BIOMET INC
Form 424B3
October 15, 2012

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-183946

PROSPECTUS SUPPLEMENT

(to prospectus dated October 4, 2012 and the prospectus supplements dated October 9, 2012 and October 10, 2012)

BIOMET, INC.

$775,000,000 10% Senior Notes due 2017

$1,015,000,000 11 $^5/_8$% Senior Subordinated Notes due 2017

This prospectus supplement updates and supplements the prospectus dated October 4, 2012 and the prospectus supplements dated October 9, 2012 and October 10, 2012.

See the Risk Factors section beginning on page 5 of the prospectus 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 October 15, 2012.

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended August 31, 2012.

OR

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

For the transition period from to .

Commission File Number 000-54505

Commission File Number 001-15601

LVB ACQUISITION, INC.

BIOMET, INC.

(Exact name of registrant as specified in its charter)

Delaware	**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)

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

LVB ACQUISITION, INC. Yes þ No ¨

BIOMET, INC. Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

LVB ACQUISITION, INC. Yes þ No ¨

BIOMET, INC. Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b 2 of the Exchange Act. (Check one):

LVB ACQUISITION, INC.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	þ	Smaller reporting company	¨

BIOMET, INC.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	þ	Smaller reporting company	¨

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

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

The number of shares of the registrants   common stock outstanding as of September 30, 2012:

LVB ACQUISITION, INC.	552,361,917 shares of common stock
BIOMET, INC.	1,000 shares of common stock

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PART I. FINANCIAL INFORMATION

Explanatory Note

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

Item 1. Condensed Consolidated Financial Statements.
LVB Acquisition, Inc. and Subsidiaries Condensed Consolidated Balance Sheets.

(in millions, except shares)

	(Unaudited) August 31, 2012	May 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 619.2	$ 492.4
Accounts receivable, less allowance for doubtful accounts receivables of $37.2 ($36.5 at May 31, 2012)	487.7	491.6
Investments	2.5	2.5
Income tax receivable	5.6	5.0
Inventories	650.2	543.2
Deferred income taxes	53.4	52.5
Prepaid expenses and other	145.0	124.1
Total current assets	1,963.6	1,711.3
Property, plant and equipment, net	668.2	593.6
Investments	15.2	13.9
Intangible assets, net	3,940.9	3,930.4
Goodwill	4,182.2	4,114.4
Other assets	81.1	56.8
Total assets	$ 10,851.2	$ 10,420.4
Liabilities & Shareholders Equity		
Current liabilities:		
Current portion of long-term debt	$ 35.7	$ 35.6
Accounts payable	107.7	116.2
Accrued interest	108.4	56.5
Accrued wages and commissions	99.0	122.0
Other accrued expenses	169.7	180.2
Total current liabilities	520.5	510.5
Long-term liabilities:		
Long-term debt, net of current portion	6,246.2	5,792.2
Deferred income taxes	1,192.4	1,257.8
Other long-term liabilities	200.5	177.8
Total liabilities	8,159.6	7,738.3
Commitments and contingencies		
Shareholders equity:		
Common stock, par value $0.01 per share; 740,000,000 shares authorized; 552,361,917 and 552,308,376 shares issued and outstanding	5.5	5.5
Contributed and additional paid-in capital	5,642.9	5,623.3
Accumulated deficit	(3,101.1)	(3,069.6)
Accumulated other comprehensive income	144.3	122.9
Total shareholders equity	2,691.6	2,682.1
Total liabilities and shareholders equity	$ 10,851.2	$ 10,420.4

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

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LVB Acquisition, Inc. and Subsidiaries Condensed Consolidated Statements of Operations and Comprehensive Loss.

(in millions)

	(Unaudited) For the Three Months Ended August 31, 2012	2011
Net sales	$ 707.4	$ 664.6
Cost of sales	228.1	215.3
Gross profit	479.3	449.3
Selling, general and administrative expense	296.1	261.6
Research and development expense	35.8	32.0
Amortization	78.4	83.0
Operating income (loss)	69.0	72.7
Interest expense	117.1	125.4
Other (income) expense	37.5	7.2
Other expense, net	154.6	132.6
Loss before income taxes	(85.6)	(59.9)
Benefit from income taxes	(54.1)	(20.7)
Net loss	(31.5)	(39.2)
Other comprehensive income (loss), net of tax:		
Change in unrealized holding value on available for sale securities	0.8	4.7
Interest rate swap unrealized gain (loss)	(2.6)	5.9
Foreign currency related gains (losses)	23.2	12.4
Unrecognized actuarial gain (loss) on pension assets		0.1
Other comprehensive income	21.4	23.1
Comprehensive loss	$ (10.1)	$ (16.1)

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

LVB Acquisition, Inc. and Subsidiaries Condensed Consolidated Statements of Cash Flows.

