

MARK KELLY S
Form 4
May 10, 2011

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MARK KELLY S

(Last) (First) (Middle)

MOTOROLA SOLUTIONS,
INC., 1303 EAST ALGONQUIN
ROAD

(Street)

SCHAUMBURG, IL 60196

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Motorola Solutions, Inc. [MSI]

3. Date of Earliest Transaction
(Month/Day/Year)
05/06/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
X Officer (give title below) ___ Other (specify below)
CVP, Strategy & Staff Ops

6. Individual or Joint/Group Filing(Check Applicable Line)
X Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount or Price		
Motorola Solutions, Inc. Common Stock	05/06/2011		F		281 D \$ 46.02	24,454.3904 (1)	D
Motorola Solutions, Inc. Common Stock	05/07/2011		F		188 D \$ 46.02	24,266.3904 (1)	D

Edgar Filing: MARK KELLY S - Form 4

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MARK KELLY S MOTOROLA SOLUTIONS, INC. 1303 EAST ALGONQUIN ROAD SCHAUMBURG, IL 60196			CVP, Strategy & Staff Ops	

Signatures

Kristin L. Kruska on behalf of Kelly S. Mark, Corporate Vice President, Strategy and Staff Operations (Power of Attorney On File) 05/10/2011

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Includes shares acquired under the Motorola Solutions Employee Stock Purchase Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. PAN="1" NOWRAP VALIGN="bottom"> (1.1) (1.2)

In-process research and development

14.0

Edgar Filing: MARK KELLY S - Form 4

Losses and other expenses not deductible for tax

2.0 6.2

Tax on foreign earnings, net of foreign tax credits

0.7

Other

1.3 (0.2) 0.8 (0.1)

Effective tax rate

(19.3)% (33.3)% 33.0% 33.6%

The components of the net deferred income tax assets and liabilities at May 31, 2008 and 2007 are as follows:

(in millions)	2008 (Successor)	2007 (Predecessor)
Deferred income tax assets:		
Accounts receivable	\$ 36.8	\$ 72.5
Inventories	56.7	37.4
Accrued expenses	60.3	26.9
Tax benefit of net operating losses and tax credits	52.3	
Future benefit of uncertain tax positions	12.8	
Stock-based compensation	9.5	
Other	15.1	
Deferred income tax assets	243.5	136.8
Less: Valuation allowance	(6.0)	
Total deferred income tax assets	\$ 237.5	\$ 136.8
Deferred income tax liabilities:		
Property, plant, equipment and Intangibles	(2,242.9)	(13.4)
Financial accounting basis of net assets of acquired companies different than tax basis		(11.2)
Other	(6.4)	3.4
Total deferred income tax liabilities	(2,249.3)	(21.2)
Total net deferred income tax assets (liabilities)	\$ (2,011.8)	\$ 115.6

Table of Contents

Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)

Note 10 Income Taxes (benefit), Continued.

The Company's deferred tax assets include federal, state, and foreign net operating loss carryforwards. The federal net operating loss carryforwards available are \$97.4 million, which expire starting in 2028. The state and foreign net operating loss carryforwards are from various jurisdictions with various carryforward periods. As of May 31, 2008, the Company has a \$6.0 million valuation allowance for a portion of its net deferred tax assets related to foreign net operating losses that management believes, more likely than not, will not be realized. All goodwill related to the merger is not tax deductible.

A deferred tax asset has been established for the foreign tax credit carryforwards in the amount of \$7.6 million as of May 31, 2008. Federal foreign tax credits may be carried forward ten years. The Company believes that it is more like than not that it will be able to utilize the foreign tax credit carryforwards.

Deferred tax liabilities increased significantly from May 31, 2007 to May 31, 2008 due to the Merger. The intangibles, as well as the step-up in the fair value of the property, plant, and equipment for accounting purposes is not written up for tax, resulting in a temporary difference.

The Company has not provided for deferred taxes on certain of its excess of financial reporting over the tax basis of its investments in foreign subsidiaries that are essentially permanent in duration. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. Determination of the amount of any unrecognized deferred income tax liability on these undistributed earnings is not practical.

The Company has not recorded deferred taxes on its excess of financial reporting over the tax basis on certain of its investments in foreign subsidiaries related to current period earnings that are not considered to be indefinitely reinvested. The Company believes that there will not be a significant additional cost associated with the future repatriation of such foreign earnings.

Effective June 1, 2007, the Company adopted FIN 48. This interpretation 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. Upon adoption of FIN 48, the Company had a liability of \$41.2 million, \$25.2 million of which would impact the Company's effective tax rate, if recognized. The cumulative effect of the adoption of FIN 48 was recorded as a \$9.2 million reduction to the beginning of the year retained earnings.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits as a component of income tax expense. Tax expense for the year ending May 31, 2008 includes \$1.4 million of interest and penalties. Interest and penalties of \$4.8 million have been accrued at May 31, 2008. Interest and penalties for the period ended June 1, 2007 to July 11, 2007 was not material.

The amount of unrecognized tax benefits at May 31, 2008 was \$50.9 million, \$38.7 million of which would impact the Company's effective tax rate, if recognized. The Company does not anticipate a material change to the total amount of unrecognized tax benefits within the next 12 months.

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 10 Income Taxes (benefit), Continued.**

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(in millions)	May 31, 2008 (Successor)
Unrecognized tax benefits, July 11, 2007	\$ 41.2
Gross increases current-period tax positions	23.2
Gross decreases current-period tax positions	(1.4)
Gross increases tax positions in prior period	2.4
Gross decreases tax positions in prior period	(6.6)
Settlements during the current period	(0.3)
Lapse of applicable statute of limitations	(7.6)
Unrecognized tax benefits, May 31, 2008	\$ 50.9

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. The Internal Revenue Service is currently auditing the predecessor Company's federal tax returns for the years ended May 31, 2005 and 2006, and certain acquired entities for the years ended May 31, 2004 and 2005. In addition, certain state and foreign tax returns are under examination by various regulatory authorities. The statute of limitations for income tax examinations by the Internal Revenue Service has expired for the fiscal years prior to and including the year ended May 31, 2002. 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.

Note 11 Segment Reporting.

The Company operates in one business segment, musculoskeletal products, which include 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 of musculoskeletal products by product category are as follows:

	July 12, 2007 May 31, 2008 (Successor)	June 1, 2007 July 11, 2007 (Predecessor)	Year Ended May 31, 2007 (Predecessor)	Year Ended May 31, 2006 (Predecessor)
	Net sales by product:			
Reconstructive	\$ 1,578.6	\$ 178.1	\$ 1,503.9	\$ 1,379.4
Fixation	203.2	27.1	224.7	251.4
Spinal	183.1	24.9	205.8	221.9
Other	169.6	18.7	173.0	173.0
Total	\$ 2,134.5	\$ 248.8	\$ 2,107.4	\$ 2,025.7

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 11 Segment Reporting, Continued.**

	July 12, 2007 May 31, 2008 (Successor)	June 1, 2007 July 11, 2007 (Predecessor)	Year Ended May 31, 2007 (Predecessor)	Year Ended May 31, 2006 (Predecessor)
Net sales by geographic segment:				
United States	\$ 1,251.4	\$ 156.2	\$ 1,306.5	\$ 1,325.1
Europe	663.7	70.8	595.9	520.7
International	219.4	21.8	205.0	179.9
Total	\$ 2,134.5	\$ 248.8	\$ 2,107.4	\$ 2,025.7

	May 31, 2008 (Successor)	May 31, 2007 (Predecessor)
Long-term assets(1) by geographic segment:		
United States	\$ 8,274.4	\$ 526.4
Europe	2,995.4	391.0
International	1,002.1	41.3
Total	\$ 12,271.9	\$ 958.7

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

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 12 Guarantor and Non-guarantor Financial Statements.**

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

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

CONSOLIDATED BALANCE SHEETS

	May 31, 2008 (Successor)				
	Parent	Guarantor	Non-guarantor	Eliminations	Total
Assets					
Cash and cash equivalents		\$ 101.0	\$ 25.4	\$ 1.2	\$ 127.6
Accounts receivable, net		213.7	272.5		486.2
Inventories, net		296.6	320.2	(77.1)	539.7
Income tax receivable		48.8			48.8
Deferred income taxes		97.0	3.7		100.7
Prepaid expenses and other		16.7	30.0		46.7
Total current assets		773.8	651.8	(75.9)	1,349.7
Property, plant and equipment, net		407.6	233.3		640.9
Investments		41.3			41.3
Investment in subsidiary	\$ 12,270.0			(12,270.0)	
Goodwill		4,677.5	1,847.7	(1,102.4)	5,422.8
Intangible assets, net		4,407.0	1,801.2		6,208.2
Other assets		107.2	11.7		118.9
Total	\$ 12,270.0	\$ 10,414.4	\$ 4,545.7	\$ (13,448.3)	\$ 13,781.8
Liabilities and Shareholders' Equity					
Short-term borrowings	\$ 37.0		\$ 38.4		\$ 75.4
Accounts payable		\$ 53.0	38.6	\$ (7.9)	83.7
Accrued interest	80.9				80.9
Accrued wages and commissions		66.3	12.8		79.1
Other accrued expenses		202.3	72.6	(29.5)	245.4
Total current liabilities	117.9	321.6	162.4	(37.4)	564.5
Deferred income taxes		1,438.0	725.3	(50.8)	2,112.5
Employee related obligations			40.0		40.0
Long-term debt	6,225.7				6,225.7
Other long-term liabilities			2.8		2.8
Shareholders' equity	5,926.4	8,654.8	3,615.2	(13,360.1)	4,836.3
Total	\$ 12,270.0	\$ 10,414.4	\$ 4,545.7	\$ (13,448.3)	\$ 13,781.8

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 12 Guarantor and Non-guarantor Financial Statements, Continued.**

