

BIOMET INC
Form 424B3
January 14, 2011
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-150655

PROSPECTUS SUPPLEMENT

(to prospectus dated November 9, 2010 and the prospectus supplement dated January 6, 2011)

BIOMET, INC.

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

\$775,000,000 10³/₈%/11¹/₈% Senior Toggle Notes due 2017

\$1,015,000,000 11⁵/₈% Senior Subordinated Notes due 2017

This prospectus supplement updates and supplements the prospectus dated November 9, 2010 and the prospectus supplement dated January 6, 2011.

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 January 14, 2011.

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 30, 2010.

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 001-15601

BIOMET, INC.

(Exact name of registrant as specified in its charter)

Indiana <i>(State or other jurisdiction of incorporation or organization)</i>	35-1418342 <i>(I.R.S. Employer Identification No.)</i>
56 East Bell Drive, Warsaw, Indiana <i>(Address of principal executive offices)</i>	46582 <i>(Zip Code)</i>
(574) 267-6639 <i>(Registrant's telephone number, including area code)</i>	

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. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 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). Yes 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):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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

As of November 30, 2010, there was no established public trading market for any of the common stock of the registrant. As of November 30, 2010, there were 1,000 shares of common stock of the registrant outstanding, 100.0% of which were owned by LVB Acquisition, Inc.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements.
Biomet, Inc. and Subsidiaries Condensed Consolidated Balance Sheets.***(in millions)*

	<i>(Unaudited)</i>	
	November 30, 2010	May 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 228.6	\$ 189.1
Accounts receivable, net	475.4	452.5
Income tax receivable	6.7	19.2
Inventories	571.4	507.3
Deferred income taxes	56.6	64.3
Prepaid expenses and other	95.3	72.6
Total current assets	1,434.0	1,305.0
Property, plant and equipment, net	636.3	622.0
Investments	11.4	23.3
Intangible assets, net	5,131.6	5,190.3
Goodwill	4,800.8	4,707.5
Other assets	109.7	120.9
Total assets	\$ 12,123.8	\$ 11,969.0
Liabilities & Shareholder's Equity		
Current liabilities:		
Current portion long-term debt	\$ 36.4	\$ 35.6
Accounts payable	91.8	86.3
Accrued interest	63.6	70.2
Accrued wages and commissions	97.3	111.3
Other accrued expenses	220.2	215.1
Total current liabilities	509.3	518.5
Long-term liabilities:		
Long-term debt, net of current portion	5,909.7	5,860.9
Deferred income taxes	1,648.1	1,674.9
Other long-term liabilities	188.0	181.2
Total liabilities	8,255.1	8,235.5
Shareholder's equity:		
Contributed and additional paid-in capital	5,613.5	5,605.1
Accumulated deficit	(1,786.4)	(1,761.0)
Accumulated other comprehensive income (loss)	41.6	(110.6)
Total shareholder's equity	3,868.7	3,733.5
Total liabilities and shareholder's equity	\$ 12,123.8	\$ 11,969.0

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

Table of Contents**Biomet, Inc. and Subsidiaries Condensed Consolidated Statements of Operations.***(in millions)*

	(Unaudited) Three Months Ended November 30,		(Unaudited) Six Months Ended November 30,	
	2010	2009	2010	2009
Net sales	\$ 698.3	\$ 695.6	\$ 1,339.0	\$ 1,325.7
Cost of sales	207.5	213.6	401.5	398.9
Gross profit	490.8	482.0	937.5	926.8
Selling, general and administrative expense	260.6	267.4	512.5	513.4
Research and development expense	29.6	25.2	59.5	50.1
Amortization	94.8	95.3	190.0	190.1
Operating income	105.8	94.1	175.5	173.2
Interest expense	122.9	130.1	249.7	261.6
Other (income) expense	(3.9)	(10.6)	(5.7)	(14.9)
Other (income) expense, net	119.0	119.5	244.0	246.7
Loss before income taxes	(13.2)	(25.4)	(68.5)	(73.5)
Benefit from income taxes	(5.6)	(18.2)	(43.1)	(43.5)
Net loss	\$ (7.6)	\$ (7.2)	\$ (25.4)	\$ (30.0)