(in millions)

(in millions)	(Unaudited) Three Months Ended August 31, 2012	August 31, 2011[(1)]
Cash flows provided by (used in) operating activities:		
Net loss	$ (31.5)	$ (39.2)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	120.6	129.8
Amortization and write off of deferred financing costs	7.0	2.8
Stock-based compensation expense	19.1	4.7
Loss on extinguishment of debt	38.0	
Provision for (recovery) of doubtful accounts receivable	1.3	(2.5)
Loss on impairment of investments		9.2
Deferred income taxes	(68.9)	(67.0)
Other	(1.3)	(0.6)
Changes in operating assets and liabilities, net of acquired assets:		
Accounts receivable	5.8	21.3
Inventories	(21.2)	(2.7)
Prepaid expenses	(4.2)	2.7
Accounts payable	(8.1)	(1.5)
Income taxes	(4.2)	22.4
Accrued interest	51.9	67.8
Accrued expenses and other	(18.8)	(24.1)
Net cash provided by operating activities	85.5	123.1
Cash flows provided by (used in) investing activities:		
Proceeds from sales/maturities of investments		33.7
Purchases of investments		(0.2)
Net proceeds from sale of property and equipment		0.1
Capital expenditures	(53.1)	(39.2)
Acquisitions, net of cash acquired - Trauma Acquisition	(280.0)	
Other acquisitions, net of cash acquired	(5.9)	(3.9)
Net cash used in investing activities	(339.0)	(9.5)
Cash flows provided by (used in) financing activities:		
Debt:		
Payments under European facilities	(0.4)	(0.5)
Payments under senior secured credit facilities	(8.5)	(8.9)
Proceeds from Senior notes	1,000.0	
Tender of Senior notes	(581.7)	
Payment of fees related to refinancing activities	(30.1)	
Equity:		
Repurchase of LVB Acquisition, Inc. shares		(0.3)
Net cash provided by (used in) financing activities	379.3	(9.7)
Effect of exchange rate changes on cash	1.0	(0.5)
Increase in cash and cash equivalents	126.8	103.4
Cash and cash equivalents, beginning of period	492.4	327.8
Cash and cash equivalents, end of period	$ 619.2	$ 431.2

Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 62.5	$ 55.0
Income taxes	$ 22.0	$ 20.7

(1) Certain amounts have been adjusted to conform to the current presentation.

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

Biomet, Inc. and Subsidiaries Condensed Consolidated Balance Sheets.

(in millions, except shares)

(in millions)	(Unaudited) August 31, 2012	May 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 619.2	$ 492.4
Accounts receivable, less allowance for doubtful accounts receivables of $37.2 ($36.5 at May 31, 2012)	487.7	491.6
Investments	2.5	2.5
Income tax receivable	5.6	5.0
Inventories	650.2	543.2
Deferred income taxes	53.4	52.5
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Total current assets	1,963.6	1,711.3
Property, plant and equipment, net	668.2	593.6
Investments	15.2	13.9
Intangible assets, net	3,940.9	3,930.4
Goodwill	4,182.2	4,114.4
Other assets	81.1	56.8
Total assets	$ 10,851.2	$ 10,420.4
Liabilities & Shareholder s Equity		
Current liabilities:		
Current portion of long-term debt	$ 35.7	$ 35.6
Accounts payable	107.7	116.2
Accrued interest	108.4	56.5
Accrued wages and commissions	99.0	122.0
Other accrued expenses	169.7	180.2
Total current liabilities	520.5	510.5
Long-term liabilities:		
Long-term debt, net of current portion	6,246.2	5,792.2
Deferred income taxes	1,192.4	1,257.8
Other long-term liabilities	200.5	177.8
Total liabilities	8,159.6	7,738.3
Commitments and contingencies		
Shareholder s equity:		
Common stock, without par value; 1,000 shares authorized; 1,000 shares issued and outstanding		
Contributed and additional paid-in capital	5,648.4	5,628.8
Accumulated deficit	(3,101.1)	(3,069.6)
Accumulated other comprehensive income	144.3	122.9
Total shareholder s equity	2,691.6	2,682.1
Total liabilities and shareholder s equity	$ 10,851.2	$ 10,420.4

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

Biomet, Inc. and Subsidiaries Condensed Consolidated Statements of Operations and Comprehensive Loss.

(in millions)

	(Unaudited) For the Three Months Ended August 31, 2012	2011
Net sales	$ 707.4	$ 664.6
Cost of sales	228.1	215.3
Gross profit	479.3	449.3
Selling, general and administrative expense	296.1	261.6
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Amortization	78.4	83.0
Operating income (loss)	69.0	72.7
Interest expense	117.1	125.4
Other (income) expense	37.5	7.2
Other expense, net	154.6	132.6
Loss before income taxes	(85.6)	(59.9)
Benefit from income taxes	(54.1)	(20.7)
Net loss	(31.5)	(39.2)
Other comprehensive income (loss), net of tax:		
Change in unrealized holding value on available for sale securities	0.8	4.7
Interest rate swap unrealized gain (loss)	(2.6)	5.9
Foreign currency related gains (losses)	23.2	12.4
Unrecognized actuarial gain (loss) on pension assets		0.1
Other comprehensive income	21.4	23.1
Comprehensive loss	$ (10.1)	$ (16.1)

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

Biomet, Inc. and Subsidiaries Condensed Consolidated Statements of Cash Flows.