	May 31, 2007 (Predecessor)				Total
	Parent	Guarantor	Non-guarantor	Eliminations	
Assets					
Cash and cash equivalents		\$ 73.4	\$ 21.4	\$ 10.3	\$ 105.1
Investments		125.8			125.8
Accounts receivable, net		312.4	222.5	(36.2)	498.7
Inventories, net		302.9	281.0	(43.5)	540.4
Prepaid expense and other		152.1	10.8	18.9	181.8
Total current assets		966.6	535.7	(50.5)	1,451.8
Property, plant and equipment, net		249.8	177.6		427.4
Investments		43.0			43.0
Investment in subsidiaries	\$ 2,049.2			(2,049.2)	
Goodwill		249.1	197.4	1.9	448.4
Intangible assets, net		35.1	39.5		74.6
Other assets		7.9	4.8		12.7
Total	\$ 2,049.2	\$ 1,551.5	\$ 955.0	\$ (2,097.8)	\$ 2,457.9
Liabilities and Shareholders Equity					
Short-term borrowings			\$ 81.8		\$ 81.8
Accounts payable		\$ 30.2	39.2	\$ (0.7)	68.7
Accrued income taxes		17.6	(6.0)		11.6
Accrued wages and commissions		51.4	28.9		80.3
Other accrued expenses		88.7	17.6	(2.8)	103.5
Total current liabilities		187.9	161.5	(3.5)	345.9
Deferred income taxes		9.9	11.3		21.2
Long-term debt		21.4	37.4	(58.8)	
Other long-term liabilities			41.6		41.6
Shareholders equity	2,049.2	1,332.3	703.2	(2,035.5)	2,049.2
Total	\$ 2,049.2	\$ 1,551.5	\$ 955.0	\$ (2,097.8)	\$ 2,457.9

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 12 Guarantor and Non-guarantor Financial Statements, Continued.****CONSOLIDATED STATEMENTS OF OPERATIONS**

	June 1, 2007 to July 11, 2007 (Predecessor)				
	Parent	Guarantor	Non-guarantor	Eliminations	Total
Revenue		\$ 185.1	\$ 82.5	\$ (18.8)	\$ 248.8
Cost of sales		60.8	46.5	(5.0)	102.3
Gross margin		124.3	36.0	(13.8)	146.5
Operating expenses		179.2	49.3	0.2	228.7
Operating loss		(54.9)	(13.3)	(14.0)	(82.2)
Other income (expense), net		(0.7)	1.0		0.3
Income (loss) before income taxes		(55.6)	(12.3)	(14.0)	(81.9)
Tax provision (benefit)		(24.6)	(2.5)	(0.2)	(27.3)
Equity in earnings of subsidiaries	\$ (40.8)			40.8	
Net income (loss)	\$ (40.8)	\$ (31.0)	\$ (9.8)	\$ 27.0	\$ (54.6)
	July 12, 2007 to May 31, 2008 (Successor)				
	Parent	Guarantor	Non-guarantor	Eliminations	Total
Revenues		\$ 1,309.8	\$ 1,060.0	\$ (235.3)	\$ 2,134.5
Cost of sales		499.9	535.5	(220.7)	814.7
Gross margin		809.9	524.5	(14.6)	1,319.8
Operating expenses		1,220.0	768.1		1,988.1
Operating income (loss)		(410.1)	(243.6)	(14.6)	(668.3)
Other income (expense), net	\$ (516.6)	(10.4)		1.0	(526.0)
Income (loss) before income taxes	(516.6)	(420.5)	(243.6)	(13.6)	(1,194.3)
Tax provision (benefit)		(141.2)	(85.3)	(3.6)	(230.1)
Equity in earnings of subsidiaries	(437.6)			437.6	
Net income (loss)	\$ (954.2)	\$ (279.3)	\$ (158.3)	\$ 427.6	\$ (964.2)
	Year Ended May 31, 2007 (Predecessor)				
	Parent	Guarantor	Non-guarantor	Eliminations	Total
Revenues		\$ 1,501.2	\$ 780.3	\$ (174.1)	\$ 2,107.4
Cost of sales		429.3	382.9	(169.9)	642.3
Gross margin		1,071.9	397.4	(4.2)	1,465.1
Operating expenses		712.4	263.2	(0.1)	975.5
Operating income (loss)		359.5	134.2	(4.1)	489.6

Edgar Filing: MARK KELLY S - Form 4

Other income (expense), net		19.9		(7.9)		12.0	
Income (loss) before income taxes		379.4		126.3		(4.1)	501.6
Tax provision (benefit)		132.6		35.1		(2.0)	165.7
Equity in earnings (loss) of subsidiaries	\$ 338.0					(338.0)	
Net income (loss)	\$ 338.0	\$ 246.8	\$	91.2	\$	(340.1)	\$ 335.9

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 12 Guarantor and Non-guarantor Financial Statements, Continued.**

	Year Ended May 31, 2006 (Predecessor)				Total
	Parent	Guarantor	Non-guarantor	Eliminations	
Revenue		\$ 1,487.2	\$ 683.3	\$ (144.8)	\$ 2,025.7
Cost of sales		390.0	324.6	(132.5)	582.1
Gross margin		1,097.2	358.7	(12.3)	1,443.6
Operating expenses		602.0	233.2		835.2
Operating income (loss)		495.2	125.5	(12.3)	608.4
Other income (expense), net		11.4	(8.8)		2.6
Income (loss) before income taxes		506.6	116.7	(12.3)	611.0
Tax provision (benefit)		179.6	30.0	(4.5)	205.1
Equity in earnings (losses) of subsidiaries	\$ 413.7			(413.7)	
Net income (loss)	\$ 413.7	\$ 327.0	\$ 86.7	\$ (421.5)	\$ 405.9

CONSOLIDATED STATEMENTS OF CASH FLOWS

	June 1, 2007 to July 11, 2007 (Predecessor)				Total
	Parent	Guarantor	Non-guarantor	Eliminations	
Cash flows from (used in) operating activities:					
Net loss	\$ (40.8)	\$ (31.0)	\$ (9.8)	\$ 27.0	\$ (54.6)
Deferred taxes		76.7			76.7
Prepaid expenses		(107.0)	14.9	19.2	(72.9)
Other		75.0	25.2	10.0	110.2
Net cash from (used in) operating activities	(40.8)	13.7	30.3	56.2	59.4
Cash flows from (used in) investing activities:					
Net proceeds (payments) for sale of investments		42.8			42.8
Investment in and advances to subsidiaries	39.5			(39.5)	
Other		(21.0)	(7.8)	(3.0)	(31.8)
Net cash from (used in) investing activities	39.5	21.8	(7.8)	(42.5)	11.0
Cash flows from (used in) financing activities:	1.3				1.3
Effect of exchange rate changes on cash			0.1		0.1
Increase (decrease) in cash and cash equivalents		35.5	22.6	13.7	71.8
Cash and cash equivalents, beginning of period		73.4	21.4	10.3	105.1
Cash and cash equivalents, end of period	\$	\$ 108.9	\$ 44.0	\$ 24.0	\$ 176.9

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 12 Guarantor and Non-guarantor Financial Statements, Continued.**

	July 12, 2007 to May 31, 2008 (Successor)				Total
	Parent	Guarantor	Non-guarantor	Eliminations	
Cash flows from (used in) operating activities:					
Net loss	\$ (954.2)	\$ (279.3)	\$ (158.3)	\$ 427.6	\$ (964.2)
Depreciation and amortization		313.1	158.4		471.5
Non-cash in-process research and development charge		328.0	151.0		479.0
Non-cash charges related to inventory step-up		128.0	32.3		160.3
Non-cash stock compensation expense		21.4	4.4		25.8
Deferred income taxes		(27.6)	(17.3)		(44.9)
Accrued interest	80.9				80.9
Other	7.3	(13.7)	(13.1)		(19.5)
Net cash from (used in) operating activities	(866.0)	469.9	157.4	427.6	188.9
Cash flows from (used in) investing activities:					
Net proceeds (payments) for sale of investments		84.7			84.7
Investment in and advances to subsidiaries	1,549.2	(498.3)	(97.9)	(953.0)	
Capital expenditure		(80.2)	(87.7)		(167.9)
Acquisition of Biomet, Inc.	(11,638.2)				(11,638.2)
Other			(0.4)		(0.4)
Net cash from (used in) investing activities	(10,089.0)	(493.8)	(186.0)	(953.0)	(11,721.8)
Cash flows from (used in) financing activities:					
Proceeds (payments) on long-term debt	6,065.1				6,065.1
Cash equity contributions	5,521.9				5,521.9
Payment of deferred financing fees	(87.1)				(87.1)
Other	(18.3)				(18.3)
Net cash from (used in) financing activities	11,481.6				11,481.6
Effect of exchange rate changes on cash			2.0		2.0
Increase (decrease) in cash and cash equivalents		(23.9)	(26.6)	1.2	(49.3)
Cash and cash equivalents, beginning of period		108.9	44.0	24.0	176.9
Cash and cash equivalents, end of period	\$	\$ 85.0	\$ 17.4	\$ 25.2	\$ 127.6

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 12 Guarantor and Non-guarantor Financial Statements, Continued.**

	Year Ended May 31, 2007 (Predecessor)				
	Parent	Guarantor	Non-guarantor	Eliminations	Total
Cash flows from (used in) operating activities:					
Net income	\$ 338.0	\$ 246.8	\$ 91.2	\$ (340.1)	\$ 335.9
Depreciation		39.7	48.5		88.2
Deferred income taxes		(58.9)	(0.9)	(2.0)	(61.8)
Other		114.1	(48.2)	11.6	77.5
Net cash from (used in) operating activities	338.0	341.7	90.6	(330.5)	439.8
Cash flows from (used in) investing activities:					
Investment in and advances to subsidiaries	(101.3)	(238.8)		340.1	
Capital expenditures		(72.1)	(70.5)		(142.5)
Other		(66.8)	(4.4)		(71.2)
Net cash from (used in) investing activities	(101.3)	(377.7)	(74.9)	340.1	(213.7)
Cash flows from (used in) financing activities:					
Payments on long-term debt	(196.8)				(196.8)
Dividends	(73.5)				(73.5)
Other	33.6		(14.4)		19.2
Net cash from (used in) financing activities	(236.7)		(14.4)		(251.1)
Effect of exchange rate changes on cash		0.6	3.0	0.6	4.2
Increase (decrease) in cash and cash equivalents		(35.4)	4.3	10.2	(20.9)
Cash and cash equivalents, beginning of period		108.8	17.1	0.1	126.0
Cash and cash equivalents, end of period	\$	\$ 73.4	\$ 21.4	\$ 10.3	\$ 105.1

