649.2	20.1	632.7	20.7	2.6
Sports, Extremities, Trauma (S.E.T.)	647.5	20.1	600.1	19.7	7.9
Spine, Bone Healing and Microfixation	446.7	13.9	408.8	13.4	9.3
Dental	259.1	8.0	257.0	8.4	0.8
Cement, Biologics and Other	225.2	7.0	214.3	7.0	5.2
Total	$3,223.4	100.0 %	$3,052.9	100.0 %	5.6 %

Knees

Net sales of knee products for the year ended May 31, 2014 were $995.7 million, or 30.9% of net sales, representing a 5.9% increase worldwide (6.6% increase on a constant currency basis) compared to net sales of $940.0 million, or 30.8% of net sales, during the year ended May 31, 2013, with a 5.9% increase in the United States. Knee sales were robust during fiscal year 2014, driven primarily by demand for the Vanguard Complete Knee System, the Oxford Partial Knee, E1 Vitamin E Infused Polyethylene Bearings and the Vanguard SSK 360 Revision System.

Hips

Net sales of hip products for the year ended May 31, 2014 were $649.2 million, or 20.1% of net sales, resulting in an increase of 2.6% worldwide (3.8% increase on a constant currency basis) compared to net sales of $632.7 million, or 20.7% of net sales, during the year ended May 31, 2013, with a 2.8% increase in the United States. The key contributors to sales growth for primary hips during fiscal year 2014 were the Microplasty and traditional versions of the Taperloc Complete Hip System, the new multi-bearing G7 Acetabular System and E1 Vitamin E Infused Polyethylene Bearings. The G7 System is designed to simplify implant and instrument selection during a procedure, providing the potential for improved operating room efficiency. Also, the Arcos Modular Femoral Revision System, continued to gain market presence during fiscal year 2014.

S.E.T.

Worldwide net sales of S.E.T. products for the year ended May 31, 2014 were $647.5 million, or 20.1% of net sales, representing a 7.9% increase (8.6% increase on a constant currency basis) compared to net sales of $600.1 million, or 19.7% of net sales, during the year ended May 31, 2013, with a 9.7% increase in the United States. The sales growth of S.E.T. products during fiscal year 2014 was primarily driven by the double digit sales increase in Extremities, which continued to be led by demand for the anatomic, reverse and revision implants from the Comprehensive Shoulder System. Other key products that contributed to the S.E.T. sales growth during the year were the JuggerKnot brand of soft anchors in Sports, including the new JuggerKnotless Soft Anchor, and several products in Trauma for fracture stabilization, including the DVR Crosslock Distal Radius Plating System, the ePAK Single-Use Delivery System for the DVR Crosslock System, the AFFIXUS Hip Fracture Nail and the A.L.P.S. Small Fragment Plating System.

Spine, Bone Healing and Microfixation

Worldwide net sales of spine, bone healing and microfixation products for the year ended May 31, 2014 were $446.7 million, or 13.9% of net sales, representing a 9.3% increase (9.1% increase on a constant currency basis) compared to net sales of $408.8 million, or 13.4% of net sales, for the year ended May 31, 2013, with a 6.5% increase in the United States. Sales growth in this product category was primarily attributable to increased sales of spine hardware, osteobiologics for spinal indications and microfixation products during fiscal year 2014. The 2013 Spine Acquisition contributed to the fiscal 2014 full year sales results. The broad portfolio of legacy products for spine fusion procedures and deformity correction were complemented by the addition of the lateral and minimally

invasive spine technologies from Lanx, Inc.

Table of Contents

Dental

Worldwide net sales of dental products for the year ended May 31, 2014 were $259.1 million, or 8.0% of net sales, representing a 0.8% increase (0.6% increase on a constant currency basis) compared to net sales of $257.0 million, or 8.4% of net sales, during the year ended May 31, 2013, with a 4.6% increase in the United States. The global launch of the T3 Implant was completed during fiscal year 2014.

Cement, Biologics and Other

Worldwide net sales of cement, biologics and other products for the year ended May 31, 2014 were $225.2 million, or 7.0% of net sales, representing a 5.2% increase (4.6% increase on a constant currency basis) compared to net sales of $214.3 million, or 7.0% of net sales, during the year ended May 31, 2013. Growth in this product category was primarily driven by increased sales penetration in markets outside the United States. Specifically, sales growth for bone cement products was principally attributable to increased market acceptance in Japan for Cobalt and Cobalt G Bone Cements. Sales of the Optipac Pre-Filled Cement Mixing System outside the United States also contributed to cement sales growth during fiscal year 2014. In addition, the global launch of StageOne Shoulder Spacer Molds commenced during the year, while there was increased adoption of the StageOne Modular Hip Spacer Molds in this category.

Cost of Sales

Cost of sales for the year ended May 31, 2014 increased to $1,040.2 million as compared to cost of sales for the year ended May 31, 2013 of $873.4 million, or 32.3% and 28.6% of net sales, respectively, an increase of $166.8 million or 3.7% of net sales. Cost of sales as a percentage of net sales increased by 1.1% of sales due to a full year of the medical device tax and lower selling prices partially offset by leveraging of distribution and other costs. In addition, cost of sales as a percentage of net sales increased 2.6% due to increased legal accruals and fees related to our metal-on-metal litigation, see “Note 17—Contingencies” to the consolidated financial statements contained in Part II, Item 8 of this report, and plant optimization costs related to the closure of our LeLocle and Swindon manufacturing facilities.

Gross Profit

Gross profit for the year ended May 31, 2014 increased to $2,183.2 million as compared to gross profit for the year ended May 31, 2013 of $2,179.5 million, or 67.7% and 71.4% of net sales, respectively, an increase of $3.7 million or a decrease of 3.7% of net sales. Gross profit as a percentage of net sales declined by 1.1% of sales due to a full year of the medical device tax, lower average selling prices and unfavorable foreign currency translation due primarily to the effect of the weakening Yen, partially offset by leveraging of distribution and other costs. In addition, gross profit as a percentage of net sales declined 2.6% due to increased legal accruals and fees related to our metal-on-metal litigation and plant optimization costs related to the closure of our LeLocle and Swindon manufacturing facilities.

Selling, General and Administrative Expense

Selling, general and administrative expense during the year ended May 31, 2014 and May 31, 2013 was $1,393.2 million and $1,312.5 million, respectively, or 43.2% and 43.0% of net sales, respectively, an increase of $80.7 million or 0.2% of net sales. Expense as a percentage of net sales decreased by 0.7% due to leveraging of sales force expenses which were higher in the prior year due to incentives related to the 2012 Trauma Acquisition and lower stock based compensation costs partially offset by incremental expenses related to the Lanx business. Selling, general and administrative costs increased 0.9% as a percentage of net sales driven by costs incurred related to our agreement to merge with Zimmer and costs of integrating the Lanx business.

Research and Development Expense

Research and development expense during the year ended May 31, 2014 and May 31, 2013 was $169.6 million and $150.3 million, respectively, or 5.3% and 4.9% of net sales, respectively, an increase of $19.3 million or 0.4% of net sales. The increase was driven by investments in new product development, regulatory affairs and clinical investments in both our core businesses and targeted emerging technologies, as well as additional expense as a result of the 2013 Spine Acquisition. These were partially offset by lower stock compensation compared to the prior year.

Table of Contents

Amortization

Amortization expense for the year ended May 31, 2014 was $307.2 million, or 9.5% of net sales, compared to $313.8 million for the year ended May 31, 2013, or 10.3% of net sales. Customer relationship intangibles are amortized using an accelerated method, as the value for those relationships is greater at the beginning of their life. The accelerated method was the primary driver of the decrease in amortization expense in the year ended May 31, 2014 as compared to May 31, 2013.

Interest Expense

Interest expense was $355.9 million for the year ended May 31, 2014, compared to interest expense of $398.8 million for the year ended May 31, 2013. The decrease in interest expense was primarily due to lower average interest rates on our term loans and the retirement of our euro denominated term loan.

Other (Income) Expense

Other (income) expense was income of $2.8 million for the year ended May 31, 2014, compared to expense of $177.8 million for the year ended May 31, 2013. The expense for the year ended May 31, 2013 is primarily composed of the loss on retirement of bonds of $155.2 million and the write off of deferred financing fees related to the tender/retirement of our senior notes due 2017 of $17.1 million.

Benefit from Income Taxes

The effective income tax rate was 290.2% for the year ended May 31, 2014 compared to 15.9% for the year ended May 31, 2013. The primary factor in determining the effective tax rate is the mix of various jurisdictions in which profits have been earned and taxed. Material non-U.S. jurisdictions in which the Company operates include Australia, Canada, China, France, Germany, Japan, Luxembourg, the Netherlands, Spain and the United Kingdom. The effective tax rate for the year ended May 31, 2014 was increased due to a reduction in the state and foreign effective tax rates on deferred tax items, a taxable loss on liquidation of a subsidiary and the release of valuation allowances on state net operating loss carryforwards due to restructuring, offset by an increase in liabilities for uncertain tax benefits. In the year ended May 31, 2013, $473.0 million of goodwill impairment charges were treated as non-deductible permanent differences and contributed significantly to the effective tax rate being lower than U.S. statutory tax rates. The effective tax rate for the year ended May 31, 2013 was decreased due to increases in valuation allowances relating to foreign net operating loss carryforwards, increases in the Company’s state effective tax rate and an increase in liabilities for uncertain tax benefits, offset by reductions related to changes in assumptions regarding the permanent reinvestment of earnings of foreign operations and reductions in foreign effective tax rates on deferred tax items.