(in millions)

(in millions)	(Unaudited) Three Months Ended August 31, 2012	August 31, 2011[1]
Cash flows provided by (used in) operating activities:		
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Accrued interest	51.9	67.8
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Net cash provided by operating activities	85.5	123.1
Cash flows provided by (used in) investing activities:		
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Net proceeds from sale of property and equipment		0.1
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Cash and cash equivalents, beginning of period	492.4	327.8
Cash and cash equivalents, end of period	$ 619.2	$ 431.2

Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 62.5	$ 55.0
Income taxes	$ 22.0	$ 20.7

(1) Certain amounts have been adjusted to conform to the current presentation.

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

LVB ACQUISITION, INC.

BIOMET, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1 Basis of Presentation.

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

The unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for condensed financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. As a result, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial condition, results of operations and cash flows for the periods presented have been included. Operating results for the three months ended August 31, 2012 are not necessarily indicative of the results that may be expected for the fiscal year ending May 31, 2013. For further information, including the Company s significant accounting policies, refer to the audited consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the fiscal year ended May 31, 2012 (the 2012 Form 10-K).

The May 31, 2012 balances have been derived from the audited financial statements included in the 2012 Form 10-K.

Recent Accounting Pronouncements

Goodwill Impairment Testing In September 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-08, Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment (ASU 2011-08). The new guidance is intended to simplify how entities test goodwill for impairment. It includes provisions that permit an entity to first assess qualitative factors in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The more-likely-than-not threshold is defined as having a likelihood of more than 50%. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The changes to Topic 350 were effective for the Company beginning June 1, 2012 and will be applied prospectively. The Company is currently evaluating if this accounting pronouncement is expected to have a material impact on the Company s consolidated financial statements.

Note 2 Acquisition.

Trauma Acquisition

On May 24, 2012, DePuy Orthopaedics, Inc. accepted the Company s binding offer to purchase certain assets representing substantially all of DePuy s worldwide trauma business (Trauma Acquisition), which involves researching, developing, manufacturing, marketing, distributing and selling products to treat certain bone fractures or deformities in the human body, including certain intellectual property assets, and to assume certain liabilities, for approximately $280.0 million in cash. The Company acquired the DePuy worldwide trauma business to strengthen its trauma business and to continue to build a stronger presence in the global trauma market. Trauma Acquisition net sales for the three months ended August 31, 2012 was $38.8 million.

On June 15, 2012, the Company announced the initial closing of the transaction, acquiring DePuy s trauma operations in the U.S., the United Kingdom, Australia, New Zealand and Japan, as well as DePuy s trauma manufacturing operations in Le Locle, Switzerland. On July 13, 2012, the Company closed in Belgium, France, Germany, Luxembourg, The Netherlands, Portugal, South Africa, Spain, Ireland, Italy and the Switzerland non-manufacturing unit. In August, the Company closed on ten additional countries including China. Subsequent closings for the remaining countries will occur on a staggered basis and, in general, are expected to be completed within six months of the initial closing. DePuy affiliates will serve as the Company s interim distributors in these countries until these operations are fully transitioned to the Company. The remaining countries to close represent approximately 5% of historical sales levels of the acquired business.

The acquisition has been accounted for as a business combination. The preliminary purchase price was allocated to the acquired assets and liabilities based on the estimated fair value of the acquired assets at the date of acquisition. As of August 31, 2012 certain closings had not yet closed, therefore the Company recorded a preliminary allocation of the purchase price to acquired tangible and identifiable intangible assets and liabilities assumed based on their fair value at the initial acquisition date. The Company is in the process of obtaining valuations of certain tangible and intangible assets and determining certain employee liabilities. The Company expects to complete the purchase price allocation in fiscal year 2013 after all countries have closed and valuations are finalized.

Note 2 Acquisition, Continued.

The preliminary purchase price allocation at August 31, 2012 consisted of the following:

(in millions)	August 31, 2012
Inventory	$ 105.0
Prepaid expenses and other	8.2
Instruments	31.3
Other property, plant and equipment	23.3
Intangible assets	70.0
Goodwill	42.2
Preliminary purchase price	$ 280.0

The asset purchase agreement contains a provision requiring an adjustment to the purchase price if the amount of delivered inventory and/or instruments is more or less than the target amount of these items. The Company does not expect an adjustment to the purchase price as a result of this provision. The results of operations of the business have been included subsequent to the respective country closing dates in the accompanying condensed consolidated financial statements. Acquisition-related costs for the three months ended August 31, 2012 were $6.9 million and are recorded in cost of sales and selling, general and administrative expenses. The Company does not expect the goodwill value to be tax deductible.

The pro forma information required under Accounting Standards Codification 805 is impracticable to include due to different fiscal year ends and individual country closings.