	Year Ended May 31, 2006 (Predecessor)				
	Parent	Guarantor	Non-guarantor	Eliminations	Total
Cash flows from (used in) operating activities:					
Net income	\$ 413.7	\$ 327.0	\$ 86.7	\$ (421.5)	\$ 405.9
Depreciation		34.3	37.7		72.0
Inventories		(60.4)	(22.2)	12.9	(69.7)
Other		46.5	(28.8)	(12.5)	5.2
Net cash from (used in) operating activities	413.7	347.4	73.4	(421.1)	413.4
Cash flows from (used in) investing activities:					
Investment in and advances to subsidiaries	(158.8)	(262.7)		421.5	
Capital expenditures		(49.0)	(59.9)		(108.9)
Other		(6.9)	(4.9)		(11.8)
Net cash from (used in) investing activities	(158.8)	(318.6)	(64.8)	421.5	(120.7)
Cash flows from (used in) financing activities:					
Purchase of common shares	(215.3)				(215.3)
Dividends	(62.5)				(62.5)
Other	22.9		(2.6)		20.3

Edgar Filing: MARK KELLY S - Form 4

Net cash from (used in) financing activities	(254.9)		(2.6)		(257.5)
Effect of exchange rate changes on cash		0.2	(0.5)	(0.3)	(0.6)
Increase (decrease) in cash and cash equivalents		29.0	5.5	0.1	34.6
Cash and cash equivalents, beginning of period		79.8	11.6		91.4
Cash and cash equivalents, end of period	\$	\$ 108.8	\$ 17.1	\$ 0.1	\$ 126.0

Table of Contents

Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)

Note 13 Contingencies.

U.S. Department of Justice Consulting Agreement Investigation

On September 27, 2007, the Company entered into a Deferred Prosecution Agreement with the U.S. Attorney's Office for the District of New Jersey. The agreement concludes the government's investigation into whether consulting agreements between the largest orthopedic manufacturers and orthopedic surgeons who use joint reconstruction and replacement products may have violated the federal Anti-Kickback Statute.

Through the agreement, the U.S. Attorney's Office agreed not to prosecute the Company in connection with this matter, provided that the Company satisfies its obligations under the agreement over the next 18 months. The agreement calls for the appointment of an independent monitor to review the Company's compliance with the agreement, particularly in relation to its consulting agreements.

As part of the resolution of this matter, the Company also entered into a Corporate Integrity Agreement with the Office of the Inspector General of the U.S. Department of Health and Human Services.

U.S. Department of Justice EBI Products Investigation and Related Litigation

In May 2007, the Company received a subpoena from the U.S. Department of Justice through the U.S. Attorney for the Southern District of West Virginia requesting documents generally relating to a certain number of products manufactured, marketed and sold by the Company's EBI subsidiary for the period from January 1999 through the date of this filing. In June 2007, the Company received a second administrative subpoena from the U.S. Attorney for the Southern District of West Virginia requesting documents relating to a specific physician's assistant. The Company understands that the Department of Justice is conducting a civil investigation of EBI's sales and marketing practices relating to certain spinal products. The Company is fully cooperating with the request of the Department of Justice. The Company can make no assurances as to the time or resources that will be needed to devote to this inquiry or its final outcome.

U.S. Department of Justice Antitrust and Related Litigation

In June 2006, the Company received a federal grand jury subpoena issued at the request of the U.S. Department of Justice, Antitrust Division, requesting documents for the period from January 2001 through June 2006 regarding possible violations of federal criminal law, including possible violations of the antitrust laws, relating to the manufacture and sale of orthopedic implant devices. The Company is aware of similar subpoenas directed to other companies in the orthopedic industry. The Company has cooperated and intends to continue to fully cooperate with the Department of Justice investigation. The result of this investigation may not be known for several years. However, the scope of the June 2006 subpoena was narrowed to a specific geographic region and specific product lines. It is the belief that the other orthopedic companies that received similar subpoenas have received similar guidance. It is the belief that the investigation was prompted by an unsolicited e-mail sent by a representative of one of its competitors that proposed a common pricing strategy in connection with a particular hospital. This e-mail was received by an independent sales representative of an independent distributor for Biomet Orthopedics, but it was never transmitted to us. Biomet, Inc., the independent distributor, nor the independent sales representative took any action in response to the e-mail, and the company believe that no anticompetitive activity took place as a result of it. The Company requires compliance by its employees and its independent distributors with its Code of Business Conduct and Ethics and with applicable antitrust laws. On March 26, 2008, The company received a letter from a representative of the Department of Justice, Antitrust Division I advising that the Department has closed its grand jury investigation of antitrust and related offenses in the orthopedic implants industry.

The Company has received complaints in class action lawsuits alleging violations of the Sherman Antitrust Act that raise the same antitrust issues as the U.S. Department of Justice investigation described above. The

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 13 Contingencies, Continued.**

complaints also named various other companies in the orthopedic industry as defendants. These cases were consolidated under the caption In Re Orthopedic Implant Device Antitrust Litigation, Case No. 1:07-ml-9831-JDT-WTL with the United States District Court Southern District Indianapolis, Indiana Division, and on October 18, 2007 were voluntarily dismissed without prejudice.

Litigation Relating to Past Stock Option Grant Practices

On September 21, 2006, two shareholder derivative complaints were filed against certain of the Company's current and former officers and directors in Kosciusko Superior Court I in Kosciusko County, in the State of Indiana. The complaints, captioned Long v. Hann, et al., and Thorson v. Hann, et al., alleged violations of state law relating to the issuance of certain stock option awards by Biomet dating back to 1996. Both complaints sought unspecified money damages as well as other equitable and injunctive relief. These two cases were consolidated under the caption In re Biomet, Inc. Derivative Litigation, and on January 19, 2007, plaintiffs filed an amended complaint that made additional allegations based on the Company's December 18, 2006 disclosures related to stock option awards, including allegations that the defendants sought to sell the Company in order to escape liability for their conduct, and that they did so at a devalued price, thus further breaching their fiduciary duties to shareholders. On February 16, 2007, defendants filed a motion to dismiss plaintiffs' amended complaint. On October 11, 2007, after approval of the Company's sale by its shareholders, the parties filed supplemental briefs on the issue of whether plaintiffs had standing to sue. On February 5, 2008, the court dismissed the case for lack of standing, and plaintiffs' motion for leave to amend was denied. Plaintiffs have appealed the dismissal of the case to the Indiana Court of Appeals.

On December 11, 2006, a third shareholder derivative complaint captioned International Brotherhood of Electrical Workers (IBEW) Local 98 Pension Fund v. Hann, et al., No. 06 CV 14312, was filed in federal court in the Southern District of New York. The IBEW case makes allegations and claims similar to those made in the Indiana litigation, in addition to purporting to state three derivative claims for violations of the federal securities laws. On February 15, 2007, defendants filed a motion to dismiss the plaintiff's complaint. On April 11, 2007, plaintiffs filed a motion for partial summary judgment claiming that the disclosures in the Company's April 2, 2007 Form 8-K filing and press release regarding the Company's historical stock options granting practices constitute admissions sufficient to establish defendants' liability on certain of plaintiffs' claims. On October 11, 2007, after approval of the Company's sale by its shareholders, the parties filed supplemental briefs on the issue of whether plaintiff had standing to sue. On June 10, 2008, the motion to dismiss was granted without leave to amend due to plaintiff's lack of standing. Plaintiffs have not filed an appeal. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Litigation Relating to the Merger

On December 20, 2006, a purported class-action lawsuit captioned Long, et al. v. Hann, et al., was filed in Indiana State court in the County of Kosciusko. The lawsuit names as defendants each member of the Company's Board of Directors at the time, Dane Miller, Ph.D., and Blackstone Capital Partners V L.P., KKR 2006 Fund L.P., Goldman Sachs Investments Ltd. and TPG Partners V, L.P. The complaint alleges, among other things, that the defendants breached, or aided and abetted the breach of, fiduciary duties owed to the Company's shareholders by its directors in connection with the Company's entry into the Merger Agreement. Among the purported fiduciary breaches alleged in the complaint is that the Company's director defendants knew that the only way they could escape liability for their stock option granting improprieties would be to sell the Company, thus eliminating their liability. The complaint seeks, among other relief, class certification of the lawsuit, a declaration that the Merger Agreement was entered into in breach of the fiduciary duties of the defendants, an injunction preventing the defendants from proceeding with the Merger unless and until the defendants implement

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 13 Contingencies, Continued.**

procedures to obtain the highest possible sale price, an order directing the defendants to exercise their fiduciary duties to obtain a transaction which is in the best interests of the Company's shareholders until the process for a sale of Biomet is completed and the highest price is obtained, an order directing the defendants to exercise their fiduciary duty to disclose all material information in their possession concerning the Merger prior to the shareholder vote, including fiscal 2007 second quarter financial results, imposition of a constructive trust upon any benefits improperly received by the defendants, an award of attorneys' fees and expenses, and such other relief as the court might find just and proper. On March 29 and 30, 2007, the defendants filed motions to dismiss the plaintiffs' complaint, and these motions are currently pending before the court.

On January 2, 2007, a purported class action lawsuit captioned Gervasio v. Biomet, Inc., et al., was filed in the Supreme Court for the State of New York, New York County. A virtually identical action was filed on January 9, 2007, captioned Corry v. Biomet, Inc., et al., in the same court. Both of these lawsuits named as defendants Biomet, Inc., each member of the Company's Board of Directors at the time, Dane Miller, Ph.D., The Blackstone Group L.P., Kohlberg Kravis Roberts & Co., Goldman Sachs Capital Partners and Texas Pacific Group. The lawsuits made essentially the same claims and sought the same relief as in the Long action described above. On January 29, 2007, defendants filed a joint motion to dismiss Gervasio. On February 14, 2007, the plaintiff in Corry voluntarily discontinued his lawsuit and informed defendants that he intended to intervene in Gervasio. On March 26, 2007, the court granted defendants' motion to dismiss Gervasio.