Non-GAAP Financial Measures

Adjusted Net Income

Adjusted net income increased to $438.4 million for the year ended May 31, 2014 compared to$340.7 million for the year ended May 31, 2013, or 13.6% and 11.2% of net sales, respectively. The improvement in adjusted net income was driven by decreased interest expense and increased operating income as a result of higher sales.

Adjusted EBITDA

Adjusted EBITDA increased to $1,078.6 million for the year ended May 31, 2014 compared to$1,036.3 million for the year ended May 31, 2013, or 33.5% and 33.9% of net sales, respectively. The reduction in Adjusted EBITDA margin as a percentage of sales reflects the unfavorable impact of foreign exchange, lower selling prices, a full year of the medical device tax and the 2013 Spine Acquisition, which was partially offset by leverage in selling, general and administrative costs and lower stock compensation expense.

Table of Contents

For the Year Ended May 31, 2013 Compared to the Year Ended May 31, 2012

(in millions, except percentages)	Year Ended May 31, 2013	Percentages of Net Sales	Year Ended May 31, 2012	Percentages of Net Sales	Percentage Increase/ (Decrease)
Net sales	$3,052.9	100.0 %	$2,838.1	100.0 %	7.6 %
Cost of sales	873.4	28.6	775.5	27.3	12.6
Gross profit	2,179.5	71.4	2,062.6	72.7	5.7
Selling, general and administrative expense	1,312.5	43.0	1,172.2	41.3	12.0
Research and development expense	150.3	4.9	126.8	4.5	18.5
Amortization	313.8	10.3	327.2	11.5	(4.1)
Goodwill impairment charge	473.0	15.5	291.9	10.3	*
Intangible assets impairment charge	94.4	3.1	237.9	8.4	*
Operating loss	(164.5)	(5.4)	(93.4)	(3.3)	*
Interest expense	398.8	13.1	479.8	16.9	(16.9)
Other (income) expense	177.8	5.8	17.6	0.6	*
Other expense, net	576.6	18.9	497.4	17.5	*
Loss before income taxes	(741.1)	(24.3)	(590.8)	(20.8)	*
Benefit from income taxes	(117.7)	(3.9)	(132.0)	(4.6)	*
Net income (loss)	$(623.4)	(20.4)%	$(458.8)	(16.2)%	*
Adjusted net income[1]	$340.7	11.2 %	$241.6	8.5 %	41.0 %
Adjusted EBITDA[1]	$1,036.3	33.9 %	$997.5	35.1 %	3.9 %

(1) See “Non-GAAP Financial Information” at the end of this item for a reconciliation of non-GAAP financial measures.
* Not meaningful.

Sales

Net sales were $3,052.9 million for the year ended May 31, 2013, and $2,838.1 million for the year ended May 31, 2012. The following tables provide net sales by geography and product category:

Geography Sales Summary

(in millions, except percentages)	Year Ended May 31, 2013	Percentage of Net Sales	Year Ended May 31, 2012	Percentage of Net Sales	Percentage Increase/ Decrease
United States	$1,862.2	61.0 %	$1,713.3	60.4 %	8.7 %
Europe	710.2	23.3	702.7	24.8	1.1
International[1]	480.5	15.7	422.1	14.8	13.8
Total	$3,052.9	100.0 %	$2,838.1	100.0 %	7.6 %

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

Product Category Summary

(in millions, except percentages)	Year Ended May 31, 2013	Percentage of Net Sales	Year Ended May 31, 2012	Percentage of Net Sales	Percentage Increase/ (Decrease)
Knees	$940.0	30.8 %	$941.8	33.2 %	(0.2)%

Hips	632.7	20.7		633.0	22.3	—	
Sports, Extremities, Trauma (S.E.T.)	600.1	19.7		361.6	12.7	66.0	
Spine, Bone Healing and Microfixation	408.8	13.4		411.5	14.5	(0.7	)
Dental	257.0	8.4		267.7	9.4	(4.0	)
Cement, Biologics and Other	214.3	7.0		222.5	7.8	(3.7	)
Total	$3,052.9	100.0	%	$2,838.1	100.0	% 7.6	%

Table of Contents

Knees

Net sales of knee products for the year ended May 31, 2013 were $940.0 million, or 30.8% of net sales, representing a 0.2% decrease worldwide (1.4% increase on a constant currency basis) compared to net sales of $941.8 million, or 33.2% of net sales, during the year ended May 31, 2012, with a 0.6% increase in the United States. Procedure volume and favorable product mix during the year were partially offset by low single digit price declines. Key products during the year ended May 31, 2013 included our Vanguard SSK 360 Revision System, the Signature Personalized Patient Care System, E1 Vitamin E infused bearings and the OSS Orthopaedic Salvage System.

Hips

Net sales of hip products for the year ended May 31, 2013 were $632.7 million, or 20.7% of net sales were flat worldwide (2.1% increase on a constant currency basis) compared to net sales of $633.0 million, or 22.3% of net sales, during the year ended May 31, 2012, with a 1.8% increase in the United States. Procedure volume and favorable product mix during the year were partially offset by low single digit price declines. We continued to see strong market demand for our Arcos Modular Femoral Revision System and our new Taperloc Complete Hip Stem during the year ended May 31, 2013. In addition, the Microplasty version of the Taperloc Complete Hip Stem and the GTS (Global Tissue Sparing) short stem received strong market acceptance. Key acetabular products included the Ringloc+ cup, E1 and ArComXL bearings, as well as our Active Articulation Systems that are available with E1 or ArComXL liners.

S.E.T.

Worldwide net sales of S.E.T. products for the year ended May 31, 2013 were $600.1 million, or 19.7% of net sales, representing a 66.0% increase (68.4% increase on a constant currency basis) compared to net sales of $361.6 million, or 12.7% of net sales, during the year ended May 31, 2012. S.E.T. sales, excluding the 2012 Trauma Acquisition, increased 9.1% worldwide and 11.8% in the United States. Sales of $205.6 million from the 2012 Trauma Acquisition were excluded in order to provide period-over-period comparability. The sales increase was primarily driven by strong demand for our JuggerKnot brand, which includes soft anchors to repair soft tissue in the shoulder, hand and wrist, and foot and ankle and strong market demand for our Comprehensive shoulder product lines including our Primary, Reverse, Fracture and S.R.S. (Segmental Revision System) Shoulder Systems. Additional key products contributing to the sales growth were the TunneLoc Tibial Fixation Device and the ToggleLoc Femoral Fixation Device with and without ZipLoop Technology. Key products acquired as a result of the 2012 Trauma Acquisition include the DVR Anatomic Volar Plating Systems, the A.L.P.S Plating Systems and the AFFIXUS Hip Fracture Nails.

Spine, Bone Healing and Microfixation

Worldwide net sales of spine, bone healing and microfixation products for the year ended May 31, 2013 were $408.8 million, or 13.4% of net sales, representing a 0.7% decrease (0.1% decrease on a constant currency basis) compared to net sales of $411.5 million, or 14.5% of net sales, for the year ended May 31, 2012. Spine and bone healing sales decreased during the year primarily due to the divestiture of our bracing business, mid-single-digit price erosion, soft volumes due to the general economy, a challenging reimbursement environment for some fusion procedures and competition from physician-owned distributorships. The sales decrease was partially offset by increased royalty revenue and continued strong sales in microfixation, which were driven by continued market acceptance of the iQ Intelligent Delivery System, the TraumaOne Plating System and the SternaLock Blu Primary Closure System, as well as the Pectus Bar product line.

Dental

Worldwide net sales of dental reconstructive products for the year ended May 31, 2013 were $257.0 million, or 8.4% of net sales, representing a 4.0% decrease (1.9% decrease on a constant currency basis) compared to net sales of $267.7 million, or 9.4% of net sales, during the year ended May 31, 2012. Dental sales in the United States increased 4.1% during the year ended May 31, 2013. While the U.S. dental market has been stronger than the market in Europe, there was continued softness worldwide as challenging economic conditions persisted. Dental sales were negatively impacted by unfavorable media reports in Japan related to the dental implant industry.

Table of Contents

Cement, Biologics and Other

Worldwide net sales of cement, biologics and other products for the year ended May 31, 2013 were $214.3 million, or 7.0% of net sales, representing a 3.7% decrease (1.9% decrease on a constant currency basis) compared to net sales of $222.5 million, or 7.8% of net sales, during the year ended May 31, 2012. Cement sales grew due to demand for our Cobalt MV (Medium Viscosity) and HV (High Viscosity) cements with Gentamicin contributing to our sales in this category. The Optipac Pre-Packed Cement Mixing System (not available in the United States) continued to be well received in the European market during the year ended May 31, 2013. Demand for our StageOne Knee and Modular Hip Cement Spacer Molds continued to increase. These increases were more than offset by a decrease in sales of autologous therapies.

Cost of Sales

Cost of sales for the year ended May 31, 2013 increased to $873.4 million as compared to cost of sales for the year ended May 31, 2012 of $775.5 million, or 28.6% and 27.3% of net sales, respectively, an increase of $97.9 million or 1.3% of net sales. Except as described in the next sentence, cost of sales as a percentage of net sales was flat due to the medical device tax and lower selling prices, offset by lower manufacturing costs resulting from improvements in our global plant network and improved geographic sales mix. Cost of sales as a percentage of net sales increased 1.3% due to increased litigation settlements and reserves and product rationalization charges in our global spine and trauma product lines. Product rationalization is related to more focused product offerings for spine through innovative product development and to product redundancies related to the 2012 Trauma Acquisition.