Note 3 Inventories.

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

(in millions)	August 31, 2012	May 31, 2012
Raw materials	$ 85.3	$ 78.3
Work-in-process	51.5	42.4
Finished goods	513.4	422.5
Inventories, net	$ 650.2	$ 543.2

Note 4 Property, Plant and Equipment.

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

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

Useful lives by major product category consisted of the following:

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

Note 4 Property, Plant and Equipment, Continued.

Property, plant and equipment consisted of the following:

(in millions)	August 31, 2012	May 31, 2012
Land and land improvements	$ 40.4	$ 40.2
Buildings and leasehold improvements	92.8	89.9
Machinery and equipment	373.3	342.3
Instruments	717.6	633.3
Construction in progress	32.9	29.1
Total property, plant and equipment	1,257.0	1,134.8
Accumulated depreciation	(588.8)	(541.2)
Total property, plant and equipment, net	$ 668.2	$ 593.6

Note 5 Investments.

At August 31, 2012, the Company s investment securities were classified as follows:

(in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$ 0.2	$ 0.2	$	$ 0.4
Time deposit	9.5			9.5
Greek bonds	6.4	0.6		7.0
Total available-for-sale investments	$ 16.1	$ 0.8	$	$ 16.9

	Amortized Cost	Realized Gains	Realized Losses	Fair Value
Trading:				
Equity securities	$ 0.8	$	$	$ 0.8
Total trading investments	$ 0.8	$	$	$ 0.8

At May 31, 2012, the Company s investment securities were classified as follows:

(in millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale:				
Equity securities	$ 0.4	$	$ (0.2)	$ 0.2
Time deposit	9.5			9.5
Greek bonds	6.3			6.3
Total available-for-sale investments	$ 16.2	$	$ (0.2)	$ 16.0

	Amortized Cost	Realized Gains	Realized Losses	Fair Value
Trading:				
Equity securities	$ 0.4	$	$	$ 0.4
Total trading investments	$ 0.4	$	$	$ 0.4

The Company recorded proceeds on the sales/maturities of investments of $33.7 million for the three months ended August 31, 2011, and no proceeds during the three months ended August 31, 2012.

The Company holds Greek bonds which are designated as available-for-sale securities. The bonds have maturities ranging from 1 to 30 years. At August 31, 2012 the face value of the bonds was $15.8 million. The Company recorded realized losses of $9.2 million on the Greek bonds related to other-than-temporary impairment for the three months ended August 31, 2011, which is included in other (income) expense. There was no other-than-temporary impairment for the three months ended August 31, 2012 as fair value was higher than cost.

Note 6 Goodwill and Other Intangible Assets.

The balance of goodwill as of August 31, 2012 and May 31, 2012 was $4,182.2 million and $4,114.4 million, respectively. The change in goodwill is primarily related to the goodwill recorded related to the trauma acquisition, which is described in Note 2 Acquisitions. The increase in goodwill was also due to foreign currency fluctuations as the euro strengthened against the U.S. dollar.

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

The Company performs its annual assessment for impairment as of March 31 for all reporting units. The estimates and assumptions underlying the fair value calculations used in the Company s annual impairment tests are uncertain by their nature and can vary significantly from actual results. Factors that management must estimate include, but are not limited to, industry and market conditions, sales volume and pricing, raw material costs, capital expenditures, working capital changes, cost of capital, and tax rates. These factors are especially difficult to predict when global financial markets are volatile. The estimates and assumptions used in its impairment tests are consistent with those the Company use in its internal planning. These estimates and assumptions may change from period to period. If the Company uses different estimates and assumptions in the future, impairment charges may occur and could be material.

Intangible assets consisted of the following at August 31, 2012 and May 31, 2012:

(in millions)	August 31, 2012		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**
Core technology	$ 1,698.1	$ (406.3)	$ 1,291.8
Completed technology	604.2	(218.0)	386.2
Product trade names	192.5	(55.6)	136.9
Customer relationships	2,387.1	(708.0)	1,679.1
Non-compete contracts	4.6	(3.3)	1.3
Sub-total	4,886.5	(1,391.2)	3,495.3
Corporate trade names	312.2		312.2
Currency translation	166.8	(33.4)	133.4
Total	$ 5,365.5	$ (1,424.6)	$ 3,940.9

(in millions)	May 31, 2012					
	Gross Carrying Amount	**Impairment Charge**	**New Carrying Amount**	**Accumulated Amortization**	**Impairment Charge**	**Net Carrying Amount**
Core technology	$ 1,856.1	$ (185.7)	$ 1,670.4	$ (457.7)	$ 74.3	$ 1,287.0
Completed technology	594.2		594.2	(206.7)		387.5
Product trade names	184.5		184.5	(52.6)		131.9
Customer relationships	2,666.1	(306.8)	2,359.3	(859.3)	191.6	1,691.6
Non-compete contracts	4.6		4.6	(3.1)		1.5
Sub-total	5,305.5	(492.5)	4,813.0	(1,579.4)	265.9	3,499.5
Corporate trade names	323.5	(11.3)	312.2			312.2
Currency translation	147.2		147.2	(28.5)		118.7
Total	$ 5,776.2	$ (503.8)	$ 5,272.4	$ (1,607.9)	$ 265.9	$ 3,930.4

Note 6 Goodwill and Other Intangible Assets, Continued.