Pursuant to Indiana law and provisions of the Company's articles of incorporation, the Company is advancing reasonable expenses, including attorneys' fees, incurred by the Company's current and former directors and officers in defending these lawsuits, with the exception of Dane Miller, Ph.D., whose status as a defendant does not arise from his status as a former director or officer.

Each of Biomet and the other defendants denies all of the allegations in these lawsuits, including any allegation that its current disclosures with regard to the pending Merger are false, misleading or incomplete in any way. Nevertheless, without admitting any liability or wrongdoing, the Company and other defendants in these cases have agreed in principle to settle them in order to avoid the potential cost and distraction of continued litigation and, at the time, to eliminate any risk of any delay to the closing of the Merger posed by these lawsuits.

On May 31, 2007, the Company entered into a memorandum of understanding regarding the settlement of class action lawsuits that were filed on behalf of the Company's shareholders following the announcement of the proposed Merger. The parties to the memorandum of understanding executed a definitive settlement agreement dated as of April 17, 2008. This settlement is subject to court approval. On April 25, 2008, the parties moved the Indiana State court in the County of Kosciusko for approval of the settlement. If the settlement becomes effective the lawsuits will be dismissed with prejudice.

Pursuant to the terms of the settlement, the Company agreed to make available meaningful additional information, including financial information, to its shareholders. Such additional information was contained in the Current Report on Form 8-K filed on May 31, 2007. In addition, the Sponsors have agreed to cause Biomet (or the Company's Successors) to pay the legal fees and expenses of plaintiffs' counsel, in an amount of \$0.6 million in the aggregate, subject to approval by the court and other conditions. The settlement was entered into on April 17, 2008, and preliminary approval was granted by the court on May 12, 2008. On August 6, 2008, the Court gave final approval to the settlement and dismissed the litigation with prejudice.

U.S. Securities and Exchange Commission Informal Investigation

On September 25, 2007, the Company received a letter from the SEC informing the Company that it is conducting an informal investigation regarding possible violations of the Foreign Corrupt Practices Act in the

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 13 Contingencies, Continued.**

sale of medical devices in certain foreign countries by companies in the medical devices industry. The Foreign Corrupt Practices Act prohibits U.S. companies and their officers, directors, employees, shareholders acting on their behalf and agents from offering, promising, authorizing or making payments to foreign officials for the purpose of obtaining or retaining business abroad or otherwise obtaining favorable treatment and this law requires companies to maintain records which fairly and accurately reflect transactions and to maintain internal accounting controls. In many countries, hospitals and clinics are government-owned and healthcare professionals employed by such hospitals and clinics, with whom the Company regularly interacts, may meet the definition of a foreign official for purposes of the Foreign Corrupt Practices Act. If the Company is found to have violated the Foreign Corrupt Practices Act, the Company may face sanctions including fines, criminal penalties, disgorgement of profits and suspension or debarment of the Company's ability to contract with government agencies or receive export licenses. On November 9, 2007, the Company received a letter from the Department of Justice requesting any information provided to the SEC be provided to the Department of Justice on a voluntary basis. The Company intends to fully cooperate with both requests and the Company is in the process of conducting its own review relating to these matters in certain countries in which the Company and its distributors conduct business. As of August 28, 2008, the SEC and the DOJ have not taken, or advised that they intend to take, any specific action against the Company or any individuals currently or formerly affiliated with the Company in connection with their investigations.

Massachusetts AG

The Company received a Civil Investigative Demand (CID) issued by the Commonwealth of Massachusetts Office of the Attorney General (Massachusetts AG) on or about November 19, 2007. The CID requested documents for the period November 1, 2003 to the present concerning certain physicians and provider groups, including, among other things, documents concerning any contracts or agreements with, and any payments made to, those physicians or provider groups. The Company has produced documents in response to the CID, and intends to continue to cooperate with the Massachusetts AG. It is not possible at this time to predict the likely outcome of this inquiry or its financial impact should the outcome be adverse to the Company.

Other Matters

In February 2006, SDGI Holdings, Inc. and Medtronic Sofamor Danek, Inc. (collectively referred to herein as Medtronic) brought an action against EBI and the Company alleging infringement of seven patents. Specifically, Medtronic alleges that the patents are infringed by certain components of the Company's Vueloc[®] Anterior Cervical Plate System, as well as instruments and surgical implantation methods associated with the Company's Arra[®] Spinal System. In Fall 2007, Medtronic included similar instruments used with EBI's Biom[®] Omega21, Polaris, and Synergy spinal fixation systems as accused products. Medtronic's complaint does not seek a specific amount of damages, but does seek to enjoin the Company from manufacturing, selling and/or distributing the allegedly infringing products. The Company has filed a counterclaim seeking a finding of non-infringement of the patents at issue and a finding that certain of the patents are invalid and unenforceable. Discovery on the litigation continues. The Company is vigorously defending this matter and intends to continue to do so.

The Company and Biomet Orthopedics initiated legal proceedings against Zimmer US, Inc., or Zimmer, certain of the Company's former distributors and David Montgomery, the Company's former employee who currently works for Zimmer. The thirteen count lawsuit originally filed in Marion County, Indiana and refiled in Hamilton County, Indiana alleges, among other things, that Zimmer and Mr. Montgomery attempted to create an unfair market advantage by engaging in a campaign to misappropriate the Company's confidential information, to

Table of Contents**Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)****Note 13 Contingencies, Continued.**

interfere with the Company's contractual relations with distributors and to attempt to buy the assets of most of the Company's distributors (including the Company's surgical instruments) throughout the United States. Further, the lawsuit alleges that the limited number of distributors who accepted Zimmer's offer are in violation of their contractual obligations to Biomet. Although nearly all of the Company's distributors rejected Zimmer's offers and have remained with Biomet, and although no amount of money damages can completely compensate Biomet for the losses the Company has sustained as a result of defendants' conduct, the Company is nonetheless seeking to recover compensatory damages that are attributable to financial and other resources spent on signing new agreements with the Company's sales force. To the extent the Company sustained damages as a result of the Company's former distributors agreeing to purportedly sell their assets to Zimmer, the Company is seeking to recover lost profits and other damages as well. In addition, the Company is seeking to recover punitive damages from the defendants. On November 9, 2007, defendants filed a motion to dismiss the Company's complaint. On March 27, 2008, the court denied the motion in its entirety.

In a related matter, the Company brought suit against a former distributor for Biomet Orthopedics who, in violation of his contractual and other obligations to Biomet under agreements stretching back to 1994, sold the assets of his distributorship to Zimmer in an apparent effort to avoid his contractual obligations to the Company. The complaint, now pending in federal district court in Indiana, asserts five causes of action that include breach of contract, unjust enrichment and statutory wrongs. Among other things, the complaint seeks injunctive relief and compensatory and punitive damages. On July 16, 2007, a temporary restraining order was entered against this former distributor which subsequently lapsed ten days later. Prior to the filing of the suit described above, this former distributor sued one of his former employees who decided to continue to represent the Company's products in the future as he has for nearly ten years. The suit brought against this employee by the Company's former distributor who sold his assets to Zimmer claims, among other things, that the former employee is violating his non-competition agreement with the Company's former distributor by continuing to sell the same Biomet products the former employee sold while employed by the Company's former distributor. The suit also seeks, among other forms of relief, an injunction and compensatory and punitive damages.

In late 2004 and early 2005, approximately 120 plaintiffs sued Dr. John King in the Circuit Court of Putnam County, West Virginia. Plaintiffs alleged that Dr. King was professionally negligent when he performed surgery on the plaintiffs at Putnam General Hospital in Putnam County, West Virginia between November 2002 and June 2003. In 38 of these lawsuits, plaintiffs alleged that Dr. King had implanted a device manufactured by the Company's EBI subsidiary and EBI was named a party in those 38 lawsuits. Plaintiffs have dismissed or have agreed to dismiss their claims against EBI in 11 cases, leaving EBI as a party in 27 pending lawsuits, all of which relate to EBI's Ionic Spine Spacer System and its implanted bone stimulator devices, the SpF and OsteoGen. Plaintiffs allege that EBI entered into a joint venture and a civil conspiracy with Dr. King and/or his physician assistant, David McNair. The plaintiffs also allege that EBI failed to warn that its products were not safe for their intended use, that EBI knew that Dr. King was not properly trained or was performing surgeries inappropriately and claims based on strict liability, express and implied breach of warranty and negligent sale. Plaintiffs seek to recover lost income, medical expenses, future medical and life care expenses, damages relating to pain and suffering and punitive and other damages. Dr. King is uninsured in 25 of these 27 cases and has filed bankruptcy.

In July 2007, a Putnam County jury found that Putnam General Hospital had negligently credentialed Dr. King and that the hospital's conduct in credentialing Dr. King was motivated by fraud, ill will, wantonness, oppressiveness, or by reckless or gross negligence, which allowed the plaintiffs to seek punitive damages against the hospital. In April, May and June of 2008, the hospital and its upstream affiliates and David McNair entered into a confidential settlement of all claims with all but one of the plaintiffs. EBI, Wright Medical Corporation, Wright Medical's distributor's employee, Robert Edwards, and Dr. King remain as defendants in the litigation.

Table of Contents

Biomet, Inc. and Subsidiaries Notes to Consolidated Financial Statements (continued)

Note 13 Contingencies, Continued.

The Putnam County Circuit Court revised its case management order with respect to the remaining lawsuits on July 2, 2008 and scheduled a consolidated trial of six plaintiffs for June 1, 2009. The Company is vigorously defending these matters and intends to continue to do so.