Gross Profit

Gross profit for the year ended May 31, 2013 increased to $2,179.5 million as compared to gross profit for the year ended May 31, 2012 of $2,062.6 million, or 71.4% and 72.7% of net sales, respectively, an increase of $116.9 million or a decrease of 1.3% of net sales. Except as described in the next sentence, gross profit as a percentage of net sales was flat due to the medical device tax, offset by lower manufacturing costs resulting from improvements in our global plant network and improved geographic sales mix. Gross profit as a percentage of net sales decreased 1.3% due to increased litigation settlements and reserves and product rationalization charges in our global spine and trauma product lines. Product rationalization is related to more focused product offerings for spine through innovative product development and to product redundancies related to the 2012 Trauma Acquisition.

Selling, General and Administrative Expense

Selling, general and administrative expense during the year ended May 31, 2013 and May 31, 2012 was $1,312.5 million and $1,172.2 million, respectively, or 43.0% and 41.3% of net sales, respectively, an increase of $140.3 million or 1.7% of net sales. Expense as a percentage of net sales increased by 1.4% due to investments in our sales force related to the 2012 Trauma Acquisition, direct-to-consumer marketing campaign, increased bad debt expense primarily outside of the United States and increased stock-based compensation expense. See “Note 12—Share-Based Compensation and Stock Plans” to the consolidated financial statements contained in Part II, Item 8 of this report for a discussion of modifications contributing to increased stock-based compensation expense. Expense also increased as a percentage of net sales by 0.3% related to litigation and other legal fees and costs related to the 2012 Trauma Acquisition. Prior year litigation and other legal fees benefited from a legal settlement related to the Heraeus litigation. For a description of the Heraeus litigation, see “Note 17—Contingencies” to the consolidated financial statements contained in Part II, Item 8 of this report.

Research and Development Expense

Research and development expense during the year ended May 31, 2013 and May 31, 2012 was $150.3 million and $126.8 million, respectively, or 4.9% and 4.5% of net sales, respectively, an increase of $23.5 million or 0.4% of net sales. Research and development increased as a percentage of net sales by 0.4% due to investments in both our core business, including the 2012 Trauma Acquisition within S.E.T., as well as targeted emerging technologies and increased stock-based compensation expense.

Amortization

Amortization expense for the year ended May 31, 2013 was $313.8 million, or 10.3% of net sales, compared to $327.2 million for the year ended May 31, 2012, or 11.5% of net sales. This decrease was primarily due to intangible asset

impairment charges taken during both fiscal years 2013 and 2012 as described below.

Table of Contents

Goodwill Impairment Charge

In fiscal year 2013, we recorded a $473.0 million goodwill impairment charge, related to our dental reconstructive and Europe reporting units, primarily due to the impact of continued austerity measures on procedural volumes and pricing in certain European countries when compared to our prior projections used to establish the fair value of goodwill for our Europe reporting unit and primarily due to declining industry market growth rates in certain European and Asia Pacific markets and corresponding unfavorable margin trends when compared to our prior projections used to establish the fair value of goodwill for our dental reconstructive reporting unit. In fiscal year 2012, we recorded a $291.9 million goodwill impairment charge, primarily related to our spine, bone healing and microfixation and dental reconstructive reporting units, due primarily to evidence of declining industry market growth rates in certain European and Asia Pacific markets and unfavorable margin trends resulting from changes in product mix in our dental reconstructive reporting unit and growth rate declines as compared to the original purchase accounting assumptions at the time of the 2007 Acquisition for our spine and bone healing reporting unit.

Intangible Assets Impairment Charge

In fiscal year 2013, we recorded a $94.4 million definite and indefinite-lived intangible asset impairment charge, related to the factors discussed in the Goodwill Impairment Charge paragraph above. During fiscal year 2012, we recorded a $237.9 million definite and indefinite-lived intangible asset impairment charge, related to the factors discussed in the Goodwill Impairment Charge paragraph above.

Interest Expense

Interest expense was $398.8 million for the year ended May 31, 2013, compared to interest expense of $479.8 million for the year ended May 31, 2012. The decrease in interest expense was primarily due to lower average interest rates on our term loans and lower bond interest as a result of refinancing activities in fiscal year 2013.

Other (Income) Expense

Other (income) expense was expense of $177.8 million for the year ended May 31, 2013, compared to expense of $17.6 million for the year ended May 31, 2012. The expense for the year ended May 31, 2013 is primarily composed of the loss on retirement of bonds of $155.2 million and the write off of deferred financing fees related to the tender/retirement of our senior notes due 2017 of $17.1 million, while the year ended May 31, 2012 included an other-than-temporary impairment loss related to Greek bonds.

Benefit from Income Taxes

The effective income tax rate was 15.9% for the year ended May 31, 2013 compared to 22.3% for the year ended May 31, 2012. The primary factor in determining the effective tax rate is the mix of various jurisdictions in which profits have to be earned and taxed. The effective tax rate was also impacted by non-deductible goodwill impairment. In fiscal years ended May 31, 2013 and 2012, $473.0 million and $291.9 million of goodwill impairment charges, respectively, were treated as non-deductible permanent differences and contributed significantly to the effective tax rate being lower than U.S. statutory tax rates. The effective tax rate for the year ended May 31, 2013 was decreased due to increases in valuation allowances relating to foreign net operating loss carryforwards, increases in the company’s state effective tax rate and an increase in liabilities for uncertain tax benefits, offset by reductions related to changes in assumptions regarding the permanent reinvestment of earnings of foreign operations and the reduction in United Kingdom tax rates. The May 31, 2012 effective tax rate decreased due to income inclusions related to U.S. anti-deferral provisions and updated assertions regarding the permanent reinvestment of earnings of foreign operations, offset by settlements relating to uncertain tax benefits and changes in statutory tax rates (particularly in the United Kingdom).

Non-GAAP Financial Measures

Adjusted Net Income

Adjusted net income increased to $340.7 million for the year ended May 31, 2013 compared to $241.6 million for the year ended May 31, 2012, or 11.2% and 8.5% of net sales, respectively. The $99.1 million improvement in Adjusted net income was driven by decreased interest expense of $81.0 million, or 3.8% of net sales, due to lower average interest rates on our term loans and lower bond interest as a result of refinancing

71

Table of Contents

activities. The effective tax rate attributable to Adjusted net income decreased to 22.9% for the year ended May 31, 2013 from 27.6% for the year ended May 31, 2012. The effective tax rate decreased as a result of the impact of supply chain improvements on the mix of various jurisdictions in which profits were earned and taxed.

Adjusted EBITDA

Adjusted EBITDA increased to $1,036.3 million for the year ended May 31, 2013 compared to $997.5 million for the year ended May 31, 2012, or 33.9% and 35.1% of net sales, respectively. The gross profit impact on Adjusted EBITDA as a percentage of net sales was flat as the impact of lower manufacturing costs resulting from improvements in our global plant network and improved geographic sales mix was offset by the medical device tax and lower selling prices. Selling, general and administrative expense decreased Adjusted EBITDA as a percentage of net sales by 1.4% due to investments in our sales force related to the 2012 Trauma Acquisition and direct-to-consumer marketing campaign, increased bad debt expense primarily outside of the
United States and higher stock-based compensation as a result of the modifications see “Note 12—Share-Based Compensation and Stock Plans” to the consolidated financial statements contained in Part II, Item 8 of this report. Research and development expense decreased Adjusted EBITDA as a percentage of net sales by 0.4% due to investments in both our core business, including the 2012 Trauma Acquisition within S.E.T., as well as targeted emerging technologies. Adjusted EBITDA as a percentage of net sales was favorably impacted 0.7% by lower other (income) expense due primarily to the other-than-temporary impairment loss on the Greek bonds.

Liquidity and Capital Resources

For the Years Ended May 31, 2014, 2013 and 2012

The following is a summary of the cash flows by activity for the years ended May 31, 2014, 2013 and 2012:

(in millions)	Year Ended May 31, 2014	Year Ended May 31, 2013	Year Ended May 31, 2012
Net cash from (used in):			
Operating activities	$529.0	$468.5	$377.3
Investing activities	(365.1)	(488.6)	(144.0)
Financing activities	(273.9)	(134.7)	(38.1)
Effect of exchange rate changes on cash	2.0	18.0	(30.6)
Change in cash and cash equivalents	$(108.0)	$(136.8)	$164.6

Our cash and cash equivalents were $247.6 million as of May 31, 2014 compared to $355.6 million as of May 31, 2013. We generally maintain our cash and cash equivalents and investments in money market funds, corporate bonds and debt instruments. Cash and cash equivalents held outside of the United States were $145.8 million as of May 31, 2014. If we were to repatriate this cash back to the United States, additional tax of up to 35%, the maximum federal tax rate, could be incurred. In addition, we require a certain amount of cash to support on-going operations outside the United States.

Operating Cash Flows

Net cash provided by operating activities was $529.0 million for the year ended May 31, 2014, compared to cash flows provided of $468.5 million for the year ended May 31, 2013. The increase in cash provided by operating activities was primarily due to cash interest savings due to lower average interest rates on our term loans and the retirement of our euro denominated term loan.