The weighted average useful life of the intangibles at August 31, 2012 is as follows:

	Weighted Average Useful Life
Core technology	16 Years
Completed technology	10 Years
Product trade names	14 Years
Customer relationships	15 Years
Non-compete contracts	2 Years
Corporate trade names	Indefinite life

Expected amortization expense for the intangible assets stated above, for the years ending May 31, 2013 through 2017 is $291.7 million, $282.6 million, $273.1 million, $267.7 million, and $263.6 million, respectively.

Note 7 Debt.

The terms and carrying value of each debt instrument at August 31, 2012 and May 31, 2012 are set forth below:

(U.S. dollars and euros in millions)	Maturity Date	Interest Rate	Currency	August 31, 2012	May 31, 2012
Debt Instruments					
European facilities	No Maturity Date	Interest Free	EUR	2.5	2.8
				$ 3.1	$ 3.5
Term loan facility	March 25, 2015	LIBOR + 3.00%	USD	$ 1,221.7	$ 2,234.7
Term loan facility	July 25, 2017	LIBOR + 3.75%	USD	$ 1,007.2	$
Term loan facility	March 25, 2015	LIBOR + 3.00%	EUR	202.1	835.6
				$ 253.3	$ 1,039.6
Term loan facility	July 25, 2017	LIBOR + 4.00%	EUR	631.3	
				$ 791.1	$
Cash flow revolving credit facility	April 25, 2017	LIBOR + 2.00%	USD		
Cash flow revolving credit facility	April 25, 2017	LIBOR + 2.00%	USD/EUR	$/	$/
Asset-based revolving credit facility	September 25, 2013	LIBOR + 1.25%	USD		
Senior cash pay notes	October 15, 2017	10%	USD	$ 761.0	$ 761.0
Senior PIK toggle notes	October 15, 2017	$10\,^{3}/_{8}\%$ / $11\,^{1}/_{8}\%$	USD	$ 227.3	$ 771.0
Senior subordinated notes	October 15, 2017	$11\,^{5}/_{8}\%$	USD	$ 1,015.0	$ 1,015.0
Senior notes	August 1, 2020	$6\,^{1}/_{2}\%$	USD	$ 1,000.0	$
Premium on notes				$ 2.2	$ 3.0
Total debt				$ 6,281.9	$ 5,827.8

Notes Offerings and Concurrent Tender Offers

On August 8, 2012, Biomet, Inc. completed its offering of $1,000.0 million aggregate principal amount of new 6.500% senior notes due 2020. The Company used the net proceeds of that offering to fund a tender offer for any and all of its outstanding $10\,^{3}/_{8}\%/11\,^{1}/_{8}\%$ Senior PIK Toggle Notes ($10\,^{3}/_{8}\%/11\,^{1}/_{8}\%$ Senior Toggle Notes) due 2017 including related fees and expenses, to redeem the remaining $10\,^{3}/_{8}\%/11\,^{1}/_{8}\%$ Senior Toggle Notes not tendered in the tender offer and to redeem $140.0 million aggregate principal amount of the $11\,^{5}/_{8}\%$ Senior Subordinated Notes. As of August 31, 2012, approximately 70% of the $10\,^{3}/_{8}\%/11\,^{1}/_{8}\%$ Senior Toggle Notes were tendered. The remaining Senior Toggle Notes and $140.0 million aggregate principal amount of the $11\,^{5}/_{8}\%$ Senior Subordinated Notes were redeemed in September 2012.

During the first quarter of fiscal 2013, the Company recorded a loss on the retirement of bonds of $38.0 million, in other (income) expense, related to tendered premium and wrote off $4.1 million, in other (income) expense, of deferred financing fees related to the tender offer described above and the replacement of the existing cash flow revolvers described below.

Note 7 Debt, Continued.

Amendment and Restatement Agreement-Senior Secured Credit Facilities

On August 2, 2012, the Company entered into an amendment and restatement agreement that amended its existing senior secured credit facilities. The amendment (i) extends the maturing of approximately $1,007.2 million of its U.S. dollar-denominated term loans and approximately 631.3 million of its euro-denominated term loans under the credit facility to July 25, 2017 and (ii) refinances and replaces the existing 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 refinances and replaces the existing 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. The remaining term loans of the lenders under the senior secured credit facilities who did not elect to extend such loans will continue to mature on March 25, 2015.