There are various other claims, lawsuits, disputes with third parties, investigations and pending actions involving various allegations against the Company incident to the operation of its business, principally product liability and intellectual property cases. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably to Biomet. The Company accrues for losses that are deemed to be probable and subject to reasonable estimate. Based on the advice of the Company's counsel in these matters, management believes that the ultimate outcome of these matters and any liabilities in excess of amounts provided will not have a material adverse impact on the Company's consolidated financial statements taken as a whole.

Note 14 Related Parties.

Management Services Agreement

Upon completion of the Transactions, we entered into a management services agreement with certain affiliates of the Sponsors, pursuant to which such affiliates of the Sponsors or their Successors, assigns, affiliates, officers, employees and/or representatives and third parties (collectively, the Managers) provide management, advisory and consulting services to us. Pursuant to such agreement, the Managers will receive a transaction fee equal to 1% of total enterprise value of the Transactions for the services rendered by such entities related to the Transactions upon entering into the agreement, and an annual monitoring fee equal to 1% of our annual Adjusted EBITDA as compensation for the services rendered and reimbursement for out-of-pocket expenses incurred by the Managers in connection with the agreement and the Transactions. We are required to pay the sponsors a fee on a quarterly basis. In total we paid each of the above sponsors \$1.5 million for a total of \$6.1 million during fiscal 2008. As of May 31, 2008, the amount payable to the sponsors was \$2.3 million. During the 2008 fiscal year we also entered into a consulting agreement with Capstone Consulting, a wholly owned subsidiary of Blackstone, LLC, to perform analysis related to our operational improvement initiative. We paid Capstone Consulting \$1.2 million throughout fiscal 2008. We may also pay certain subsequent fees to the Managers for advice rendered in connection with financing or refinancing (equity or debt), acquisition, disposition, spin-off, split-off, dividend, recapitalization, initial underwritten public offering and change of control transactions involving us or any of our subsidiaries. The management services agreement includes customary exculpation and indemnification provisions in favor of the Managers and their affiliates.

The Company currently holds interest rate swaps with Goldman Sachs. As part of this relationship, we receive information from Goldman Sachs that allows us to run a regression on the swaps as part of our required effectiveness testing on a quarterly basis.

Capital Contributions

During the 2008 fiscal year, the Company received a capital contribution from its parent company by trusts affiliated with Dane A. Miller and Mary Louise Miller during the fourth quarter in the amount of \$120.0 million. The Company also received an additional capital contribution of \$14.4 million from its parent company from the participation of management under the LVB Acquisition Inc., Management Stockholders Agreement.

Table of Contents

119

Financial Statements Schedule**Biomet, Inc. and Subsidiaries Schedule II Valuation and Qualifying Accounts**

For the years ended May 31, 2008 and 2007 (in millions)

Description	Balance at beginning of Period	Additions		Deductions describe	Balance at end of year
		(1) Charged to costs and expenses	(2) Charged to other accounts - describe		
Allowance for doubtful receivables:					
For the year ended May 31, 2008	\$ 84.1	\$ 28.6	\$ 1.0	\$ (32.9)(A)	\$ 80.8
For the year ended May 31, 2007	\$ 69.1	\$ 65.1	\$ 0.1(C)	\$ (50.8)(A)	\$ 84.1
For the year ended May 31, 2006	\$ 59.5	\$ 21.7	\$ (0.3)(A)	\$ (11.8)(A)	\$ 69.1
Excess and obsolete inventory reserves:					
For the year ended May 31, 2008	\$ 153.4	\$ 56.2	\$ (5.4)(B)	\$ 25.7(D)	\$ 178.5
For the year ended May 31, 2007	\$ 99.4	\$ 67.4	\$ 4.6(B)	\$ 18.0(D)	\$ 153.4
For the year ended May 31, 2006	\$ 93.0	\$ 29.6	\$ (1.3)(B)	\$ 21.9(D)	\$ 99.4

Notes:

(A) Uncollectible accounts written off

(B) Effect of foreign currency translation

(C) Collection of previously written off accounts

(D) Inventory written off

Table of Contents**Financial Statements Schedule (continued)****Quarterly Results (UNAUDITED)**

As a result of the Merger, as discussed within these financial statements in Note 1, the Predecessor and Successor companies are not comparable due to a new basis of accounting starting July 12, 2008.

(in millions)	June 1, 2007 to July 11, 2007 (Predecessor)	July 12, 2007 to August 31, 2008 (Successor)	2nd Qtr. (Successor)	3rd Qtr. (Successor)	4th Qtr. (Successor)	Year
2008						
Net sales	\$ 248.8	\$ 288.6	\$ 607.2	\$ 603.1	\$ 635.6	\$ 2,383.3
Gross profit	146.5	181.8	362.6	341.0	434.4	1,466.3
Net loss	(54.6)	(482.2)	(302.0)	(88.5)	(91.5)	(1,018.8)
2007						
		1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year
Net sales		\$ 508.2	\$ 520.3	\$ 529.5	\$ 549.4	\$ 2,107.4
Gross profit		369.5	369.0	365.8	360.9	1,465.2
Net income		104.4	104.7	85.3	41.5	335.9
Fiscal 2008						

Net loss for the period June 1, 2007 to July 11, 2007 was impacted by the merger. The primary charge was \$112.8 million related to the payout of in-the-money stock options as a result of the merger.

Net loss for the period July 12, 2007 to May 31, 2008 was impacted by the merger. Charges related to IPRD, interest expense, inventory step-up, property, plant and equipment step-up, amortization on intangibles, and financing expenses, including accounting, legal, and financing fees on the new debt facilities provided for a total of \$1,452.9 million of additional charges to our results of operations.

Fiscal 2007

Net income for the fourth quarter of fiscal 2007 was adversely impacted by pre-tax charges of \$29.9 million related to the renewal and re-negotiation of distribution agreements with existing distributors; \$46.3 million related to inventory write-downs and accounts receivable reserves related to its BTBS operations; \$8.2 million in expenses related to the Merger Agreement, and retirement/employment costs associated with changes in executive management; and \$2 million in legal and accounting fees related to the previously announced stock option investigation.

Net income for the third quarter of fiscal year 2007 was adversely impacted by pre-tax charges of \$11 million related to inventory write-downs related to its BTBS Operations; \$15.7 million in additional legal and distribution expenses; and \$6.2 million in expenses related to the Merger Agreement.

Table of Contents

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Our audit committee approved the dismissal of Ernst & Young LLP (Ernst & Young) as our independent registered public accounting firm on January 24, 2008.

The reports of Ernst & Young on our consolidated financial statements as of and for the fiscal years ended May 31, 2007 and 2006, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principle, except that the report on our consolidated financial statements as of and for the fiscal years ended May 31, 2006 was modified to indicate that we had restated previously issued financial statements as of May 31, 2006 and 2005 and for each of the three years in the period ended May 31, 2006 to correct our accounting for certain share-based expense and related payroll taxes. During the period from June 1, 2005 through the fiscal year ended May 31, 2007, and through January 24, 2008, there were no (1) disagreements with Ernst & Young on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Ernst & Young 's satisfaction, would have caused Ernst & Young to make reference thereto in its report on the financial statements for such years, or (2) reportable events described under Item 304(a)(1)(iv) of Regulation S-K, except for the material weakness reported in our Amended Annual Report on Form 10-K/A, which was filed with the SEC on May 29, 2007, which indicated that we had ineffective internal control as of May 31, 2006 over financial reporting with respect to the granting, administration and accounting for stock options, namely, we did not maintain effective control over the completeness, valuation, presentation and disclosure of share-based expense.

Also on January 24, 2008, our audit committee appointed Deloitte & Touche LLP as the Company 's new independent registered public accounting firm. We did not consult with Deloitte & Touche LLP on any matters described in Item 304(a)(2)(i) and Item 304(a)(2)(ii) of Regulation S-K prior to their appointment. The decision to change accountants was approved by our Audit Committee and ratified by our Board of Directors.

Item 9A. (T) Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures. The Company maintains disclosure controls and procedures (as defined in Rule 13a- 15(e) of the Securities Exchange Act of 1934, as amended (the Act)) that are designed to provide reasonable assurance that information required to be disclosed by the Company, including the Company 's consolidated entities, in the reports that the Company files or submits under the Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC 's rules and forms and that such information is accumulated and communicated to management, including the President and Chief Executive Officer (the Principal Executive Officer) and the Chief Financial Officer (the Principal Financial Officer), as appropriate, to allow timely decisions regarding required disclosure. Prior to the filing of this report, the Company completed an evaluation under the supervision and with the participation of senior management, including the Company 's Principal Executive Officer and its Principal Financial Officer, of the effectiveness of the design and operation of the Company 's disclosure controls and procedures as of May 31, 2008. Based on this evaluation, Biomet 's Principal Executive Officer and its Principal Financial Officer concluded that, as a result of the material weakness in Biomet 's internal control over financial reporting discussed below, Biomet 's disclosure controls and procedures were not effective as of May 31, 2008.

In light of this conclusion, the Company has applied compensating procedures and processes as necessary to ensure the reliability of our financial reporting. Accordingly, management believes, based on its knowledge, that (i) this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading with respect to the period covered by this report and (ii) the financial statements, and other financial information included in this report, fairly present in all material respects our financial condition, results of operations and cash flows as at, and for, the periods presented in this report.

Management, along with Biomet 's Board of Directors, has implemented, or is in the process of implementing, remedial measures to address the material weakness discussed below. Biomet 's management has

Table of Contents

concluded that the consolidated financial statements included in this annual report present fairly, in all material respects, Biomet's financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

(b) Management's Report on Internal Control over Financial Reporting. Management of Biomet is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Biomet's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Biomet; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of Biomet are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of Biomet's assets that could have a material effect on the interim or annual consolidated financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Biomet's management conducted an assessment of the effectiveness of Biomet's internal control over financial reporting as of May 31, 2008. In making this assessment, management used the criteria established in the report entitled "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Report").

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected. In connection with the assessment of Biomet's internal control over financial reporting, Biomet's management has identified a material weakness in Biomet's internal control over financial reporting as of May 31, 2008, primarily in credit and collections group within the BTBS's insurance pay business. This weakness relates to multiple control deficiencies in the order-to-cash process in both the design and operation of controls.