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

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

	(Unaudited)	
	Six Months Ended	
	November 30,	
	2010	2009
Cash flows provided by (used in) operating activities:		
Net loss	\$ (25.4)	\$ (30.0)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	276.2	279.6
Amortization of deferred financing costs	5.7	5.6
Stock-based compensation expense	9.4	9.5
Recovery of doubtful accounts receivable	(1.6)	(5.8)
Gain on investments	(2.6)	(1.2)
Property, plant and equipment impairment charge	0.6	
Provision for inventory obsolescence	7.0	8.8
Deferred income taxes	(54.4)	(77.8)
Loss on extinguishment of debt	1.2	
Other	(19.5)	5.1
Changes in operating assets and liabilities:		
Accounts receivable	(1.5)	(27.7)
Inventories	(51.5)	(31.9)
Prepaid expenses	(1.7)	(6.2)
Accounts payable	2.4	(9.1)
Income taxes	7.2	22.9
Accrued interest	(6.6)	(0.6)
Accrued expenses and other	6.5	(60.1)
Net cash provided by operating activities	151.4	81.1
Cash flows provided by (used in) investing activities:		
Proceeds from sales/maturities of investments	11.7	2.5
Net proceeds from sale of property and equipment	4.8	
Capital expenditures	(88.8)	(106.0)
Acquisitions, net of cash acquired	(16.4)	(9.0)
Net cash used in investing activities	(88.7)	(112.5)
Cash flows provided by (used in) financing activities:		
Debt:		
Proceeds under revolving credit agreements	0.1	20.1
Payments under revolving credit agreements	(1.1)	(68.0)
Payments under senior secured credit facility	(17.2)	(17.9)
Repurchases of senior notes	(11.2)	
Equity:		
Repurchase of LVB Acquisition, Inc. shares	(1.0)	(1.1)
Net cash used in financing activities	(30.4)	(66.9)
Effect of exchange rate changes on cash	7.2	0.3
Increase (decrease) in cash and cash equivalents	39.5	(98.0)
Cash and cash equivalents, beginning of period	189.1	215.6
Cash and cash equivalents, end of period	\$ 228.6	\$ 117.6

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Supplemental disclosures of cash flow information:

Cash paid during the period for:

Interest	\$ 250.8	\$ 257.1
Income taxes	\$ 17.7	\$ 6.4

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

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited)****Note 1 Basis of Presentation.**

The accompanying unaudited condensed consolidated financial statements include the accounts of Biomet, Inc. and its subsidiaries (individually and collectively referred to as Biomet, the Company, we, us, or our). Intercompany accounts and transactions have been eliminated in consolidation.

The unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for condensed financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. As a result, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial condition, results of operations and cash flows for the periods presented have been included. Operating results for the three and six month periods ended November 30, 2010 are not necessarily indicative of the results that may be expected for the fiscal year ending May 31, 2011. 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 Form 10-K for the fiscal year ended May 31, 2010.

Recent Accounting Pronouncements There are no recently issued accounting pronouncements that the Company has yet to adopt that are expected to have a material effect on the Company's financial position, results of operations or cash flows.

Note 2 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:

<i>(in millions)</i>	November 30, 2010	May 31, 2010
Raw materials	\$ 94.1	\$ 69.1
Work-in-process	51.2	43.6
Finished goods	426.1	394.6
Total inventories	\$ 571.4	\$ 507.3

Note 3 Property, Plant and Equipment.

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of 3 to 30 years. Depreciation on instruments is included within cost of sales. Maintenance and repairs on property, plant and equipment are expensed as incurred.

Property, plant and equipment consisted of the following:

<i>(in millions)</i>	November 30, 2010	May 31, 2010
Land and land improvements	\$ 45.8	\$ 45.7
Buildings and leasehold improvements	121.4	124.1
Machinery and equipment	322.0	283.3
Instruments	495.0	420.6
Construction in progress	25.1	29.4
Total property, plant and equipment	1,009.3	903.1
Accumulated depreciation	(373.0)	(281.1)

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Total property, plant and equipment, net	\$	636.3	\$	622.0
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The Company recorded a property, plant and equipment impairment charge of \$0.6 million within selling, general and administrative expense during the three months ended August 31, 2010, relating to the sale of an office facility located in Parsippany, New Jersey. During November 2010, the Company completed the sale of this facility for \$4.8 million in net proceeds.

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 4 Investments.**

At November 30, 2010, the Company's investment securities were classified as follows:

<i>(in millions)</i>	Amortized Cost	Unrealized		Fair Value
		Gains	Losses	
Available-for-sale:				
Debt securities	\$ 1.2	\$	\$	\$ 1.2
Equity securities	0.5		(0.1)	0.4
Money market funds	9.5			9.5
Other	0.3			0.3
Total investments	\$ 11.5	\$	\$ (0.1)	\$ 11.4

At May 31, 2010, the Company's investment securities were classified as follows:

<i>(in millions)</i>	Amortized Cost	Unrealized		Fair Value
		Gains	Losses	
Available-for-sale:				
Debt securities	\$ 5.2	\$ 2.4	\$	\$ 7.6
Equity securities	0.5		(0.1)	0.4
Mortgage-backed securities	0.7			0.7
Money market funds	9.5			9.5
Other	5.1			5.1
Total investments	\$ 21.0	\$ 2.4	\$ (0.1)	\$ 23.3

The Company recorded proceeds on the sale of securities of \$7.9 million and \$11.7 million for the three and six months ended November 30, 2010, respectively, and \$0.9 million and \$2.5 million for the three and six months ended November 30, 2009, respectively. The Company recorded a realized gain of \$2.6 million for the three and six months ended November 30, 2010, and \$0.4 million and \$1.2 million for the three and six months ended November 30, 2009, respectively, that is included in other (income) expense. The Company's debt securities at November 30, 2010 all have maturities greater than 1 year.

The Company reviews impairments to investment securities quarterly to determine if the impairment is temporary or other-than-temporary. The Company reviews several factors to determine whether losses are other-than-temporary, including but not limited to (1) the length of time each security was in an unrealized loss position, (2) the extent to which fair value was less than cost, (3) the financial condition and near-term prospects of the issuer, and (4) the Company's intent and ability to hold each security for a period of time sufficient to allow for any anticipated recovery in fair value.