The Company currently elects to use 3-month LIBOR for setting the interest rates on the majority of its U.S. dollar and euro term loans. The 3-month LIBOR rate for the U.S. dollar term loan as of August 31, 2012 was 0.47%. The euro term loan had a 3-month LIBOR rate of 0.56% as of August 31, 2012. The Company s term loan facilities require payments each year in an amount equal to 0.25% of the product of (i) the aggregate principal amount of all euro term loans and dollar 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 euro term B loans and dollar term B loans outstanding on the restatement effective date (after giving effect to the conversions to occur on the restatement effective date pursuant to Section 2.01 (a) of the amended and restated credit agreement) and the denominator of which is the aggregate principal amount of all outstanding term loans on the restatement effective date and 0.25% of the aggregate principal amount of all euro term B-1 loans and dollar term B-1 in equal calendar quarterly installments until maturity of the loan. Through August 31, 2012, the total amount of required payments under the Company s term loan facilities was $8.5 million. The cash flow and asset-based revolving credit facilities and the notes do not have terms for mandatory principal paydowns. To calculate the U.S. dollar equivalent on outstanding balances, the Company used a currency conversion rate of 1 euro to $1.2532 and $1.2441, which represents the currency exchange rate from euros to U.S. dollars on August 31, 2012 and May 31, 2012, respectively.

The Company has the option to choose the frequency with which it resets and pays interest on its term loans. The Company currently pays interest on the majority of its term loans and interest rate swaps each calendar quarter. The remaining term loan interest is paid monthly. Interest on the 2017 notes is paid semiannually in October and April. Interest on the new senior notes is paid semiannually in February and August.

The Company s revolving borrowing base available under all debt facilities at August 31, 2012 was $666.0 million, which is net of the borrowing base limitations relating to the asset-based revolving credit facility.

As of August 31, 2012, $27.9 million of financing fees related to the Company s credit agreement remained in long-term assets and continue to be amortized through interest expense over the remaining life of the credit agreement. Additionally, $28.9 million of new financing fees related to the refinancing referenced above are also in long-term assets and will be amortized through interest expense over the remaining live of the new debt instruments under the effective interest method.

Each of Biomet, Inc. s existing wholly owned domestic subsidiaries fully, unconditionally, jointly, and severally guarantee the senior cash pay, the new senior notes and the PIK toggle notes on a senior unsecured basis and the senior subordinated notes on a senior subordinated unsecured basis, in each case to the extent such subsidiaries guarantee Biomet, Inc. s senior secured cash flow facilities. LVB Acquisition, Inc. is neither an issuer nor guarantor of the notes described within this footnote.

Subsequent Events

On October 2, 2012, Biomet, Inc. completed its offering of $825.0 million aggregate principal amount of 6.500% Senior Notes due 2020 as part of a further issuance of the $1,000.0 million 6.500% Senior Notes offering on August 8, 2012. The Company expects to use the net proceeds of this offering to fund a tender offer for any and all of its 10% Senior Notes due 2017 (Existing Senior Notes), including related fees and expenses. Concurrently with this offering the Company also completed it s offering of $800.0 million aggregate principal amount of 6.500% Senior Subordinated Notes due 2020. The Company expects to use the net proceeds of the Subordinated Notes offering together with cash on hand and other sources, to fund a tender offer for up to $800.0 million aggregate principal amount of its 11 $^5/_8$% Senior Subordinated Notes due 2017 (Existing Senior Subordinated Notes), including related fees and expenses. $343.4 million in aggregate principal amount, or approximately 45.12% of the Existing Senior Notes outstanding, were validly tendered and not withdrawn, and $384.2 million aggregate principal amount, or approximately 43.91% of the Existing Senior Subordinated Notes outstanding, were validly tendered and not withdrawn, in each case as of the early tender deadline of October 1, 2012. Biomet has called for redemption all outstanding Existing Senior Notes and Existing Senior

Subordinated Notes not accepted for purchase in the Tender Offer.

Note 7 Debt, Continued.

The Company estimates that the total loss on extinguishment of debt related to all refinancing activities will be approximately $169.0 million after completion of refinancing activities expected to occur in the second quarter of fiscal 2013.

Joinder Agreement

On October 4, 2012, LVB, Biomet and certain of its subsidiaries entered into a joinder agreement (the Joinder) with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, each lender from time to time party thereto and each of the other parties identified as an Extending Term Lender on the signature pages thereto. The Joinder was entered into pursuant to that certain Credit Agreement, dated as of September 25, 2007, as amended and restated by that certain Amendment and Restatement Agreement dated as of August 2, 2012 (the Amendment), by and among Biomet, LVB, certain subsidiaries of Biomet, Bank of America, N.A. and each lender from time to time party thereto. The Amendment, among other things, provides Biomet with the ability to request an extension of the scheduled maturity dates of its existing term loans in one or more series of tranches.

By entering into the Joinder, the joining lenders party thereto have agreed to extend the maturity of (i) approximately $392.7 million of Biomet s U.S. dollar-denominated term loans and (ii) approximately 32.9 million of Biomet s euro-denominated term loans, to July 25, 2017. The term loans extended pursuant to the Joinder are on terms identical to the terms loans that were extended pursuant to the Amendment. The remaining term loans of the lenders who have not elected to extend their loans will continue to mature on March 25, 2015.