Net cash provided by operating activities was $468.5 million for the year ended May 31, 2013, compared to cash flows provided of $377.3 million for the year ended May 31, 2012. The increase in cash provided by operating activities of $91.2 million was primarily due to cash interest savings due to our refinancing activities.

Investing Cash Flows

Net cash used in investing activities was $365.1 million for the year ended May 31, 2014 and $488.6 million for the year ended May 31, 2013. The investing cash flow decrease was primarily due to the 2012 Trauma Acquisition purchase price of $280.0 million in the prior year, while the 2013 Spine Acquisition purchase price was $148.8 million. In addition, there was an increase in capital expenditures of $15.6 million during the year

72

Table of Contents

ended May 31, 2014, as compared to the year ended May 31, 2013, due to new product launches, instrument needs to support the 2013 Spine Acquisition and investment in additional capacity in certain plants.

Net cash used in investing activities was $488.6 million for the year ended May 31, 2013 and $144.0 million for the year ended May 31, 2012. The investing cash flow increase was primarily due to the 2012 Trauma Acquisition purchase price of $280.0 million and an increase in capital expenditures of $24.7 million during the year ended May 31, 2013, as compared to the year ended May 31, 2012. Additionally, during the year ended May 31, 2012, we received proceeds from the sales/maturities of investments of $42.1 million primarily related to the sale of a time deposit.

Financing Cash Flows

Net cash used in financing activities was $273.9 million for the year ended May 31, 2014, compared to $134.7 million for the year ended May 31, 2013. The difference was primarily related to the refinancing activities.

Net cash used in financing activities was $134.7 million for the year ended May 31, 2013, compared to $38.1 million for the year ended May 31, 2012. The difference was primarily related to the refinancing activities, see “Note 7—Debt” to the consolidated financial statements contained in Part II, Item 8 of this report. We received proceeds of $3,396.2 million related to the offerings of our 6.500% senior notes due 2020 and 6.500% senior subordinated notes due 2020 and term loans and we tendered or retired $3,423.0 million of senior notes due 2017 and term loans. Additionally, we incurred $79.0 million of fees related to the refinancing activities.

Balance Sheet Metrics

Cash flows from operations are impacted by profitability and changes in operating working capital. Management monitors operating working capital with particular focus on certain metrics, including days sales outstanding (“DSO”) and inventory turns. The following is a summary of our DSO and inventory turns for the fiscal years ended May 31, 2014 and 2013.

	May 31, 2014	May 31, 2013
Days Sales Outstanding[(1)]	62.7	62.7
Inventory Turns [(2)]	1.58	1.50

(1) DSO is calculated by dividing the quarter-over-quarter average accounts receivable balance by the last quarter net sales multiplied by 91.25 days

(2) Inventory turns are calculated by dividing the last twelve months cost of sales by the year-over-year average net inventory balance.

We use DSO as a measure that places emphasis on how quickly we collect our accounts receivable balances from customers. DSO was flat year over year. We use inventory turns as a measure that places emphasis on how quickly we turn over our inventory. Inventory turns improved at May 31, 2014, compared to May 31, 2013, due to certain product rationalization efforts. These measures may not be computed the same as similarly titled measures used by other companies.

Non-GAAP Disclosures

We use certain non-GAAP financial measures including Adjusted EBITDA and Adjusted net income that differ from financial measures calculated in accordance with U.S. generally accepted accounting principles, or GAAP. These non-GAAP financial measures may not be comparable to similar measures reported by other companies and should be considered in addition to, and not as a substitute for, or superior to, other measures prepared in accordance with GAAP. Management exercises judgment in determining which types of charges or other items should be excluded from non-GAAP financial measures. Management uses this non-GAAP information internally to evaluate the performance of the core operations, establish operational goals and forecasts that are used in allocating resources and to evaluate our performance period-over-period. Additionally, our management is evaluated on the basis of some of these non-GAAP financial measures when determining achievement of their incentive compensation performance

targets. We believe that our disclosure of these non-GAAP financial measures provides investors greater transparency to the information used by management for its financial and operational decision-making and enables investors to better understand our period-over-period operating performance. We also believe Adjusted EBITDA and Adjusted net income are widely used by investors and securities analysts to measure

Table of Contents

a company's operating performance without regard to items that can vary substantially from company to company depending upon financing and accounting methods, book values of assets, tax jurisdictions, capital structures and the methods by which assets were acquired.

We define "Adjusted EBITDA" to mean earnings before interest, taxes, depreciation and amortization, as adjusted for certain expenses. We define "Adjusted net income" to mean earnings as adjusted for certain expenses. The term "as adjusted," a non-GAAP financial measure, refers to financial performance measures that exclude certain income statement line items, such as interest, taxes, depreciation or amortization, and/or exclude certain expenses, such as certain litigation expenses, acquisition expenses (which includes the 2013 Spine Acquisition, the 2012 Trauma Acquisition and the Zimmer Merger), operational restructuring charges, advisory fees paid to the Principal Stockholders, asset impairment charges, losses on extinguishment of debt, purchase accounting costs, losses on swap liabilities and other related charges.

Adjusted EBITDA and Adjusted net income do not represent, and should not be a substitute for, net income or cash flows from operations as determined in accordance with GAAP. Adjusted EBITDA and Adjusted net income have limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of the limitations are:

- Adjusted EBITDA and Adjusted net income do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA and Adjusted net income do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; and
- several of the adjustments that we use in calculating Adjusted EBITDA and Adjusted net income, such as asset impairment charges, while not involving cash expense, do have a negative impact on the value of our assets as reflected in our consolidated balance sheet prepared in accordance with GAAP.

Reconciliations of historical net income (loss) to Adjusted EBITDA and Adjusted net income are set forth in the following table:

	Fiscal Year Ended May 31,		
(in millions)	2014	2013	2012
Adjusted EBITDA:			
Net income (loss), as reported	$75.9	$(623.4)	$(458.8)
Plus (minus):			
Interest expense	355.9	398.8	479.8
Benefit from income taxes	(115.8)	(117.7)	(132.0)
Depreciation and amortization	501.2	495.4	509.4
Special items, before amortization and depreciation from purchase accounting, interest and tax(1)	261.4	883.2	599.1
Adjusted EBITDA	$1,078.6	$1,036.3	$997.5
Adjusted net income:			
Net income (loss), as reported	$75.9	$(623.4)	$(458.8)
Plus:			
Special items, after tax(2)	362.5	964.1	700.4
Adjusted net income	$438.4	$340.7	$241.6

(1) A reconciliation of special items, before amortization and depreciation from purchase accounting, interest and tax is as follows:

Table of Contents

(in millions)	Fiscal Year Ended May 31, 2014	2013	2012
Special items			
Certain litigation expenses(1)	$134.9	$57.9	$8.6
Acquisition expenses(2)	35.5	16.7	4.6
Operational restructuring(3)	73.3	59.1	45.8
Principal Stockholders fee(4)	11.1	11.0	10.3
Asset impairment(5)	—	567.4	529.8
Loss on extinguishment of debt(6)	6.6	171.1	—
Special items, before amortization and depreciation from purchase accounting, interest and tax	$261.4	$883.2	$599.1

(2) A reconciliation of special items, after tax is as follows:

(in millions)	Fiscal Year Ended May 31, 2014	2013	2012
Special items, before amortization and depreciation from purchase accounting, interest and tax	$261.4	$883.2	$599.1
Amortization and depreciation from purchase accounting(7)	295.5	299.6	325.6
Loss on swap liability(8)	21.8	—	—
Tax effect(9)	(216.2)	(218.7)	(224.3)
Special items, after tax	$362.5	$964.1	$700.4

Special Items

The following tables indicate how each of the special items noted above are reflected in our financial statements.

Years Ended May 31, 2014, 2013 and 2012

	Year Ended May 31, 2014						
(in millions)	Cost of Sales	Selling, general and administrative expense	Research and development expense	Amortization	Interest expense	Other (income) expense	Total
Certain litigation(1)	$107.2	$27.7	$—	$—	$—	$—	$134.9
Acquisition expenses(2)	7.3	28.2	—	—	—	—	35.5
Operational restructuring(3)	62.5	10.4	0.7	—	—	(0.3)	73.3
Principal Stockholders fee(4)	—	11.1	—	—	—	—	11.1
Loss on extinguishment of debt(6)	—	—	—	—	—	6.6	6.6
Special items, before amortization from purchase accounting, interest and tax	177.0	77.4	0.7	—	—	6.3	261.4
Amortization from purchase accounting(7)	—	—	—	295.5	—	—	295.5
Loss on swap liability(8)	—	—	—	—	21.8	—	21.8
Tax effect(9)	—	—	—	—	—	—	(216.2)

Special items, after tax	$177.0	$77.4	$0.7	$295.5	$21.8	$6.3	$362.5

75

Table of Contents

	Year Ended May 31, 2013						
(in millions)	Cost of Sales	Selling general and administrative expense	Research and development expense	Amortization	Goodwill and intangible assets impairment charge	Other (income) expense	Total
Certain litigation(1)	$42.9	$15.0	$—	$—	$—	$—	$57.9
Acquisition expenses(2)	7.4	9.3	—	—	—	—	16.7
Operational restructuring(3)	38.9	9.5	1.1	—	—	9.6	59.1
Principal Stockholders fee (4)	—	11.0	—	—	—	—	11.0
Asset impairment(5)	—	—	—	—	567.4	—	567.4
Loss on extinguishment of debt(6)	—	—	—	—	—	171.1	171.1
Special items, before amortization and depreciation from purchase accounting, interest and tax	89.2	44.8	1.1	—	567.4	180.7	883.2
Amortization and depreciation from purchase accounting(7)	—	—	—	299.6	—	—	299.6
Tax effect(9)	—	—	—	—	—	—	(218.7)
Special items, after tax	$89.2	$44.8	$1.1	$299.6	$567.4	$180.7	$964.1