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 5 Goodwill and Other Intangible Assets.**

The balance of goodwill as of November 30, 2010 and May 31, 2010 was \$4,800.8 million and \$4,707.5 million, respectively. The change in goodwill reflects foreign currency fluctuations, primarily the strengthening of the euro against the U.S. dollar.

The Company uses an accelerated method for amortizing the customer relationship intangibles as the value for those relationships is greater at the beginning of their life. The remaining finite lived intangibles are amortized on a straight line basis. The change in intangible assets reflects foreign currency fluctuations, primarily the strengthening of the euro against the U.S. dollar, as well as amortization.

Intangible assets consisted of the following at November 30, 2010 and May 31, 2010:

	November 30, 2010			May 31, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
<i>(in millions)</i>						
Core technology	\$ 2,092.6	\$ (363.7)	\$ 1,728.9	\$ 2,087.4	\$ (308.9)	\$ 1,778.5
Completed technology	664.9	(160.2)	504.7	664.9	(135.3)	529.6
Product trade names	183.6	(35.4)	148.2	183.6	(29.6)	154.0
Customer relationships	2,942.6	(685.5)	2,257.1	2,935.4	(583.7)	2,351.7
Non-compete contracts	4.6	(1.7)	2.9	4.6	(1.2)	3.4
Sub-total	5,888.3	(1,246.5)	4,641.8	5,875.9	(1,058.7)	4,817.2
Corporate trade names	397.6		397.6	397.6		397.6
In-process research & development	2.2		2.2			
Currency translation	106.0	(16.0)	90.0	(33.7)	9.2	(24.5)
Total	\$ 6,394.1	\$ (1,262.5)	\$ 5,131.6	\$ 6,239.8	\$ (1,049.5)	\$ 5,190.3

Expected amortization expense for the intangible assets stated above for the years ending May 31, 2011 through 2015 is \$366.9 million, \$359.7 million, \$351.1 million, \$340.8 million, and \$328.0 million, respectively.

Cytosol Acquisition

On June 30, 2010, the Company completed the acquisition of substantially all the assets of Cytosol Laboratories, Inc. (Cytosol), located in Braintree, Massachusetts, a market leader in production of small volume anticoagulants. Cytosol was founded in 1968 to develop anticoagulants and other products to aid in the processing of blood components. The acquired business has three proprietary products with new drug application approvals: TriCitrasol[®], noClot-50[®] and Rejuvesol[®] products. TriCitrasol[®] is used for anticoagulation during granulocytapheresis, noClot-50[®] is used as an anticoagulant in extracorporeal blood processing in the preparation of platelet rich plasma, and Rejuvesol[®] is used for the rejuvenation of stored, frozen red blood cells prior to transfusion. The purchase price of \$8.7 million was paid on June 30, 2010. The acquisition did not have a material effect on the Company's net sales or operating income for the three or six months ended November 30, 2010. The purchase price was primarily allocated to identifiable intangible assets based on their estimated fair values at the acquisition date. The fair value assigned to the identifiable intangibles was determined using the income approach. The purchase price allocation was based upon a preliminary valuation and is subject to change during the measurement period as the valuation is finalized.

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 6 Debt.**

The terms and carrying value of each debt instrument at November 30, 2010 and May 31, 2010 are set forth below:

<i>(U.S. dollars and euros in millions)</i>	Maturity Date	Interest Rate	Currency	November 30, 2010	May 31, 2010
Debt Instruments					
European facilities	No Maturity Date	Primarily Euribor + 1.90%	EUR	4.4	5.1
				\$ 5.8	\$ 6.3
Term loan facility	March 25, 2015	Libor + 3.00%	USD	\$ 2,269.8	\$ 2,281.5
Term loan facility	March 25, 2015	Libor + 3.00%	EUR	848.8	853.1
				\$ 1,119.8	\$ 1,047.3
Cash flow revolving credit facility	September 25, 2013	Libor + 2.25%	USD	\$	\$
Cash flow revolving credit facility	September 25, 2013	Libor + 2.25%	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	\$ 771.0
Senior PIK toggle notes	October 15, 2017	10 ³ / ₈ % / 11 ¹ / ₈ %	USD	\$ 771.0	\$ 771.0
Senior subordinated notes	October 15, 2017	11 ⁵ / ₈ %	USD	\$ 1,015.0	\$ 1,015.0
Premium on notes				\$ 3.7	\$ 4.4
Total debt				\$ 5,946.1	\$ 5,896.5

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 November 30, 2010 was 0.29%. The euro term loan had a 3-month LIBOR rate of 0.82% as of November 30, 2010. The term loan facilities require quarterly principal payments equal to one quarter percent (0.25%) of the original principal balance (equal payments each calendar quarter). Such payments commenced on the last business day of December 2007, and will continue on the last business day of each calendar year quarter for the remaining outstanding principal due on the maturity date. The Company made required payments of \$5.8 million on June 30, 2010 and \$5.9 million on September 30, 2010 for the U.S. dollar-denominated term loan facility. Required payments of \$2.7 million on June 30, 2010 and \$2.8 million on September 30, 2010 were made for the euro-denominated term loan facility. There were no borrowings under the asset-based revolving credit facility as of November 30, 2010. The cash flow and asset-based revolving credit facilities and the notes do not have terms for mandatory principal pay downs. To calculate the U.S. dollar equivalent on outstanding balances for disclosure purposes, the Company used a currency conversion rate of 1 euro to \$1.3193 and \$1.2276, which represents the currency exchange rate from euros to U.S. dollars on November 30, 2010 and May 31, 2010, respectively.