In addition, Biomet is required to pay an extension fee of 0.15% of the aggregate amount of each extending lender s respective term loans as the effective date of the Joinder.

Note 8 Fair Value Measurements.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

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

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

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

Note 8 Fair Value Measurements, Continued.

The following table provides information by level for assets and liabilities that are measured at fair value on a recurring basis at August 31, 2012 and May 31, 2012:

(in millions)	Fair Value at August 31, 2012	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3
Assets:				
Money market funds	$ 481.7	$ 481.7	$	$
Time deposits	36.4		36.4	
Greek bonds	7.0		7.0	
Pension plan assets	111.6		111.6	
Foreign currency exchange contracts	0.1		0.1	
Other	0.4	0.2		0.2
Total assets	$ 637.2	$ 481.9	$ 155.1	$ 0.2
Liabilities:				
Interest rate swaps	$ 80.4	$	$ 80.4	$
Foreign currency exchange contracts	0.1		0.1	
Total liabilities	$ 80.5	$	$ 80.5	$

(in millions)	Fair Value at May 31, 2012	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3
Assets:				
Money market funds	$ 303.1	$ 303.1	$	$
Time deposits	36.3		36.3	
Greek bonds	6.3		6.3	
Pension plan assets	108.7		108.7	
Foreign currency exchange contracts	0.2		0.2	
Other	0.2			0.2
Total assets	$ 454.8	$ 303.1	$ 151.5	$ 0.2
Liabilities:				
Interest rate swaps	$ 76.2	$	$ 76.2	$
Foreign currency exchange contracts	0.2		0.2	
Total liabilities	$ 76.4	$	$ 76.4	$

Level 3 Valuation Techniques

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial assets also include certain investment securities for which there is limited market activity where the determination of fair value requires significant judgment or estimation. Level 3 investment securities primarily include other equity investments for which there was a decrease in the observation of market pricing. As of August 31, 2012 and May 31, 2012, these securities were valued primarily using internal cash flow valuation that incorporates transaction details such as contractual terms, maturity, timing and amount of future cash flows, as well as assumptions about liquidity and credit valuation adjustments of marketplace participants.

The estimated fair value of the Company s long-term debt, including the current portion, at August 31, 2012 was $6,453.4 million, compared to a carrying value of $6,281.9 million. The fair value of the Company s traded debt was estimated using quoted market prices for the same or similar instruments. The fair value of the Company s variable rate term debt was estimated using the carrying value as this debt has rates which approximate market interest rates. In determining the fair values and carrying values, the Company considers the terms of the related debt and excludes the impacts of debt discounts and interest rate swaps.

Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis

During the three months ended August 31, 2012 and August 31, 2011, the Company had no significant measurements of assets or liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

Note 9 Derivative Instruments and Hedging Activities.

The Company is exposed to certain market risks relating to its ongoing business operations, including foreign currency risk, interest rate risk and commodity price risk. The Company currently manages foreign currency risk and interest rate risk through the use of derivatives.

Derivatives Designated as Hedging Instruments

Foreign Currency Instruments Certain assets, liabilities and forecasted transactions are exposed to foreign currency risk, primarily the fluctuation of the U.S. dollar against the euro. The Company has hedged a portion of its net investment in its European subsidiaries with the issuance of a 875.0 million (approximately $1,207.4 million at September 25, 2007) principal amount euro term loan on September 25, 2007. The Company s net investment in its European subsidiaries at the hedging date of September 25, 2007 was 1,238.0 million ($1,690.0 million). As of August 31, 2012, the Company s net investment in European subsidiaries totaled 1,806.4 million ($2,263.8 million) and the outstanding principal balance of the euro term loan was 833.4 million ($1,044.4 million). The difference of 973.0 million ($1,219.4 million) is unhedged as of August 31, 2012. Hedge effectiveness is tested quarterly to determine whether hedge treatment is still appropriate. The Company tests effectiveness on this net investment hedge by determining if the net investment in its European subsidiaries is greater than the outstanding euro-denominated debt balance. Any amount of a derivative instrument designated as a hedge determined to be ineffective is recorded as other (income) expense.

Interest Rate Instruments The Company uses interest rate swap agreements (cash flow hedges) in both U.S. dollars and euros as a means of fixing the interest rate on portions of its floating-rate debt instruments. As of August 31, 2012, the Company had a swap liability of $80.4 million, which consisted of $30.2 million short-term and $53.2 million long-term, partially offset by a $3.0 million credit valuation adjustment. As of May 31, 2012, the Company had a swap liability of $76.2 million, which consisted of $36.0 million short-term and $41.0 million long-term, partially offset by a $0.8 million credit valuation adjustment.