	Year Ended May 31, 2012					
(in millions)	Cost of Sales	Selling general and administrative expense	Research and development expense	Amortization	Goodwill and intangible assets impairment charge	Total
Certain litigation(1)	$3.3	$5.3	$—	$—	$—	$8.6
Acquisition expenses(2)	0.2	4.4	—	—	—	4.6
Operational restructuring(3)	33.0	12.6	0.2	—	—	45.8
Principal Stockholders fee (4)	—	10.3	—	—	—	10.3
Asset impairment(5)	—	—	—	—	529.8	529.8
Special items, before amortization and depreciation from purchase accounting, interest and tax	36.5	32.6	0.2	—	529.8	599.1
Amortization and depreciation from purchase accounting(7)	10.8	—		314.8		325.6
Tax effect(9)	—	—	—	—	—	(224.3)
Special items, after tax	$47.3	$32.6	$0.2	$314.8	$529.8	$700.4

(1) Certain litigation, including expenses, settlements and adjustments to reserves during the year, including the metal-on-metal hip products litigation described in “Note 17—Contingencies” to the consolidated financial statements

contained in Part II, Item 8 of this report, that we believe are not reflective of our ongoing operational performance are excluded from non-GAAP financial measures. We incur legal and settlement expenses in the ordinary course of our business, but we believe the items included in this line are unusual either in amount or subject matter. We believe this information is useful to investors in that it aids period-over-period comparability.

(2) We exclude acquisition-related expenses for the 2012 Trauma Acquisition, 2013 Spine Acquisition and Zimmer Merger from non-GAAP financial measures that are not reflective of our ongoing operational performance. We believe this information is useful to investors in that it provides period-over-period comparability.

(3) Operational restructuring charges relate principally to employee severance, facility consolidation costs and building impairments resulting from the closure of facilities. Operational restructuring charges include abnormal manufacturing variances related to temporary redundant overhead costs within our plant network as we continue to rationalize and move production to our larger operating locations in order to increase manufacturing efficiency. Operational restructuring also includes consulting expenses related to operational initiatives and other related costs. Operational restructuring also includes product rationalization charges to increase efficiencies among our products and reduce product overlap, including steps we take to integrate products we acquire. Operational restructuring also includes the loss on the divestiture of our bracing business in fiscal year 2013. We exclude these costs from non-GAAP financial measures primarily because they are not reflective of ongoing operating results, and they are not used by management to assess ongoing operational performance. We believe this information is useful to investors in that it provides period-over-period comparability.

(4) Upon completion of the 2007 Acquisition, we entered into a management services agreement with certain affiliates of our Principal Stockholders, pursuant to which such affiliates of our Principal Stockholders or their successors, assigns, affiliates, officers, employees, and/or representatives and third parties (collectively, the “Managers”) provide management, advisory, and consulting services to us. Pursuant to such agreement, our Principal Stockholders receive a quarterly monitoring fee equal to 1% of our quarterly Adjusted EBITDA (as defined by our senior secured credit facilities) as compensation for the services rendered and reimbursement for out-of-pocket expenses incurred by the Managers in connection with the agreement. We exclude these costs from non-GAAP financial measures primarily because they are not reflective of ongoing operating results and they are not used by management to assess ongoing operational performance. We believe this information is useful to investors in that it provides period-over-period comparability

Table of Contents

(5) Non-cash asset impairment charges are excluded from non-GAAP financial measures because they are not reflective of our ongoing operational performance or liquidity.

- During fiscal year 2013, we recorded a $473.0 million goodwill impairment charge and a $94.4 million definite and indefinite-lived intangible asset impairment charge associated with our dental reconstructive and Europe reporting units.
- During fiscal year 2012, we recorded a $291.9 million goodwill impairment charge and a $237.9 million definite and indefinite-lived intangible asset impairment charge primarily associated with our dental reconstructive and spine and bone healing reporting units.

We believe the exclusion of this information in the applicable non-GAAP financial measure is useful to investors in that it provides period-over-period comparability.

(6) Loss on extinguishment of debt charges include write off of deferred financing fees, dealer manager fees and tender/call premium on retirement of bonds. We exclude these charges from non-GAAP measures because they are not reflective of our ongoing operational performance or liquidity. We believe this information is useful to investors in that it provides period-over-period comparability.

(7) Amortization and depreciation from purchase accounting adjustments that are related to the 2007 Acquisition, 2012 Trauma Acquisition and 2013 Spine Acquisition are excluded from non-GAAP financial measures. These amortization amounts represent the additional amortization expenses in each period attributable to the step-up of amortizable assets to fair value due to the application of purchase accounting. We believe this information is useful to investors in that it provides period-over-period comparability. Further, these amounts are not used by management to assess ongoing operational performance.

(8) Loss on swap liability charges include a one-time charge to interest expense related to the termination of our euro-denominated term loans. We believe this information is useful to investors in that it provides period-over-period comparability.

(9) Tax effect is calculated based upon the tax rates applicable to the jurisdictions where the special items were incurred.

Credit Facilities and Notes

Senior Secured Credit Facilities

On September 25, 2007, we entered into a credit agreement and related security and other agreements providing for (a) a $2,340.0 million U.S. dollar-denominated term loan facility and a €875.0 million (approximately $1,207.4 million at September 25, 2007) euro-denominated term loan facility and (b) $400.0 million cash flow revolving credit facilities with Bank of America, N.A. as administrative agent and collateral agent. We refer to our term loan facilities and our cash flow revolving credit facilities collectively as the “senior secured credit facilities.”

The credit agreement governing our senior secured credit facilities also contains certain customary affirmative covenants and events of default.

On August 2, 2012, we entered into an amendment and restatement agreement that amended our existing senior secured credit facilities. The amendment (i) extended the maturity of approximately $1,007.2 million of our U.S. dollar-denominated term loans and approximately €631.3 million of our euro-denominated term loans under the credit facility to July 25, 2017, (ii) refinanced and replaced the previous alternative currency revolving credit commitments under the credit facility with a new class of alternative currency revolving credit commitments in an aggregate amount of $165.0 million and (iii) refinanced and replaced the previous U.S. dollar revolving credit commitments under the credit facility with a new class of U.S. dollar-denominated revolving credit commitments in an aggregate amount of $165.0 million. The new revolving credit commitments will mature on April 25, 2017, except that, if as of December 23, 2014, there is an outstanding aggregate principal amount of non-extended U.S. dollar and euro term loans in excess of $200.0 million, then such revolving credit commitments will mature on December 24, 2014.

A joinder agreement dated October 4, 2012 was entered into pursuant to our senior secured credit facilities, as amended by the amendment and restatement agreement dated August 2, 2012. By entering into the joinder agreement, the joining lenders party thereto have agreed to extend the maturity of approximately $392.7 million of Biomet’s U.S. dollar-denominated term loans and approximately €32.9 million of Biomet’s euro-denominated term loans, to July 25,

2017. The term loans extended pursuant to the joinder agreement are on terms identical to the terms loans that were extended pursuant to the amendment and restatement agreement entered into on August 2, 2012. The remaining term loans of the lenders under the senior secured credit facilities who did not elect to extend such loans either pursuant to the amendment and restatement agreement, entered into on August 2, 2012, or the subsequent joinder agreement will continue to mature on March 25, 2015.

In addition, on December 27, 2012, we completed a $730.0 million add-on to our extended U.S. dollar-denominated term loan. The proceeds from the add-on were used to refinance the non-extended U.S. dollar- denominated term B loan, which was net of fees associated with the add-on closing. The terms of the add-on are consistent with the terms in the amended and restated agreement entered into on August 2, 2012.

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-

Table of Contents

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.

Our senior secured credit facilities contain a number of covenants that, among other things are subject to certain exceptions, will restrict our ability and the ability of our restricted subsidiaries to: (1) incur additional indebtedness; (2) pay dividends on our capital stock or redeem, repurchase or retire our capital stock or indebtedness; (3) make investments, loans, advances and acquisitions; (4) create restrictions on the payment of dividends or other amounts to us from our restricted subsidiaries; (5) engage in transactions with our affiliates;(6) sell assets, including capital stock of our subsidiaries; (7) consolidate or merge; (8) create liens; and (9) enter into sale and lease-back transactions. The credit agreement governing our senior secured credit facilities does not require us to comply with any financial ratio maintenance covenants. As of May 31, 2014, we were in compliance with our covenants and intend to maintain compliance.

Asset-based Revolving Credit Facility

On November 14, 2012, Biomet replaced and refinanced its asset-based revolving credit facility with a new asset-based revolving credit facility that has a U.S. tranche of up to $400.0 million and a European borrower tranche denominated in euros of up to the euro-equivalent of $100.0 million. The European borrower tranche is secured by certain foreign assets of European subsidiary borrowers and the U.S. borrowers under the U.S. tranche guarantee the obligations of any such European subsidiary borrowers (and such guarantees are secured by the current assets collateral that secures the direct obligations of such U.S. borrowers under such U.S. tranche). On May 31, 2014, the European borrower tranche was closed at the discretion of the Company. Our asset-based revolving credit facility matures on July 25, 2017.