During the three months ended November 30, 2010, the Company repurchased certain 10% senior cash pay notes having a par value of \$10.0 million. The Company paid \$11.2 million to settle the transaction and retire the debt on November 3, 2010, which included a loss on the extinguishment of the debt of \$1.2 million recorded in other (income) expense. In conjunction with this transaction, the Company wrote off debt financing costs of \$0.1 million and premium on notes of \$0.3 million.

During November 2010, Barclays Bank PLC assumed the \$19.3 million asset-based revolving credit facility commitment previously held by Lehman Brothers Holding Inc, which is included in our available debt facilities. Our revolving borrowing base available under all debt facilities at November 30, 2010 was \$847.8 million, which is net of the remaining \$22.3 million commitment of the subsidiaries of Lehman Brothers Holding Inc. and borrowing base limitations relating to the asset-based revolving facility.

As of November 30, 2010, \$51.1 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.

Note 7 Fair Value Measurements.

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Under guidance issued by the FASB for fair value measurements, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. This guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The categorization of financial assets and financial liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is broken down into three levels defined as follows:

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 7 Fair Value Measurements, Continued.**

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 agency bonds, corporate debt securities, asset-backed securities, certain mortgage-backed securities, and interest rate swaps 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.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Fair value measurements are principally applied to financial assets and liabilities such as marketable equity securities and debt securities that are classified and accounted for as available-for-sale, investments in equity and other securities, and derivative instruments consisting of interest rate swaps. These items are marked-to-market at each reporting period at fair value. The information in the following paragraphs and tables primarily addresses matters relative to these financial assets and liabilities. Separately, there were no material fair value measurements with respect to nonfinancial assets or liabilities that were recognized or disclosed at fair value in the Company's financial statements at November 30, 2010.

The following table provides information by level for assets and liabilities that are measured at fair value on a recurring basis at November 30, 2010 and May 31, 2010:

<i>(in millions)</i>	Fair Value at November 30, 2010	Fair Value Measurements Using Inputs Considered as		
		Level 1	Level 2	Level 3
Assets:				
Corporate debt securities	\$ 1.4	\$	\$ 1.4	\$
Money market funds	9.5	9.5		
Foreign currency exchange contracts	0.3		0.3	
Other	0.5	0.2		0.3
Total assets	\$ 11.7	\$ 9.7	\$ 1.7	\$ 0.3
Liabilities:				
Interest rate swaps	\$ 124.7	\$	\$ 124.7	\$
Foreign currency exchange contracts	0.2		0.2	\$
Total liabilities	\$ 124.9	\$	\$ 124.9	\$

Fair Value at
Fair Value Measurements
Using Inputs Considered as

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<i>(in millions)</i>	May 31, 2010	Level 1	Level 2	Level 3
Assets:				
Corporate debt securities	\$ 2.6	\$	\$ 2.6	\$
Auction-rate securities	5.5			5.5
Money market funds	64.5	64.5		
Other	5.7	4.7	0.8	0.2
Total assets	\$ 78.3	\$ 69.2	\$ 3.4	\$ 5.7
Liabilities:				
Interest rate swaps	\$ 129.9	\$	\$ 129.9	\$
Total liabilities	\$ 129.9	\$	\$ 129.9	\$

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 7 Fair Value Measurements, Continued.*****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 November 30, 2010 and May 31, 2010, 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 following table provides a reconciliation of the beginning and ending balances of items measured at fair value on a recurring basis in the tables above that used significant unobservable inputs (Level 3) as of November 30, 2010 and May 31, 2010:

(in millions)

Balance at June 1, 2009	\$ 22.7
Total net gains included in earnings	4.3
Total unrealized gains included in other comprehensive income	2.6
Total proceeds from sale of available-for-sale securities	(23.9)
Balance at May 31, 2010	5.7
Total net gains included in earnings	2.6
Total unrealized gains included in other comprehensive income	(2.5)
Total proceeds from sale of available-for-sale securities	(5.5)
Balance at November 30, 2010	\$ 0.3

The estimated fair value of the Company's long-term debt, including the current portion, at November 30, 2010 was \$6,188.8 million, compared to a carrying value of \$5,946.1 million, and was \$6,060.8 million, compared to a carrying value of \$5,896.5 million at May 31, 2010. 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.

On an annual recurring basis, the Company is required to use fair value measures when measuring plan assets of the Company's pension plans. The fair value of pension plan assets was \$90.1 million and \$82.1 million at November 30, 2010 and May 31, 2010, respectively. These assets are valued in active liquid markets.