Biomet is committed to eliminating its material weakness noted above by improving its internal control over financial reporting at BTBS. Management, along with Biomet's Board of Directors, has implemented, or is in the process of implementing, significant changes to BTBS's internal control over financial reporting. First, Biomet is in the final stages of completing an agreement to outsource the collection and processing of its insurance pay accounts receivable at BTBS on an onshore and off-shore basis to an organization that has a history of successful processing with companies similar to BTBS's insurance pay business. Second, Biomet has committed additional resources and qualified insurance pay management professionals to BTBS. Third, Biomet has hired a new controller of the BTBS division and launched a recruiting effort to hire additional accountants and internal control and credit collections professionals at BTBS. Lastly, a project team has been assembled by executive management to monitor and oversee the improvements in internal controls over financial reporting being implemented at BTBS. Because of the material weakness described above, management concluded that Biomet did not maintain effective internal control over financial reporting as of May 31, 2008, based on the criteria established in the COSO Report. Until the system is considered to be functioning correctly, and additional resources and controls have been put in place, management believes that a material weakness will continue to exist. Management is currently assessing how soon the material weakness may be remediated.

This annual report does not include an attestation report of Biomet's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by

Table of Contents

Biomet's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit Biomet to provide only management's report in this annual report.

(c) Changes in Internal Control. During the fourth quarter of fiscal year 2008, there were no changes in Biomet's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, Biomet's internal control over financial reporting. However, to begin addressing the material weakness described above, subsequent to May 31, 2008 Biomet's management has taken actions that are reasonably likely to materially affect Biomet's internal control over financial reporting. These changes are described above under Management's Report on Internal Control over Financial Reporting.

Item 9B. Other Information.

Not applicable.

Table of Contents**Part III.****Item 10. Directors, Executive Officers and Corporate Governance.
Directors**

The following information sets forth, with respect to each individual, the name, age as of July 31, 2008, business address and current principal occupation or employment, and business experience for the past five years of Biomet's Board of Directors.

Jeffrey R. Binder, age 44 Director since 2007

Mr. Binder has been President and Chief Executive Officer since February 2007. Prior to this appointment, Mr. Binder served as Senior Vice President of Diagnostic Operations of Abbott Laboratories from January 2006 to February 2007. Mr. Binder previously served as President of Abbott Spine from June 2003 to January 2006, and as President and Chief Executive Officer of Spinal Concepts from 2000 to June 2003.

Jonathan J. Coslet, age 42 Director since 2007

Mr. Coslet has been a Partner of TPG since 1993 and is currently a senior partner and member of the firm's Executive, Management and Investment Committees. Mr. Coslet serves on the board of directors of IASIS Healthcare Corp., The Neiman Marcus Group, Inc., J. Crew Group, Inc., PETCO Animal Supplies, Inc. and Quintiles Transnational Corp.

Michael Dal Bello, age 36 Director since 2007

Mr. Dal Bello has been a Principal in the Private Equity Group of The Blackstone Group since December 2005 and was an Associate in this group from 2002 until December 2005. Prior to joining Blackstone, Mr. Dal Bello received an M.B.A. from Harvard Business School in 2002. Mr. Dal Bello serves on the board of directors of Catalent Pharma Solutions, Inc., Global Tower Partners, Sithe Global Power, LLC, Team Finance LLC and Vanguard Health Systems, Inc.

Adrian Jones, age 43 Director since 2007

Mr. Jones has been a Managing Director of Goldman, Sachs & Co. since 2002 and has worked at Goldman, Sachs & Co. since 1994. Mr. Jones serves on the board of directors of Burger King Holdings, Inc., Dollar General Corporation, Education Management Corporation, and HealthMarkets, Inc.

David McVeigh, age 40 Director since 2007

Mr. McVeigh is an executive director at Blackstone in the private equity group. Mr. McVeigh recently joined Blackstone from McKinsey & Company, where he spent 12 years and was a partner. At McKinsey, Mr. McVeigh was one of the leaders of the North American Chemicals practice and the Northeast Energy and Materials practice. Mr. McVeigh serves on the board of directors of Michaels Stores, Inc.

Michael Michelson, age 56 Director since 2007

Mr. Michelson has been a member of the limited liability company that serves as the general partner of KKR since 1996 and, prior thereto, was a general partner of KKR. Mr. Michelson serves on the board of directors of Accellent Inc., Jazz Pharmaceuticals, Inc. and HCA, Inc.

Dane A. Miller, Ph.D., age 62 Director since 2007

Dr. Miller is one of our four founders and served as our President, Chief Executive Officer and a director from 1977 until 2006. Dr. Miller serves on the board of directors of 1st Source Corporation, ForeTravel, Inc., the Indiana Economic Development Corporation, the University of Chicago Health Systems and the World Craniofacial Foundation.

Table of Contents

John Saer, age 51 Director since 2007

Mr. Saer has been an executive of the limited liability company that serves as the general partner of KKR since 2001. Mr. Saer serves on the board of directors of KSL Holdings Corporation and ACTS Corporation.

Todd Sisitsky, age 36 Director since 2007

Mr. Sisitsky has been a Partner of TPG since 2007. From 2003 until 2007, he was an Investor at TPG. From 2001 until 2003, he was an Investor/Associate at Forstmann Little & Co. Mr. Sisitsky serves on the board of directors of IASIS Healthcare Corp., Fenwal, Inc., Surgical Care Affiliates, and Axcan Pharma.

Gregory L. Summe, age 51 Director since 2008

Mr. Summe is the Executive Chairman of the Board of PerkinElmer, Inc. and a Senior Advisor to Goldman Sachs Capital Partners. From 1999 until 2008, Mr. Summe was the Chief Executive Officer and Chairman and from 1998 to 2007, he was the President of PerkinElmer, Inc. Mr. Summe also serves on the board of directors of the State Street Corporation and Automatic Data Processing, Inc.

Biomet's Board of Directors consists of ten directors. Each of Biomet's Sponsors has the right to nominate, and have nominated, two directors to serve on the Board of Directors. Following Purchaser's purchase of the Biomet's shares, the Sponsors jointly appointed Dr. Miller and Jeffrey R. Binder to the Board of Directors in addition to the two directors appointed by each of the Sponsors. Because of these requirements, together with the Sponsors' ownership of Biomet's outstanding common shares through Parent, Biomet does not currently have a policy or procedure with respect to shareholder nominees to the Board of Directors. Though not formally considered by the Board given that Biomet's securities are not registered or traded on any national securities exchange, based upon the listing standards of the NASDAQ National Market, the national securities exchange upon which Biomet's common stock was listed prior to the Transactions, Biomet currently does not believe that any of Messrs. Coslet, Dal Bello, Jones, McVeigh, Michelson, Saer, Sisitsky or Summe would be considered independent because of their relationships with the Sponsors, who own Biomet's outstanding common shares through Parent, and that Messrs. Binder and Miller would not be considered independent because of their relationships with Biomet. See Item 13, Certain Relationships and Related Transactions.

Each of Messrs. Coslet, Dal Bello, Jones, McVeigh, Michelson, Saer, Sisitsky and Summe is a partner, member or employee of an entity affiliated with one of the investment funds that indirectly own all of the equity interests in LVB Acquisition, LLC (LVB) and generally is entitled to be indemnified by such entity for his service on Biomet's Board pursuant to such entities' governing documents or other arrangements, in each case in accordance with such entities' policies.

None of the directors (other than Mr. Binder) currently holds any position with Biomet. Except as described below, none of the directors or any of his or her affiliates (1) has a familial relationship with any directors or executive officers of Biomet or (2) has been involved in any transactions with Biomet or any of its directors, officers or affiliates which are required to be disclosed pursuant to the rules and regulations of the SEC, except as may be disclosed herein.

Executive Officers

The name, age, business background, positions held with Biomet and tenure as an executive officer of each of Biomet's executive officers as of July 31, 2008 are set forth below. No family relationship exists among any of the executive officers. Except as otherwise stated, each executive officer has held the position indicated during the last five years. Executive officers are elected annually by the Board to serve for one year and until their Successors are elected, subject to resignation, retirement or removal.

Table of Contents

Jeffrey R. Binder, age 45

President and Chief Executive Officer since February 2007. Prior to this appointment, Mr. Binder served as Senior Vice President of Diagnostic Operations of Abbott Laboratories from January 2006 to February 2007. Mr. Binder previously served as President of Abbott Spine from June 2003 to January 2006, and as President and Chief Executive Officer of Spinal Concepts from 2000 to June 2003.

Daniel P. Florin, age 44

Senior Vice President and Chief Financial Officer since June 2007. Prior thereto, Mr. Florin served as Vice President and Corporate Controller for Boston Scientific Corporation since 2001. Prior to being appointed as Corporate Controller in 2001, Mr. Florin served in financial leadership positions within Boston Scientific Corporation and its various business units since July 1995.

Roger P. Van Broeck, age 59

Vice President since July 2007 and President of Biomet Europe, Middle East and Africa since March 2004. For a brief period during 2007, Mr. Van Broeck also served as President of International Operations. From September 1998 to March 2004, he was Chief Executive Officer of BioMer C.V. and Biomet Merck B.V., Biomet's joint venture with Merck KGaA (Darmstadt).

Steven F. Schiess, age 48

Senior Vice President and President of Biomet 3i, LLC since January 2007. Prior thereto, he was Vice President and President of Biomet 3i from June 2005 to January 2007. Prior thereto, he was Senior Vice President, Sales and Marketing of Biomet 3i from 2001 to June 2005.

Bradley J. Tandy, age 49

Senior Vice President, General Counsel and Secretary since April 2007. Prior thereto, Mr. Tandy served as Senior Vice President, Acting General Counsel and Secretary from January 2007 to April 2007, and Senior Vice President, Acting General Counsel, Secretary and Corporate Compliance Officer from March 2006 to January 2007. Mr. Tandy previously served as Vice President, Assistant General Counsel and Corporate Compliance Officer at Biomet, Inc. from January 1999 to March 2006.