The U.S. borrowing base at any time will equal the sum of 85% of eligible accounts receivable and 85% of the net orderly liquidation value of eligible inventory (not to exceed 65% of the borrowing base), less certain reserves and subject to certain limitations on eligible consignment inventory and accounts receivable owed by non- U.S. persons. The asset-based credit agreement includes a $100 million sublimit for letters of credit. Under the facility there is also a swingline sublimit for same-day borrowings of up to the lesser of (i) $50.0 million and (ii) the aggregate principal amount of the commitments. As of May 31, 2014 there were no borrowings under our asset-based revolving credit facility.

Borrowings under the asset-based credit agreement bear interest at a rate per annum dependent upon the average availability of the applicable subfacility as set forth in the following pricing grid:

Average Availability	Adjusted Eurocurrency Rate for Loans and Letter of Credit Fees	Base Rate
≥66⅔%	1.75%	0.75%
<66⅔% but ≥33⅓%	2.00%	1.00%
<33⅓%	2.25%	1.25%

In addition, we are required to pay a commitment fee of (i) 0.25% per annum if the amount of outstanding loans, unreimbursed letter of credit drawings and undrawn letters of credit under the senior secured asset-based revolving credit facility exceed 50% of the commitment amount, and (ii) if otherwise, 0.375% per annum, on the average daily unused portion of the senior secured asset-based revolving credit facility, payable quarterly in arrears.

The senior secured asset-based revolving credit facility will mature on July 25, 2017; provided, however, that if as of December 23, 2014, there is an outstanding aggregate principal amount of non-extended U.S. dollar and euro term loans in excess of $200 million under our cash flow credit agreement, then the loans under the Credit Agreement will mature on December 24, 2014. We do not expect to exceed $200 million under our cash flow credit agreement as of December 23, 2014.

As is the case with our senior secured credit facilities described above, our asset-based revolving credit facility contains a number of covenants that restrict us. The credit agreement governing our asset-based revolving credit

facility also contains certain customary affirmative covenants and events of default. As of May 31, 2014, we were in compliance with our covenants and intend to maintain compliance.

Table of Contents

Notes

On August 8, 2012, Biomet completed its offering of $1.0 billion aggregate principal amount of 6.500% senior notes. We used the net proceeds of this offering to fund a tender offer for any and all of our outstanding senior toggle notes, including related fees and expenses, and to purchase, redeem, defease or otherwise acquire or retire our outstanding indebtedness. On October 2, 2012, we completed our offering of $825.0 million aggregate principal amount of additional 6.500% senior notes and $800.0 million aggregate principal amount of 6.500% senior subordinated notes. We used the net proceeds of those offerings, together with cash on hand and other sources, to purchase any and all of our 10% Senior Cash Pay Notes and $940.0 million principal amount of our outstanding $11^5/_8$% Senior Subordinated Notes. On November 1, 2012, we purchased and redeemed all remaining outstanding 10% Senior Cash Pay Notes and $11^5/_8$% Senior Subordinated Notes using cash on hand and asset-based revolver proceeds. All of the notes were issued by Biomet and are guaranteed by each of its existing and future wholly-owned domestic subsidiaries that guarantee our obligations under our senior secured credit facilities. Interest is payable in cash.

The indentures governing our 6.500% senior notes and 6.500% senior subordinated notes, among other things, limit our and our restricted subsidiaries' ability to incur additional indebtedness or issue certain preferred stock, pay dividends and make other restricted payments, make certain investments, sell assets, create liens, consolidate, merge or sell all or substantially all of our assets, enter into transactions with affiliates and designate subsidiaries as unrestricted subsidiaries. These covenants are subject to important exceptions during any period of time for which (i) the respective notes have received investment grade ratings from certain specified rating agencies and (ii) no default has occurred and is continuing under the indentures that govern the respective notes. As of May 31, 2014, we were in compliance with our covenants.

China Facility

As of May 31, 2014, we had an outstanding revolving credit facility in China referred to as the China Facility. As of May 31, 2014, we had no outstanding borrowings under our China Facility, which has an available line of $20.0 million.

Capital Expenditures and Investments

We maintain our cash and investments primarily in money market funds, time deposits, certificates of deposit and equity securities. We are exposed to interest rate risk on our corporate bonds and debt instruments. We see the growth prospects in our markets and intend to invest in an effort to improve our worldwide market position. We expect to spend in excess of $600.0 million over the next two fiscal years for capital expenditures (including instrumentation issued to the field) and research and development costs in an effort to develop products and technologies that further enhance musculoskeletal procedures. Funding of these and other activities is expected to come from currently available funds, cash flows generated from operations, and currently available credit lines.

Contractual Obligations

There were no borrowings outstanding under our asset-based revolving facility as of May 31, 2014. As of May 31, 2014, required principal payments of $133.1 million were due within the next twelve months. Our 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, in each case in equal calendar quarterly installments until maturity of the loan and after giving effect to the application of any prepayments.

Our revolving borrowing base available under all debt facilities at May 31, 2014 was $689.7 million, which is net of the borrowing base limitations relating to the asset-based revolving credit facility.

Table of Contents

(in millions)	Total	2015	2016 and 2017	2018 and 2019	2020 and Thereafter
Contractual obligations[1]					
Projected future pension benefit payments	$65.6	$5.4	$10.9	$12.0	$37.3
Long-term debt (including current maturities)	5,720.4	133.1	59.6	2,870.2	2,657.5
Interest payments[2]	1,569.0	307.9	595.1	394.1	271.9
Material purchase commitments	124.3	56.7	46.0	14.8	6.8
Total contractual obligations	$7,479.3	$503.1	$711.6	$3,291.1	$2,973.5

(1) The total amounts of capital lease obligations and operating lease obligations are not significant.
(2) Amounts include the effect of interest rate swaps currently in place.
In addition, due to the uncertainty with respect to the timing of future cash flows associated with our unrecognized tax benefits at May 31, 2014, we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, $132.9 million of unrecognized tax benefits have been excluded from the contractual obligations table above.

We believe that our cash, other liquid assets and operating cash flow, together with available borrowings and potential access to credit and capital markets, will be sufficient to meet our operating expenses, research and development costs, capital expenditures and to service our debt requirements as they become due. However, our ongoing ability to meet our substantial debt service and other obligations will be dependent upon our future performance, which will be subject to business, financial, economic, regulatory and other factors. We will not be able to control many of these factors, such as economic conditions and regulatory changes in the markets where we operate and pressure from competitors. We cannot be certain that our cash flow will be sufficient to allow us to pay principal and interest on our debt, support our operations and meet our other obligations. If we do not have sufficient liquidity, we may be required to refinance all or part of our existing debt, sell assets or borrow more money. We cannot guarantee that we will be able to do so on terms acceptable to us, if at all. In addition, the terms of existing or future debt agreements may restrict us from pursuing any of these alternatives. See “Risk Factors—Risks Related to Our Indebtedness and the Notes.”

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies and Estimates

Our “Management’s Discussion and Analysis of Financial Condition and Results of Operations” is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. In management’s opinion, our critical accounting policies include revenue recognition, excess and obsolete inventory, goodwill and intangible assets, legal proceedings and other loss contingencies, and income taxes. For further information, including our significant accounting policies, refer to the audited consolidated financial statements and our unaudited condensed consolidated interim financial statements and, in each case, the notes thereto included elsewhere in this annual report.

Revenue Recognition

We sell product through four principal channels: (1) directly to healthcare institutions, referred to as direct channel accounts, (2) through stocking distributors and healthcare dealers, (3) indirectly through insurance companies and (4) directly to dental practices and dental laboratories. Sales through the direct and distributor/dealer channels account for a majority of net sales. Through these channels, inventory is consigned to sales agents or customers so that products are available when needed for surgical procedures. Revenue is not recognized upon the placement of inventory into consignment as we retain title and maintain the inventory on the balance sheet; however, it is recognized upon

implantation and receipt of proper purchase order and/or purchase requisition documentation. Pricing for products is predetermined by contracts with customers, agents acting on behalf of customer groups or by

Table of Contents

government regulatory bodies, depending on the market. Price discounts under group purchasing contracts are linked to volume of implant purchases by customer healthcare institutions within a specified group. At negotiated thresholds within a contract buying period, price discounts may increase.

At certain locations, we record a contractual allowance that is offset against revenue for each sale to a non- contracted payor so that revenue is recorded at the estimated determinable price at the time of the sale. Those non- contracted payors and insurance companies in some cases do not have contracted rates for products sold, but may have pricing available for certain products through their respective web sites. We will invoice at its list price and establish the contractual allowance to estimate what the non-contracted payor will settle the claim for based on the information available as noted above. At certain locations, revenue is recognized on sales to stocking distributors, healthcare dealers, dental practices and dental laboratories when title to product passes to them, generally upon shipment. Certain subsidiaries allow customers to return product in the event that we terminate the relationship. Under those circumstances, we record an estimated sales return in the period in which constructive notice of termination is given to a distributor. Product returns were not significant for any period presented.