The carrying value of the Company's other financial assets and liabilities on the balance sheet approximate fair value at November 30, 2010 and May 31, 2010.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

During the six months ended November 30, 2010 and November 30, 2009, the Company had no significant measurements of assets or liabilities at fair value on a nonrecurring basis subsequent to their initial recognition.

Note 8 Derivative Instruments and Hedging Activities.

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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.

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 8 Derivative Instruments and Hedging Activities, Continued.***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 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 also faces currency exposure that arises from translating the results of its global operations to the U.S. dollar at exchange rates that have fluctuated from the beginning of the period. In order to mitigate the currency exposure related to debt service under the Company's debt facilities, 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 at September 25, 2007). As of November 30, 2010, the Company's net investment in European subsidiaries totaled \$2,064.8 million (\$2,724.0 million) and the outstanding principal balance of the euro term loan was \$848.8 million (\$1,119.8 million). The difference of \$1,216.0 million (\$1,604.2 million) remained unhedged as of November 30, 2010. 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 under hedges determined to be ineffective is recorded as other (income) expense in the statement of operations.

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 November 30, 2010, the Company had a swap liability of \$124.7 million, which consisted of \$68.4 million short term, and \$59.7 million long term, partially offset by a \$3.4 million credit valuation adjustment. As of May 31, 2010, the Company had a swap liability of \$129.9 million, which consisted of \$64.9 million short term, and \$69.4 million long term, partially offset by a \$4.4 million credit valuation adjustment. See the table below for a summary of our existing swap agreements.

(U.S. dollars and euros in millions)						Fair Value at	Fair Value at
Structure	Currency	Notional Amount	Effective Date	Termination Date	November 30, 2010	May 31, 2010	
					Asset (Liability)	Asset (Liability)	
3 year	EUR	75.0	September 25, 2007	September 25, 2010	\$	\$ (1.8)	
3 year	EUR	50.0	March 25, 2008	March 25, 2011	(1.0)	(1.9)	
4 year	EUR	75.0	September 25, 2007	September 25, 2011	(3.3)	(4.9)	
4 year	EUR	40.0	March 25, 2008	March 25, 2012	(2.2)	(2.9)	
5 year	EUR	230.0	September 25, 2007	September 25, 2012	(19.2)	(23.4)	
5 year	EUR	40.0	March 25, 2008	March 25, 2013	(3.4)	(4.0)	
3 year	USD	\$ 195.0	September 25, 2007	September 25, 2010		(2.8)	
3 year	USD	110.0	March 25, 2008	March 25, 2011	(0.8)	(1.7)	
4 year	USD	195.0	September 25, 2007	September 25, 2011	(7.5)	(10.9)	
4 year	USD	140.0	March 25, 2008	March 25, 2012	(4.4)	(4.7)	
5 year	USD	585.0	September 25, 2007	September 25, 2012	(48.2)	(52.6)	
5 year	USD	190.0	March 25, 2008	March 25, 2013	(10.8)	(9.1)	
5 year	USD	325.0	December 26, 2008	December 25, 2013	(14.1)	(6.3)	
5 year	USD	195.0	September 25, 2009	September 25, 2014	(13.2)	(7.3)	
Credit Valuation Adjustment					3.4	4.4	
Total interest rate instruments					\$ (124.7)	\$ (129.9)	

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 8 Derivative Instruments and Hedging Activities, Continued.**

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 table below summarizes the effective portion and ineffective portion of the Company's interest rate swaps for the three months ended November 30, 2010:

(in millions)

Derivatives	Amount of Gain or (Loss) Recognized in OCI on Derivative for the Three Months Ended November 30, 2010 (Effective Portion)	Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Loss	
				Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
in Cash					
Flow Hedging					
Relationships					
Interest rate swaps, net of tax	\$ 12.4	Interest expense	\$	Other (income) expense	\$

The table below summarizes the effective portion and ineffective portion of the Company's interest rate swaps for the six months ended November 30, 2010:

(in millions)

Derivatives	Amount of Gain or (Loss) Recognized in OCI on Derivative for the Six Months Ended November 30, 2010 (Effective Portion)	Location of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Loss	
				Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
in Cash					
Flow Hedging					
Relationships					
Interest rate swaps, net of tax	\$ 3.2	Interest expense	\$	Other (income) expense	\$

As of November 30, 2010, the effective interest rate, including the applicable lending margin, on 76.7% (\$1,740.0 million) of the outstanding principal of the Company's U.S. dollar term loan was fixed at 6.84% through the use of interest rate swaps. The effective interest rate on 51.3% (435.0 million) of the outstanding principal of the Company's euro term loan was fixed at 7.29% 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 3.25% and 3.76%, respectively. As of November 30, 2010, the Company's effective weighted average interest rate on all outstanding debt, including the interest rate swaps, was 7.91%.

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. Beginning in fiscal 2011, the Company entered into short-term forward currency exchange contracts in order to mitigate the currency exposure related to these intercompany payables and receivables arising from intercompany purchases of finished goods inventory. 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. The notional amount of these contracts at November 30, 2010 was \$27.3 million. As of November 30, 2010 the fair value of the Company's derivatives not designated as hedging instruments on a gross basis are assets of \$0.3 million recorded in prepaid expenses and other and liabilities of \$0.2 million recorded in other accrued expenses.