Gregory W. Sasso, age 46

Senior Vice President and President of Biomet Strategic Business Unit Operations since June 2007. Prior thereto, Mr. Sasso served as Senior Vice President Corporate Development and Communications since June 2006. Prior thereto, he was Vice President Corporate Development and Communications from April 1997 to June 2006.

Jon C. Serbousek, age 47

President of Biomet Orthopedics, LLC since March 2008. For the past eight years, Mr. Serbousek held diverse general management roles with Medtronic in the areas of Spinal Reconstruction, International, New Technology Development and most recently, worldwide Vice-President and General Manager, Biologics.

Peggy Taylor, age 51

Senior Vice President Human Resources since August 2007. Prior thereto, Ms. Taylor served as Vice President of Human Resources for Diagnostics Division of Abbott Laboratories from April 2000 to August 2007.

Table of Contents

Glen A. Kashuba, age 44

Senior Vice President and President of Biomet Trauma & Spine since April 2007. Prior thereto, Mr. Kashuba served as Worldwide President of Cordis Endovascular, a division of Johnson & Johnson. Mr. Kashuba had been with Johnson & Johnson since 1998, also holding the positions of Worldwide President of Codman Neuro Science (from December 2002 to November 2005) and U.S. President of DePuy AcroMed, now known as DePuy Spine.

For information about pending legal proceedings against certain of Biomet's current directors and executive officers, see Legal Proceedings above.

Audit Committee

The Board has a standing Audit Committee comprised of Messrs. McVeigh, Saer, Sisitsky and Summe. In light of Biomet's status as a closely held company and the absence of a public trading market for Biomet's common stock, the Board has not designated any member of the Audit Committee as an audit committee financial expert. Though not formally considered by the Board given that Biomet's securities are not registered or traded on any national securities exchange, based upon the listing standards of the NASDAQ National Market, the national securities exchange upon which Biomet's common stock was listed prior to the Transactions, Biomet does not currently believe that any of Messrs. Dal Bello, Saer, Sisitsky or Summe would be considered independent because of their relationships with the Sponsors, who own Biomet's outstanding common shares through Parent. See Item 13, Certain Relationships and Related Transactions.

Corporate Oversight and Compliance Committee

Biomet's corporate oversight and compliance committee currently consists of Messrs. Dal Bello, Miller, Saer, Sisitsky and Summe. The committee is responsible for assisting the Board in overseeing Biomet's compliance with legal and regulatory requirements, its Code of Business Conduct and Ethics and its Fraud and Abuse Compliance Policies. Though not formally considered by the Board given that Biomet's securities are not registered or traded on any national securities exchange, based upon the listing standards of the NASDAQ National Market, the national securities exchange upon which Biomet's common stock was listed prior to the Transactions, Biomet does not currently believe that any of Messrs. Dal Bello, Miller, Saer, Sisitsky or Summe would be considered independent because of their relationships with the Sponsors, who own Biomet's outstanding common shares through Parent. See Item 13, Certain Relationships and Related Transactions.

Compensation Committee

Biomet's compensation committee currently consists of Messrs. Coslet, Jones, Michelson and Dal Bello. The compensation committee is responsible for reviewing and approving goals and objectives related to the chief executive officer's compensation, evaluating the chief executive officer's performance against these goals and objectives and approving his compensation, approving total compensation for the other senior executive officers, establishing total compensation for the directors and overseeing Biomet's general cash-based and equity-based incentive plans. Though not formally considered by the Board given that Biomet's securities are not registered or traded on any national securities exchange, based upon the listing standards of the NASDAQ National Market, the national securities exchange upon which Biomet's common stock was listed prior to the Transactions, Biomet does not currently believe that any of Messrs. Coslet, Jones, Michelson or McVeigh would be considered independent because of their relationships with the Sponsors, who own Biomet's outstanding common shares through Parent. See Item 13, Certain Relationships and Related Transactions.

Compensation Committee Interlocks and Insider Participation

During the 2008 fiscal year, the Compensation Committee was composed of Messrs. Coslet, Jones, Michelson, Dal Bello, McVeigh and Chin E. Chu. None of the other members of the Compensation Committee

Table of Contents

have at any time been an officer or employee of Biomet or any of its subsidiaries. Messrs. Coslet, Jones, Dal Bello, Michelson, McVeigh and Chu are affiliated with Texas Pacific Group, Goldman Sachs Investments Ltd., Kohlberg Kravis Roberts & Co., and Blackstone Capital Partners V L.P., respectively, each of which is a member of Holding and a party to the management services agreement with Biomet. The amended and restated limited liability company operating agreement of Holding and the Sponsor management services agreement are described in greater detail in Item 13, Certain Relationships and Related Transactions.

Code of Business Conduct and Ethics

Biomet has adopted a Code of Business Conduct and Ethics (the *Code*) that applies to all of its employees, officers, and directors, including its Chief Executive Officer, Chief Financial Officer and Controller, as well as certain other personnel associated with Biomet. All Biomet team members, including the aforementioned individuals and the Board, are required to comply with the Code. The Code is based on five broad corporate values that shape Biomet's business practices: (a) Legal/Compliance Obligations, (b) Integrity, (c) Respect for People, (d) Dedication to Quality and (e) Stewardship. The Code also includes a procedure for reporting any potential violations of the Code and a process for investigating and resolving any potential violations. A copy of the Code is available on Biomet's website at www.biomet.com or a copy may also be requested free of charge by contacting Biomet's Investor Relations Department at Biomet, Inc., P.O. Box 587, Warsaw, Indiana 46581-0587 or at (574) 372-1514.

Item 11. Executive Compensation. Introduction

Throughout fiscal 2007 and the first four months of fiscal 2008, we were a public company, with our common stock traded on the NASDAQ National Market. As such, the Compensation Committee of our Board of Directors was responsible for developing, implementing and administering our cash and equity compensation policies. As a result of the Transactions, however, many of our compensation arrangements that had been in place during the 2007 fiscal year and the beginning of the 2008 fiscal year were discontinued in connection with the Transactions. In connection with the Transactions, each member of our Board of Directors (other than Mr. Binder, our President and Chief Executive Officer) serving prior to the Transactions resigned from our Board of Directors and all committees thereof (including our Compensation Committee) and new members of the Board were appointed by our sole shareholder, Parent, on behalf of the Sponsors.

Compensation and related matters during the 2008 fiscal year were reviewed and approved by (1) the Compensation Committee of the Company with respect to periods prior to consummation of the Transactions and (2) the Compensation Committees of Holding, Parent and the Company with respect to periods after consummation of the Transactions, which we refer to, collectively, as the Compensation Committee.

Compensation Discussion and Analysis

This section includes information regarding, among other things, the overall objectives of our compensation programs and each element of compensation that we provided, in each case with respect to the 2008 fiscal year. The goal of this section is to provide a summary of our executive compensation practices and the decisions that we made during this period concerning the compensation package payable to our executive officers, including the six executives in the Summary Compensation Table. Each of the six executives listed in the Summary Compensation Table is referred to herein as a named executive officer. This Compensation Discussion and Analysis should be read in conjunction with the detailed tables and narrative descriptions under Executive Compensation Tables below.

Table of Contents

Compensation Methodology

During the 2008 fiscal year, the Compensation Committee was responsible for administering the compensation and benefit programs for our team members, including named executive officers. The Compensation Committee annually reviews and evaluates cash compensation and equity award recommendations along with the rationale for such recommendations, as well as summary information regarding the aggregate compensation, provided to our executive officers. The Compensation Committee examines these recommendations in relation to our overall objectives. The President and Chief Executive Officer was not a member of the Compensation Committee during the 2008 fiscal year and did not participate in the decisions as to his compensation package.

The most significant development in our executive compensation philosophy during the 2008 fiscal year following the consummation of the Transactions has been a greater emphasis on correlating compensation to long-term equity growth. The Compensation Committee has provided significant equity investment opportunities in our Parent tied to financial objectives through grants of options to purchase shares of Parent and has modified the structure of non-equity awards to provide greater incentives for management performance. The Compensation Committee's decisions for the 2008 fiscal year were made after considering compensation data of an informal peer group of other orthopedic manufacturing companies in our industry and privately owned portfolio companies of the Sponsors. However, the Compensation Committee did not engage in formal benchmarking as part of this informal review in making compensation decisions. In addition, as more fully discussed below, our annual cash bonus program has been redesigned in an effort to more closely align awards to our and our executives' performance. The philosophy and target levels of each of the other compensation elements, including base salary, perquisites, health and welfare and retirement benefits during the 2008 fiscal year have largely continued to correspond to the levels of such awards compared to our informal peer group for periods prior to the Transactions.

Executive Compensation Philosophy and Objectives

Our executive compensation practices are affected by the highly competitive nature of the orthopedics industry and the location of our executive offices in Warsaw, Indiana. The fact that a number of the leading orthopedic manufacturers in the world have significant operations in and around Warsaw, Indiana means that there are continuing opportunities for experienced orthopedic executives who reside in this area. On the other hand, the fact that Warsaw, Indiana, is a small town in a predominantly rural area can present challenges to attracting executive talent from other industries and parts of the country.

Our executive compensation policies and practices during the 2008 fiscal year reflected the compensation philosophies of our founders and were designed to help achieve the superior performance of our executive officers and management team by accomplishing the following goals:

attracting, retaining and rewarding highly qualified and productive persons;

relating compensation to both company and individual performance;

establishing compensation levels that are internally equitable and externally competitive; and

encouraging an ownership interest and instilling a sense of pride in Biomet.

This compensation methodology was based upon one of our founding philosophies: equity incentives in the form of stock options are an excellent motivation for all team members, including executive officers, and serve to align the interests of team members, management and our equity investors.

Based on these objectives, the compensation package of our executive officers during the 2008 fiscal year was intended to meet each of the following three criteria: (1) market competitive levels with companies of similar size and performance to us, such as the companies discussed above as our informal peer group; (2) performance based, at risk pay that is based on both short and long-term goals; and (3) incentives that are structured to create alignment between our equity investors and executives.