We also maintain a separate allowance for doubtful accounts for estimated losses based on our assessment of the collectability of specific customer accounts and the aging of the accounts receivable. We analyze accounts receivable and historical bad debts, customer concentrations, customer solvency, current economic and geographic trends, and changes in customer payment terms and practices when evaluating the adequacy of our current and future allowance. In circumstances where we are aware of a specific customer’s inability to meet its financial obligations, a specific allowance for bad debt is estimated and recorded, which reduces the recognized receivable to the estimated amount we believe will ultimately be collected. We monitor and analyze the accuracy of the allowance for doubtful accounts estimate by reviewing past collectability and adjust it for future expectations to determine the adequacy of our current and future allowance. Our reserve levels have generally been sufficient to cover credit losses.

Excess and Obsolete Inventory

In our industry, inventory is routinely placed at hospitals to provide the healthcare provider with the appropriate product when needed. Because product usage tends to follow a bell curve, larger and smaller sizes of inventory are provided, but infrequently used. In addition, the musculoskeletal market is highly competitive, with new products, raw materials and procedures being introduced continually, which may make those products currently on the market obsolete. We make estimates regarding the future use of these products, which are used to adjust inventory to the lower of cost or market. If actual product life cycles, product demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required which would affect future operating results.

Goodwill and Other Intangible Assets

We operate in one reportable segment and evaluate goodwill for impairment at the reporting unit level. Effective September 1, 2011, in connection with our global reorganization, we made changes to our reporting unit structure. The reorganization eliminated three reporting units (U.S. Orthopedics, Sports Medicine and Biologics) and established a new reporting unit (U.S. Reconstructive). We have six, identified reporting units for the purpose of testing goodwill for impairment. The reporting units are based on our current administrative organizational structure and the availability of discrete financial information.

Fiscal Year 2013 Impairment Charges

In fiscal year 2013, we recorded a $240.0 million goodwill asset impairment charge related to our Europe reporting unit, primarily related to the impact of continued austerity measures on procedural volumes and pricing in certain European countries when compared to our prior projections used to establish the fair value of goodwill.

In fiscal year 2013, we finalized a $327.4 million goodwill and definite and indefinite-lived intangible assets impairment charge related to its dental reconstructive reporting unit, primarily due to declining industry market growth rates in certain European and Asia Pacific markets and corresponding unfavorable margin trends when compared to our prior projections used to establish the fair value of goodwill and intangible assets. The impairment charge was a result of the finalization of our preliminary impairment work as of November 30, 2012.

Fiscal Year 2012 Impairment Charges

81

Table of Contents

In fiscal year 2012, we recorded a $529.8 million goodwill and definite and indefinite-lived intangible asset impairment charge primarily associated with our spine and bone healing and dental reconstructive reporting units. As of February 29, 2012, we concluded that certain indicators were present that suggested impairment may exist for our dental reconstructive reporting unit's goodwill and intangible assets. The indicators of impairment in our dental reconstructive reporting unit included evidence of declining industry market growth rates in certain European and Asia Pacific markets and unfavorable margin trends resulting from change in product mix. The impact of these recent items resulted in management initiating an interim preliminary impairment test as of February 29, 2012. However, the preliminary result of this interim test of impairment for the dental reconstructive reporting unit's goodwill and intangibles was inconclusive during the third quarter of fiscal year 2012. We finalized impairment test during the fourth quarter of fiscal year 2012. During the annual impairment test, described below, our spine and bone healing reporting unit failed step one. The indicators were primarily due to growth rate declines as compared to prior assumptions.

Impairment Test Methodology

In performing the test on goodwill, we utilize the two-step approach prescribed under guidance issued by the Financial Accounting Standards Board, or FASB, for goodwill and other intangible assets. The first step requires a comparison of the carrying value of the reporting units, of which we have identified six in total, to the fair value of these units. We assign assets and liabilities including goodwill, to the reporting units. The second step of the goodwill impairment test compares the implied fair value of a reporting unit's goodwill to its carrying value. For further information regarding our impairment test methodology, see Note 6 to our audited consolidated financial statements included elsewhere in this annual report.

With respect to the impairment charges for the fiscal years described above, we used only the income approach, specifically the discounted cash flow method, to determine the fair value of the dental reconstructive, spine and bone healing and Europe reporting units, or Impaired Reporting Units, and the associated amount of the impairment charges. This approach calculates fair value by estimating the after-tax cash flows attributable to a reporting unit and then discounting these after-tax cash flows to a present value using a risk-adjusted discount rate.

This methodology is consistent with how we estimate the fair value of our reporting units during our annual goodwill and indefinite lived intangible asset impairment tests. In applying the income approach to calculate the fair value of the Impaired Reporting Units, we used assumptions about future revenue contributions and cost structures. In addition, the application of the income approach for both goodwill and intangibles requires judgment in determining a risk-adjusted discount rate at the reporting unit level. We based this determination on estimates of the weighted-average costs of capital of market participants. We performed a peer company analysis and considered the industry weighted-average return on debt and equity from a market participant perspective.

To calculate the amount of the impairment charge related to the Impaired Reporting Units, we allocated the reporting unit's fair value to all of its assets and liabilities, including certain unrecognized intangible assets, in order to determine the implied fair value of goodwill. This allocation process required judgment and the use of additional valuation assumptions in deriving the individual fair values of our Impaired Reporting Unit's assets and liabilities as if the reporting units had been acquired in a business combination.

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

We also performed our annual assessment for impairment as of March 31, 2014 for all six reporting units. We utilized discount rate of 10.4%. Based on the discount rate used in its most recent test for impairment, if the discount rate increased by 1% the fair value of the consolidated company could be lower by approximately $1.2 billion and a decrease in the discount rate of 1% would result in an increase in fair value of $1.5 billion. The step one test also includes assumptions derived from competitor market capitalization and beta values as well as the twenty year Treasury bill rate as of March 31, 2014. All reporting units passed step one in fiscal year 2014.

The estimates and assumptions underlying the fair value calculations used in our 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, royalty rates and tax rates. These factors are especially difficult to predict when global financial markets are volatile. The estimates and assumptions used in its impairment

Table of Contents

tests are consistent with those we use in our internal planning. These estimates and assumptions may change from period to period. If we use different estimates and assumptions in the future, future impairment charges may occur and could be material.

Other Loss Contingencies

We accrue anticipated costs of settlement, damages, and loss of product liability claims based on historical experience or to the extent specific losses are probable and estimable. If the estimate of a probable loss is in a range and no amount within the range is more likely, we accrue the minimum amount of the range. Such estimates and any subsequent changes in estimates may result in adjustments to our operating results in the future. We have self-insured reserves against product liability claims with insurance coverage above the retention limits. There are various other claims, lawsuits and disputes with third parties, investigations and pending actions involving various allegations against it. Product liability claims are routinely reviewed by our insurance carriers and management routinely reviews all claims for purposes of establishing ultimate loss estimates.

As of August 8, 2014, we are a defendant in 2,434 product liability lawsuits relating to metal-on-metal hip implants, most of which were filed in 2014. The majority of these cases involve the M2a-Magnum hip system, 502 cases involve the M2a-38 hip system, 93 involve the M2a-Taper system, and 15 involve the M2a-Ringloc system. The cases are currently venued in various state and federal courts. 2,322 federal cases have been consolidated in one multi-district proceeding in the U.S. District Court for the Northern District of Indiana. We have seen a decrease in the number of claims filed since the last date to participate in the settlement reached in the multi-district litigation involving our metal-on-metal hip systems expired in April 2014.

On February 3, 2014, we announced the settlement of the Multi-District Litigation entitled MDL 2,391 - In Re: Biomet M2a-Magnum Hip Implant Product Liability Litigation. Lawsuits filed in the MDL by April 15, 2014 may participate in the settlement. We continue to evaluate the inventory of lawsuits in the MDL pursuant to the categories and procedures set forth in the settlement agreement, and as such the final payment amount is uncertain. As of May 31, 2014, we accrued $123.5 million for contingencies associated with metal-on-metal hip products, which is increased from $50.0 million as of November 30, 2013.

We believe that the payments under the settlement will exhaust our self-insured retention under our insurance program, which is $50.0 million. If this should occur, we would submit an insurance claim for the amount by which ultimate losses under the settlement exceed the self-insured retention amount. We maintain $100.0 million of third-party insurance coverage. Our insurance carriers have been placed on notice of the claims associated with metal-on-metal hip products that are subject to the settlement and have been placed on notice of the terms of the settlement. As is customary in these situations, certain of our insurance carriers have reserved all rights under their respective policies. We have received a letter from one of our carriers denying coverage, and certain of our other insurance carriers could also deny coverage for some or all of our insurance claims. We continue to believe our contracts with the insurance carriers are enforceable for these claims and the settlement agreement. However, we would be responsible for any amounts that our insurance carriers do not cover or for the amount by which ultimate losses exceed the amount of our third-party insurance coverage. The settlement does not affect certain other claims relating to our metal-on-metal hip products that are pending in various state courts, or other claims that may be filed in the future. We are currently assessing any potential receivables to be recorded for recoveries from the insurance carriers. As of May 31, 2014 no receivable has been recorded.

Income Taxes

There are inherent risks that could create uncertainties related to our income tax estimates. We adjust estimates based on normal operating circumstances and conclusions related to tax audits. While we do not believe any audit finding could materially affect our financial position, however, there could be a material impact on our consolidated results of operations and cash flows of a given period.