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 9 Other Comprehensive Income (Loss).**

Other comprehensive income (loss) includes net income (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. As of November 30, 2010, foreign investments were all permanent in nature.

Comprehensive income (loss) and the related components are included in the table below:

<i>(in millions)</i>	Three Months Ended		Six Months Ended	
	November 30, 2010	2009	November 30, 2010	2009
Net loss	\$ (7.6)	\$ (7.2)	\$ (25.4)	\$ (30.0)
Other comprehensive income (loss), net of tax:				
Unrecognized actuarial gain (loss) on pension assets	9.7	(0.4)	(1.2)	(1.1)
Foreign currency translation adjustments	63.1	113.1	151.8	158.9
Unrealized gain (loss) on interest rate swaps	12.4	(12.7)	3.2	(7.5)
Unrealized gain (loss) on available-for-sale securities	(1.5)	1.5	(1.6)	1.7
Total other comprehensive income, net of tax	83.7	101.5	152.2	152.0
Total comprehensive income	\$ 76.1	\$ 94.3	\$ 126.8	\$ 122.0

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 10 Share-based Compensation and Stock Plans.**

The Company expenses all share-based payments to employees, including stock options, based on their fair value over the required award service period. The Company's share-based payments consist of stock options. For the Company's non-employee distributors, share-based expense is recorded based on their fair value over the required service period.

Share-based compensation expense recognized was \$4.3 million for the three months ended November 30, 2010 and 2009 and \$9.4 million and \$9.5 million for the six months ended November 30, 2010 and 2009, respectively.

Note 11 Income Taxes.

The Company applies guidance issued by the FASB for uncertainty in income taxes. This guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of tax contingencies and the tax position taken, or expected to be taken, in a tax return. The Company records the liability for unrecognized tax benefits (UTBs) as a long-term liability.

The Company conducts business globally and, as a result, certain of its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. In the normal course of business, the Company is subject to examinations by taxing authorities throughout the world, including major jurisdictions such as Australia, Canada, France, Germany, Japan, Netherlands, Spain, the United Kingdom and the United States. In addition, certain state and foreign tax returns are under examination by various regulatory authorities.

The Internal Revenue Service is currently examining the Company's U.S. federal income tax returns for the years ended May 31, 2007 and 2008. The remainder of this examination is expected to be completed in calendar year 2011. The Company is no longer subject to U.S. federal income tax examinations for the fiscal years prior to and including the year ended May 31, 2002, as well as May 31, 2005 and May 31, 2006.

The Company regularly reviews issues that are raised from ongoing examinations and open tax years to evaluate the adequacy of its liabilities. As the various taxing authorities continue with their audit/examination programs, the Company will adjust its reserves accordingly to reflect these settlements. During the three and six months ended November 30, 2010, the gross amount of UTBs increased by approximately \$2.2 million and \$10.8 million, respectively, as a result of tax positions taken relating to current and prior years. During the three and six months ended November 30, 2010, the gross amount of our UTBs decreased by approximately \$6.1 million (plus accrued interest) primarily related to the effective settlement of tax examinations. Substantially all of the Company's UTBs as of November 30, 2010, if recognized, would affect its effective tax rate. The Company does not expect any significant changes to its UTBs during the next twelve months.

The Company's effective income tax rate was 42.4% and 62.9% for the three and six months ended November 30, 2010, respectively, compared to 71.7% and 59.2% for the three and six months ended November 30, 2009, respectively. The primary factor in determining the Company's effective tax rate is the mix of various jurisdictions in which profits are determined to be earned and taxed. The Company's effective tax rate was higher than the statutory tax rates because the Company was in a loss position in the U.S. while profitable outside the U.S., with the statutory rates outside the U.S. typically lower than that of the U.S. federal tax rates. Also, the effective tax rate for the three and six months ended November 30, 2010 includes the impact of discrete items such as effective settlement of uncertain tax positions and the tax benefit associated with the reduction of net deferred tax liabilities due to the prospective reduction of the United Kingdom statutory corporate tax rate enacted in July 2010.

Puerto Rico Tax Legislation

On October 25, 2010, the government of Puerto Rico passed legislation that established a new excise tax on the purchases of products manufactured in Puerto Rico, effective January 1, 2011. Management is currently evaluating the new legislation and its potential financial impact on the Company.

United States Tax Legislation

Congress approved and President Obama signed into law *The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010*, enacted December 17, 2010. This legislation includes temporary extensions of several business tax incentives, including the research and

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experimentation tax credit, the New Markets Tax Credit, 15-year straight-line cost recovery for qualified leasehold improvements, the exception for active financing income under Subpart F and look-through treatment of payments between related controlled foreign corporations. Because this legislation had not been enacted as of November 30, 2010, none of these extensions were applied in determining the Company's annual effective tax rate (AETR) for the three and six months ended November 30, 2010. While management believes that the passage of this legislation will be favorable to the Company's AETR in future reporting periods, at this time it is not practicable to quantify the financial statement impact of these legislative changes.