The table below summarizes existing swap agreements:

(U.S. dollars and euros in millions) **Structure**	**Currency**	**Notional Amount**	**Effective Date**	**Termination Date**	**Fair Value at August 31, 2012 Asset (Liability)**	**Fair Value at May 31, 2012 Asset (Liability)**
5 year	EUR	230.0	September 25, 2007	September 25, 2012	$ (0.8)	$ (3.5)
5 year	EUR	40.0	March 25, 2008	March 25, 2013	(1.1)	(1.4)
5 year	EUR	200.0	September 25, 2012	September 25, 2017	(11.9)	(9.5)
5 year	EUR	200.0	September 25, 2012	September 25, 2017	(11.6)	(9.3)
5 year	USD	$ 585.0	September 25, 2007	September 25, 2012	(1.9)	(8.9)
5 year	USD	190.0	March 25, 2008	March 25, 2013	(3.1)	(4.2)
5 year	USD	325.0	December 26, 2008	December 25, 2013	(8.4)	(9.0)
5 year	USD	195.0	September 25, 2009	September 25, 2014	(10.3)	(10.5)
2 year	USD	190.0	March 25, 2013	March 25, 2015	(2.0)	(1.0)
3 year	USD	270.0	December 27, 2013	September 25, 2016	(6.2)	(3.8)
5 year	USD	350.0	September 25, 2012	September 25, 2017	(13.1)	(8.0)
5 year	USD	350.0	September 25, 2012	September 25, 2017	(13.0)	(7.9)
Credit valuation adjustment					3.0	0.8
Total interest rate instruments					$ (80.4)	$ (76.2)

The interest rate swaps are recorded in other accrued expenses and other long-term liabilities. As a result of cash flow hedge treatment being applied, all unrealized gains and losses related to the derivative instruments are recorded in accumulated other comprehensive income (loss) and are reclassified into operations in the same period in which the hedged transaction affects earnings. Hedge effectiveness is tested quarterly to determine if hedge treatment is still appropriate. The amount of ineffectiveness was not material for any period presented. The tables below summarize the effective portion and ineffective portion of the Company s interest rate swaps for the three months ended August 31, 2012 and 2011:

(in millions) **Derivatives in cash flow hedging relationship**	**Three Months Ended August 31, 2012**	**Three Months Ended August 31, 2011**
Interest rate swaps:		

Amount of gain (loss) recognized in OCI	$	(4.2)	$	9.0
Amount of (gain) loss reclassified from accumulated OCI into interest expense (effective portion)				
Amount (gain) loss recognized in other income (expense) (ineffective portion and amount excluded from effectiveness testing)				

Note 9 Derivative Instruments and Hedging Activities, Continued.

As of August 31, 2012, the effective interest rate, including the applicable lending margin, on 58.10% ($1,295.0 million) of the outstanding principal of the Company s U.S. dollar term loan was fixed at 7.18% through the use of interest rate swaps. The effective interest rate on 32.40% (270.0 million) of the outstanding principal of the Company s euro term loan was fixed at 8.12% through the use of interest rate swaps. The remaining unhedged balances of the U.S. dollar and euro term loans had effective interest rates of 3.57% and 3.83%, respectively. As of August 31, 2012 and May 31, 2012, the Company s effective weighted average interest rate on all outstanding debt, including the interest rate swaps, was 7.54% and 7.80%, respectively.

Derivatives Not Designated as Hedging Instruments

Foreign Currency Instruments The Company faces transactional currency exposures that arise when it or its foreign subsidiaries enter into transactions, primarily on an intercompany basis, denominated in currencies other than their functional currency. The Company enters into short-term forward currency exchange contracts in order to mitigate the currency exposure related to these intercompany payables and receivables arising from intercompany trade. The Company does not designate these contracts as hedges; therefore, all forward currency exchange contracts are recorded at their fair value each period, with the resulting gains and losses recorded in other (income) expense. Any foreign currency remeasurement gains or losses recognized in a period are generally offset with gains or losses on the forward currency exchange contracts. As of August 31, 2012, the fair value of the Company s derivatives not designated as hedging instruments on a gross basis were assets of $0.1 million recorded in prepaid expenses and other and liabilities of $0.1 million recorded in other accrued expenses.

Note 10 Accumulated Other Comprehensive Income (Loss).

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

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

(in millions)	**August 31, 2012**	**May 31, 2012**
Unrealized loss on available-for-sale securities, net of tax	$ 0.3	$ (0.5)
Unrealized gain (loss) on interest rate swaps, net of tax	(49.9)	(47.3)
Foreign currency translation adjustments	196.9	173.7
Unrecognized actuarial gain (loss) on pension assets, net of tax	(3.0)	(3.0)
	$ 144.3	$ 122.9

Note 11 Stock-based Compensation and Stock Plans.

The Company expenses all stock-based payments to employees and non-employee distributors, including stock options, leveraged share awards and restricted stock units, based on the grant date fair value over the required award service period using the graded vesting attribution method. For awards with a performance vesting condition, the Company recognizes expense when the performance condition is considered probable to occur. Stock-based compensation expense recognized was $19.1 million and $4.7 million for the three months ended August, 2012 and 2011, respectively. The increase in the expense was related to the mo