Our operations are subject to the tax laws, regulations and administrative practices of the United States, U.S. state jurisdictions and other countries in which we do business. We must make estimates and judgments in determining the provision for taxes for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, benefits, and deductions, and in the calculation of certain tax assets and liabilities that arise from differences in

the timing of recognition of revenue and expense for tax and financial statement purposes, as well as the interest and penalties related to uncertain tax positions. Significant changes in these estimates may result in an increase or decrease to our tax provision in a subsequent period.

Table of Contents

The calculation of our tax liabilities involves accounting for uncertainties in the application of complex tax regulations. We recognize liabilities for uncertain tax positions, or UTPs, based on a two-step process. We recognize the tax benefit from an UTP only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The amount of UTPs is measured as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. We believe our estimates for UTPs are appropriate and sufficient for any assessments that may result from examinations of our tax returns.

Certain items are included in our tax return at different times than they are reflected in our financial statements. Such timing differences create deferred tax assets and liabilities. Deferred tax assets are generally items that can be used as a tax deduction or credit in the tax return in future years but for which we have already recorded the tax benefit in the financial statements. We have recorded valuation allowances against certain of our deferred tax assets, primarily those that have been generated from net operating losses and tax credit carryforwards in certain taxing jurisdictions. In evaluating whether we would be more likely than not to recover these deferred tax assets, we have not assumed any future taxable income or tax planning strategies in the jurisdictions associated with these carryforwards where history does not support such an assumption. Implementation of tax planning strategies to recover these deferred tax assets or future income generation in these jurisdictions could lead to the reversal of these valuation allowances and a reduction of income tax expense.

We have not historically provided for U.S. or additional foreign taxes on the excess of the amount of financial reporting over the tax basis of investments in non-U.S. subsidiaries. A company is not required to recognize a deferred tax liability for the outside basis difference of an investment in a non-U.S. subsidiary or a non-U.S. corporate joint venture that is essentially permanent in duration, unless it becomes apparent that such difference will reverse in the foreseeable future. The excess of financial reporting basis over tax basis of investments in non- U.S. subsidiaries is primarily attributable to the financial restatement of the carrying amount of these investments due to the 2007 Acquisition, adjusted for subsequent accumulation of earnings and losses. It is our practice and intention to continue to permanently reinvest a substantial portion of the reported earnings of our non-U.S. subsidiaries in non-U.S. operations. It is also our practice and intention to continue to permanently reinvest a substantial portion of the excess cash generated by our non-U.S. subsidiaries. Currently, there are no plans to divest any of our investments in non-U.S. subsidiaries. As of May 31, 2014, we have an accumulated GAAP loss in our non-U.S. subsidiaries. Therefore, there are no undistributed earnings to disclose. To the extent it is determined that the book tax basis difference could reverse in the foreseeable future, other than related to undistributed earnings, we will record a deferred tax liability reflecting the estimated amount of tax that will be payable due to such reversal. If future events, including material changes in estimates of cash, working capital and long-term investment requirements necessitate repatriation of portions of the earnings currently treated as permanently reinvested, under current tax laws an additional tax provision may be required which could have a material effect on our financial results. As of May 31, 2014, we anticipate there will be no decrease in the financial reporting over the tax basis of investments in non-U.S. subsidiaries in the foreseeable future that will result in either a cash tax liability, utilization of a tax attribute previously recorded on the balance sheet or generation of additional tax attributes.

Recent Accounting Pronouncements

Income Taxes-In July 2013, the FASB issued ASU 2013-11 Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. The new guidance is effective for fiscal year and interim periods beginning after December 15, 2013. We are currently evaluating the impact this ASU will have on our financial position, results of operations and cash flows.

Property, Plant and Equipment-In April 2014, the FASB issued ASU No. 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360), Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This update modifies the requirements for reporting discontinued operations. Under the amendments in ASU 2014-08, the definition of discontinued operation has been

modified to only include those disposals of an entity that represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results. This update also expands the disclosure requirements for disposals that meet the definition of a discontinued operation and requires entities to disclose information about disposals of individually significant components that do not meet the definition of discontinued operations. This update is effective for annual and interim periods beginning after December 15, 2014. We do not expect this ASU to have an impact on our financial position, results of operations or cash flows.

Table of Contents

Revenue-In May 2014, the FASB issued Accounting Standards Update (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 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 is effective for annual and interim periods beginning after December 15, 2016. Early application is not permitted. This update permits the use of either the retrospective or cumulative effect transition method. We are currently evaluating the impact this ASU will have on our financial position, results of operations and cash flows.

Table of Contents

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

In the normal course of business, our operations are exposed to fluctuations in interest rates and foreign currencies. These fluctuations can vary the cost of financing, investment yields and our operations.

Interest Rate Risk

Our principal exposure to interest rate risk arises from variable rates associated with our senior secured credit facilities, and we periodically enter into interest rate swap agreements to manage our exposure to these fluctuations. For a description of these facilities, refer to "Note 9—Derivative Instruments and Hedging Activities" to the consolidated financial statements contained in Part II, Item 8 of this report.

As of May 31, 2014 we had interest rate swap agreements with a total notional amount of $1,355.0 million to fix the interest rates on a portion of the borrowings under the U.S. dollar-denominated term loan facility. As of May 31, 2014, the fair value of the interest rate swap agreements relating to our U.S. dollar-denominated term loan facility was a $20.4 million net unrealized loss. Net of our $0.2 million credit valuation adjustment, we have a liability of $20.2 million.

Our trading securities are invested in equity securities. Our non-trading investments, excluding cash and cash equivalents, are equity securities and time deposits. These financial instruments are subject to market risk as changes in interest rates would impact the market value of such investments.

Based on our overall interest rate exposure at May 31, 2014, including variable rate debt, a hypothetical 10% increase or decrease in interest rates applied to the fair value of the financial instruments discussed above as of May 31, 2014 would cause a $6.2 million increase in or savings in interest expense.

Foreign Currency Risk

Certain assets, liabilities and forecasted transactions are exposed to foreign currency risk, primarily the fluctuation of the U.S. dollar against European currencies and the yen. We face transactional currency exposures that arise when our foreign subsidiaries (or Biomet itself) enter into transactions, primarily on an intercompany basis, denominated in currencies other than their local currency. We also face currency exposure that arises from translating the results of our global operations to the U.S. dollar at exchange rates that have fluctuated from the beginning of the period.

Price Risk

We regularly purchase raw material commodities such as cobalt chromium, titanium, stainless steel, polyethylene powder and sterile packaging. We generally enter into 12 to 24 month term supply contracts, when possible, on these commodities to alleviate the effect of market fluctuation in prices. As part of our risk management program, we perform sensitivity analyses on potential commodity price changes. A 10% change across all of these commodities would not have a material effect on our consolidated financial position, results of operations or cash flows.

Table of Contents

Item 8. Financial Statements and Supplementary Data

LVB ACQUISITION, INC. AND BIOMET, INC.
INDEX TO FINANCIAL STATEMENTS

Schedules other than those listed above are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Stockholders of LVB Acquisition, Inc.
Warsaw, Indiana

We have audited the accompanying consolidated balance sheets of LVB Acquisition, Inc. and subsidiaries (the "Company") as of May 31, 2014 and 2013, and the related consolidated statements of operations and comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended May 31, 2014. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of LVB Acquisition, Inc. and subsidiaries as of May 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended May 31, 2014, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ DELOITTE & TOUCHE LLP
Indianapolis, Indiana
August 20, 2014

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Directors and Stockholder of Biomet, Inc.
Warsaw, Indiana

We have audited the accompanying consolidated balance sheets of Biomet, Inc. and subsidiaries (the "Company") as of May 31, 2014 and 2013, and the related consolidated statements of operations and comprehensive income (loss), shareholder’s equity, and cash flows for each of the three years in the period ended May 31, 2014. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Biomet, Inc. and subsidiaries as of May 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended May 31, 2014, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ DELOITTE & TOUCHE LLP
Indianapolis, Indiana
August 20, 2014

Table of Contents

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

	May 31, 2014	May 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	$247.6	$355.6
Accounts receivable, less allowance for doubtful accounts receivables of $31.9 ($33.5 at May 31, 2013)	577.3	531.8
Inventories	693.4	624.0
Deferred income taxes	149.9	119.9
Prepaid expenses and other	202.9	141.3
Total current assets	1,871.1	1,772.6
Property, plant and equipment, net	716.0	665.2
Investments	12.5	23.0
Intangible assets, net	3,439.6	3,630.2
Goodwill	3,634.4	3,600.9
Other assets	93.0	102.8
Total assets	$9,766.6	$9,794.7
Liabilities & Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	$133.1	$40.3
Accounts payable	135.3	111.5
Accrued interest	53.4	56.2
Accrued wages and commissions	168.7	150.1
Other accrued expenses	354.7	206.0
Total current liabilities	845.2	564.1
Long-term liabilities:		
Long-term debt, net of current portion	5,587.3	5,926.1
Deferred income taxes	968.6	1,129.8
Other long-term liabilities	256.3	206.1
Total liabilities	7,657.4	7,826.1
Commitments and contingencies		
Shareholders' equity:		
Common stock, par value $0.01 per share; 740,000,000 shares authorized; 552,484,996 and 552,359,416 shares issued and outstanding	5.5	5.5
Contributed and additional paid-in capital	5,681.5	5,662.0
Accumulated deficit	(3,617.1)	(3,693.0)
Accumulated other comprehensive income (loss)	39.3	(5.9)
Total shareholders' equity	2,109.2	1,968.6
Total liabilities and shareholders' equity	$9,766.6	$9,794.7

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