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 12 Segment Reporting.**

The Company operates in one reportable segment, musculoskeletal products, which includes the designing, manufacturing and marketing of reconstructive products, fixation devices, spinal products and other products. Other products consist primarily of softgoods and bracing products, sports medicine products, general instruments and operating room supplies. The Company manages its business segment primarily on a geographic basis. These geographic markets are comprised of the United States, Europe and International. Major markets included in the International geographic market are Canada, South America, Mexico and the Pacific Rim.

Net sales by product category were as follows:

<i>(in millions)</i>	Three Months Ended November 30,		Six Months Ended November 30,	
	2010	2009 ⁽¹⁾	2010	2009 ⁽¹⁾
Net sales by product:				
Reconstructive	\$ 540.5	\$ 534.2	\$ 1,018.9	\$ 1,002.8
Fixation	56.3	58.1	115.7	119.2
Spinal	56.0	57.8	113.9	115.8
Other	45.5	45.5	90.5	87.9
Total	\$ 698.3	\$ 695.6	\$ 1,339.0	\$ 1,325.7

⁽¹⁾ Certain amounts have been adjusted to conform to the current presentation. Specifically, reconstructive product net sales increased, and other product net sales decreased, \$5.8 million and \$11.6 million for the three and six months ended November 30, 2010, respectively. Fixation product net sales increased, and spine product net sales decreased, \$1.1 million and \$2.3 million for the three and six months ended November 30, 2010, respectively. The current presentation aligns with how the Company presently manages and markets its products.

Net sales by geographic segment were as follows:

<i>(in millions)</i>	Three Months Ended November 30,		Six Months Ended November 30,	
	2010	2009 ⁽¹⁾	2010	2009 ⁽¹⁾
Net sales by geographic segment:				
United States	\$ 416.9	\$ 408.2	\$ 836.0	\$ 808.3
Europe	188.8	205.0	326.0	358.8
International	92.6	82.4	177.0	158.6
Total	\$ 698.3	\$ 695.6	\$ 1,339.0	\$ 1,325.7

⁽¹⁾ Certain amounts have been adjusted to conform to the current presentation. Specifically, International net sales increased, and Europe net sales decreased, \$1.2 million and \$2.2 million for the three and six months ended November 30, 2010, respectively. The current presentation aligns with how the Company presently manages and markets its products.

Long-term assets by geographic segment were as follows:

<i>(in millions)</i>	November 30, 2010	May 31, 2010
Long-term assets ⁽¹⁾ by geographic segment:		
United States	\$ 7,371.9	\$ 7,508.0
Europe	2,045.7	1,939.6
International	1,151.1	1,072.2
Total	\$ 10,568.7	\$ 10,519.8

(1) Defined as property, plant and equipment, intangibles and goodwill.

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 13 Guarantor and Non-guarantor Financial Statements.**

Each of the Company's existing wholly-owned domestic subsidiaries fully, unconditionally, jointly, and severally guarantee the senior cash pay and 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 the Company's senior secured cash flow facilities.

The following financial information illustrates the composition of the combined guarantor subsidiaries:

Condensed Consolidating Balance Sheets

<i>(in millions)</i>	November 30, 2010				
	Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$	\$ 147.6	\$ 81.0	\$	\$ 228.6
Accounts receivable, net		239.7	235.7		475.4
Income tax receivable		5.7	1.0		6.7
Inventories		300.9	380.1	(109.6)	571.4
Deferred income taxes		51.9	4.7		56.6
Prepaid expenses and other		50.9	44.4		95.3
Total current assets		796.7	746.9	(109.6)	1,434.0
Property, plant and equipment, net		358.1	286.1	(7.9)	636.3
Investments		11.4			11.4
Investment in subsidiaries	9,872.6			(9,872.6)	
Intangible assets, net		3,560.5	1,571.1		5,131.6
Goodwill		3,461.4	1,339.4		4,800.8
Other assets		64.4	45.3		109.7
Total assets	\$ 9,872.6	\$ 8,252.5	\$ 3,988.8	\$ (9,990.1)	\$ 12,123.8
Liabilities & Shareholder's Equity					
Current liabilities:					
Current portion of long-term debt	\$ 34.9	\$	\$ 1.5	\$	\$ 36.4
Accounts payable		49.0	42.8		91.8
Accrued interest	63.6				63.6
Accrued wages and commissions		58.8	38.5		97.3
Other accrued expenses		154.5	65.7		220.2
Total current liabilities	98.5	262.3	148.5		509.3
Long-term debt, net of current portion	5,905.4		4.3		5,909.7
Deferred income taxes		1,195.7	452.4		1,648.1
Other long-term liabilities		150.0	38.0		188.0
Total liabilities	6,003.9	1,608.0	643.2		8,255.1
Shareholder's equity	3,868.7	6,644.5	3,345.6	(9,990.1)	3,868.7
Total liabilities and shareholder's equity	\$ 9,872.6	\$ 8,252.5	\$ 3,988.8	\$ (9,990.1)	\$ 12,123.8

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 13 Guarantor and Non-guarantor Financial Statements, Continued.**

<i>(in millions)</i>	May 31, 2010				
	Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$	\$ 103.5	\$ 85.6	\$	\$ 189.1
Accounts receivable, net		248.7	203.8		452.5
Income tax receivable		18.7	0.5		19.2
Inventories		288.7	283.2	(64.6)	507.3
Deferred income taxes		48.6	15.7		64.3
Prepaid expenses and other		34.5	38.1		72.6
Total current assets		742.7	626.9	(64.6)	1,305.0
Property, plant and equipment, net		374.1	253.8	(5.9)	622.0
Investments		23.3			23.3
Investment in subsidiaries	9,693.9			(9,693.9)	
Intangible assets, net		3,678.5	1,511.8		5,190.3
Goodwill		3,461.4	1,246.1		4,707.5
Other assets		70.5	50.4		120.9
Total assets	\$ 9,693.9	\$ 8,350.5	\$ 3,689.0	\$ (9,764.4)	\$ 11,969.0
Liabilities & Shareholders Equity					
Current liabilities:					
Current portion of long-term debt	\$ 34.1	\$	\$ 1.5	\$	\$ 35.6
Accounts payable		48.8	37.5		86.3
Accrued interest	70.2				70.2
Accrued wages and commissions		70.3	41.0		111.3
Other accrued expenses		167.3	47.8		215.1
Total current liabilities	104.3	286.4	127.8		518.5
Long-term debt	5,856.1		4.8		5,860.9
Deferred income taxes		1,216.3	458.6		1,674.9
Other long-term liabilities		147.6	33.6		181.2
Total liabilities	5,960.4	1,650.3	624.8		8,235.5
Shareholders equity	3,733.5	6,700.2	3,064.2	(9,764.4)	3,733.5
Total liabilities and shareholders equity	\$ 9,693.9	\$ 8,350.5	\$ 3,689.0	\$ (9,764.4)	\$ 11,969.0

Condensed Consolidating Statements of Operations

<i>(in millions)</i>	Three Months Ended November 30, 2010				
	Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$	\$ 432.4	\$ 265.9	\$	\$ 698.3
Cost of sales		132.4	152.4	(77.3)	207.5

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Gross margin		300.0	113.5	77.3	490.8
Operating expenses		248.9	136.1		385.0
Operating income (loss)		51.1	(22.6)	77.3	105.8
Other (income) expense, net	123.6	(2.0)	(2.6)		119.0
Income (loss) before income taxes	(123.6)	53.1	(20.0)	77.3	(13.2)
Tax expense (benefit)	(31.7)	13.8	(3.0)	15.3	(5.6)
Equity in earnings of subsidiaries	84.3			(84.3)	
Net income (loss)	\$ (7.6)	\$ 39.3	\$ (17.0)	\$ (22.3)	\$ (7.6)

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Condensed Consolidated Financial Statements (Unaudited) (continued)****Note 13 Guarantor and Non-guarantor Financial Statements, Continued.**

<i>(in millions)</i>	Three Months Ended November 30, 2009				
	Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$	\$ 424.9	\$ 270.7	\$	\$ 695.6
Cost of sales		120.1	139.0	(45.5)	213.6
Gross margin		304.8	131.7	45.5	482.0
Operating expenses		248.1	139.8		387.9
Operating income (loss)		56.7	(8.1)	45.5	94.1
Other (income) expense, net	129.4	(1.0)	(8.9)		119.5
Income (loss) before income taxes	(129.4)	57.7	0.8	45.5	(25.4)
Tax expense (benefit)	(46.7)	20.8	0.2	7.5	(18.2)
Equity in earnings of subsidiaries	75.5			(75.5)	
Net income (loss)	\$ (7.2)	\$ 36.9	\$ 0.6	\$ (37.5)	\$ (7.2)

<i>(in millions)</i>	Six Months Ended November 30, 2010				
	Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$	\$ 862.7	\$ 476.3	\$	\$ 1,339.0
Cost of sales		257.0	251.6	(107.1)	401.5
Gross margin		605.7	224.7	107.1	937.5
Operating expenses		503.0	259.0		762.0
Operating income (loss)		102.7	(34.3)	107.1	175.5
Other (income) expense, net	249.0	(3.3)	(1.7)		244.0
Income (loss) before income taxes	(249.0)	106.0	(32.6)	107.1	(68.5)
Tax expense (benefit)	(79.4)	33.8	(4.9)	7.4	(43.1)
Equity in earnings of subsidiaries	144.2			(144.2)	
Net income (loss)	\$ (25.4)	\$ 72.2	\$ (27.7)	\$ (44.5)	\$ (25.4)

<i>(in millions)</i>	Six Months Ended November 30, 2009				
	Biomet, Inc.	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$	\$ 839.8	\$ 485.9	\$	\$ 1,325.7
Cost of sales		243.0	238.7	(82.8)	398.9
Gross margin		596.8	247.2	82.8	926.8
Operating expenses		493.3	260.3		753.6

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Operating income (loss)		103.5	(13.1)	82.8	173.2
Other (income) expense, net	260.6	(1.7)	(12.2)		246.7
Income (loss) before income taxes	(260.6)	105.2	(0.9)	82.8	(73.5)
Tax expense (benefit)	(96.5)	38.9	(0.1)	14.2	(43.5)
Equity in earnings of subsidiaries	134.1			(134.1)	
Net income (loss)	\$ (30.0)	\$ 66.3	\$ (0.8)	\$ (65.5)	\$ (30.0)