Table of Contents***The Elements of Biomet's Compensation Program***

As a result of our compensation philosophies and objectives, the compensation package of our executive officers during the 2008 fiscal year consisted of five primary elements: (1) base salary; (2) non-equity incentive plan awards; (3) stock options and leveraged share awards; (4) participation in employee benefit plans; and (5) deferred compensation elections.

Base Salary. Consistent with prior fiscal years, our practice during the 2008 fiscal year was to provide base salaries at rates that we believed to be comparable with positions of executives in the orthopedics industry and other sponsor backed companies outside of the orthopedics industry, in each case of similar responsibility to our executives and other companies of similar size to us. The Compensation Committee reviewed our performance, the executive officer's performance, our future objectives and challenges and the current competitive environment and set the base salary for each executive officer at the beginning of the fiscal year. We consider our 2008 base salaries to have been in line with our compensation objectives.

Non-equity Incentive Plan. Annual cash incentive awards to our named executive officers for the 2008 fiscal year were paid under the terms of a non-equity incentive plan approved by our Compensation Committee following consummation of the Transactions. The principal objective sought to be achieved by our non-equity incentive plan is to align awards with predetermined objectives and thereby improve performance in targeted areas. Payments under the plan are calculated based upon a percentage of an executive's base salary, which are targeted to be competitive with other orthopedic manufacturing companies in our industry and after considering annual cash incentive programs at privately owned portfolio companies of the Sponsors.

Potential payments under the non-equity incentive plan for the 2008 fiscal year could have ranged from 0% to 180% of the an executive's base salary, as a result of corporate, business unit and individual performance. Greater emphasis for Messrs. Binder, Florin, Kashuba and Richardson was placed on corporate performance, while a more significant factor for Messrs. Van Broeck and Scheiss was business unit performance. Corporate and business unit targets for the 2008 fiscal year were EBITDA, net sales and operational objectives (including manufacturing footprint optimization and implementation of Six Sigma, lean manufacturing, and procurement and offshoring initiatives). Individual performance of named executive officers was determined after considering each executive's leadership ability and contributions to our business during the 2008 fiscal year. With respect to named executive officers other than the Chief Executive Officer, the Compensation Committee also considered the Chief Executive Officer's assessment of their individual performance in determining an individual named executive officer's performance.

The chart below includes information about 2008 fiscal year opportunities and actual payout.

	Non-Equity Incentive Plan Target		Non-Equity Incentive Plan Maximum		Non-Equity Incentive Plan Payout (Paid in July 2008)	
	% of Base Salary	Amount (\$)	% of Base Salary	Amount (\$)	% of Base Salary	Amount (\$)
Jeffrey R. Binder	100%	682,500	180%	1,228,500	131%	840,000
Daniel P. Florin	80%	321,430	144%	578,575	89%	356,708
J. Pat Richardson	60%	155,904	108%	280,627	68%	176,087
Roger Van Broeck(1)	80%	328,201	144%	590,761	68%	278,985
Glen A. Kashuba	80%	318,178	108%	429,540	78%	310,223
Steven F. Schiess	80%	238,968	108%	322,607	78%	232,086

- (1) Mr. Van Broeck is employed in the Netherlands and paid in Euros. To calculate the U.S. dollar equivalent for disclosure purposes, we used a currency conversion rate of 1 Euro to \$1.5557, which represents the currency exchange rate from Euros to U.S. dollars on May 31, 2008 as published in The Wall Street Journal.

Table of Contents

Since corporate and business unit target performance goals are generally set consistent with our confidential operating plan for the fiscal year, actual performance above our confidential operating plan would generally result in incentive payments above the target level. Conversely, performance below our confidential operating plan would generally result in incentive payments below the target level. The Compensation Committee and management believe that the metrics for the non-equity incentive plan align well with our objective of relating compensation to both company and individual performance. The specific corporate and business unit targets and ranges of acceptable performance set under the non-equity incentive plan are not disclosed because we believe disclosure of this information would cause competitive harm. These targets and ranges of acceptable performance are based on our confidential operating plan for the 2008 fiscal year and, therefore, achievement is substantially uncertain at the time they are set. The targets are intended to be realistic and reasonable, but challenging, in order to drive sustainable growth and individual performance.

Stock Options and Leveraged Share Awards. In 2007, the Board of Parent adopted the LVB Acquisition, Inc. 2007 Management Equity Incentive Plan (the 2007 LVB Plan), which provides for the grant of non-qualified stock options to purchase shares of common stock of Parent (the LVB Options) to our and our affiliates key employees, directors, service providers and consultants. Generally, 50% of the LVB Options granted to employees vest based on continued employment, 25% vest based on continued employment and have an exercise price that increases by 10% per annum, and 25% vest based on the achievement of annual EBITDA based performance criteria established by the Board of Parent or a committee appointed by the Board of Parent. We also have granted LVB Options to our distributors, which are expected to be eligible to vest based on the achievement of specified sales targets.

In 2008, the Board of Parent adopted an addendum to the 2007 LVB Plan, which provides the ability to grant leveraged equity awards in Parent under the 2007 LVB Plan (the LVB Leveraged Awards, and together with the LVB Options, the LVB Awards). LVB Leveraged Awards permit participants to purchase shares of LVB common stock using the proceeds of non recourse loans from Parent, which shares remain subject to forfeiture and other restrictions prior to the participant s repayment of the loan.

Upon termination of a participant s employment, the 2007 LVB Plan provides that any unvested portion of a participant s LVB Award will be forfeited, and that the vested portion of his or her LVB Award will expire on the earlier of (1) the date participant s employment is terminated for cause, (2) 30 days following the date the participant resigns without good reason, (3) 90 days after the date the participant s employment is terminated by us for any reason other than cause, death, disability or the participant s resignation with good reason, (4) one year after the date the participant s employment is terminated by reason of death or disability or (5) the tenth anniversary of the grant date of the LVB Award.

Prior to receiving shares of LVB common stock (whether pursuant to the exercise of LVB Options, purchased pursuant to an LVB Leveraged Award or otherwise), participants must execute a Management Stockholders Agreement, which provides that the shares are subject to certain transfer restrictions, put and call rights, and tag along and drag along rights (and, with respect to certain senior members of management, limited re offer registration and preemptive rights).

There were 37,520,000 shares of LVB common stock reserved for issuance in connection with LVB Awards to be granted pursuant to the 2007 LVB Plan. The Compensation Committee is responsible for administering the 2007 LVB Plan and authorizing the grant of LVB Awards pursuant thereto, and may amend the 2007 LVB Plan (and any LVB Awards) at any time. LVB Awards may not be granted under the 2007 LVB Plan on or after November 16, 2017. Following the Transactions, a total of 28,373,500 LVB Options were granted to employees and distributors under the 2007 LVB Plan during the 2008 fiscal year and 769,500 LVB Leveraged Awards were granted to employees under the 2007 LVB Plan during the 2008 fiscal year. Of the 23,373,500 LVB Options granted during the 2008 fiscal year, 7,245,000 were granted to our named executive officers and of the 769,500 LVB Leveraged Awards granted during the 2008 fiscal year, none were granted to our named executive officers.

Table of Contents

Perquisites. We believe that our approach to perquisites has historically been, and continues to be, comparable to other companies in our informal peer group discussed above. Our President and Chief Executive Officer and other named executive officers have historically generally been permitted, when practical, to use company aircraft for business and personal travel for security reasons. On a case by case basis, we have historically reimbursed executives for social club dues or offered to provide a travel allowance in connection with Biomet related travel or relocation assistance to certain members of our senior management team who relocate their principal residence at our request. For example, we have historically, at times, provided reimbursement of moving expenses and protection against a loss on the sale of the executive's home.

Health and Welfare Benefits. Named executive officers have historically received similar benefits to those provided to all other salaried U.S. employees, such as medical, dental, vision, life insurance and disability coverage.

Post Termination Compensation and Management Continuity Agreements. As described in further detail below, during the 2008 fiscal year, named executive officers were provided arrangements which specified payments in the event the executive's employment is terminated. The type and amount of payments varied by executive level and the nature of the termination. These severance benefits, which are competitive with the companies discussed above as our informal peer group and general industry practices, are payable if and only if the executive's employment terminates as specified in the applicable plan document or employment agreement. For more information, refer to Employment Agreements and Potential Post Termination Payments.

Historically, we did not offer management continuity agreements to members of senior management. During the 2007 fiscal year, however, we engaged The Kinsley Group to assist with the preparation of and execution of change in control agreements with members of our senior management team. These agreements were intended to provide for continuity of management in the context of a prospective change in control of Biomet. These agreements were necessary to reinforce and encourage the continued attention and dedication of members of our senior management to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control. In addition, we entered into change in control agreements with Messrs. Binder, Florin and Richardson, each of whom joined after the Transactions were announced, to provide such executives' benefits if the Transactions did not close as expected and a new change in control transaction was consummated. Each of the agreements with Messrs. Binder, Florin and Richardson terminated upon consummation of the Transactions. For further information on the terms of the change in control agreements, refer to Employment Agreements and Potential Post Termination Payments Change in Control Agreements below.

Retirement Plans. We do not sponsor or maintain any pension plans applicable to our U.S. based named executive officers; however, we do have defined benefit retirement plans for certain of our foreign subsidiaries, discussed herein as our foreign pension plans, which covered certain of our overseas employees. One of these foreign pension plans was applicable to Mr. Van Broeck during the 2008 fiscal year and sponsored by Biomet Europe B.V. (Biomet Europe). During the 2008 fiscal year Biomet Europe provided all employees, whether salaried or hourly, with the opportunity to build up benefits under pension plans as part of Biomet Europe's standard conditions for working in the Netherlands in order to provide a level of retirement benefits competitive with European market conditions. The benefits under this foreign pension plan are generally based on years of service and a calculation of the employee's weighted average final base salary. Detailed explanations of these terms and calculations can be found in the narrative discussion accompanying the Pension Benefits Table in Executive Compensation Tables Retirement And Non-Qualified Defined Contribution And Deferred Compensation Plans Pension Plans below. The investment objective is to enable a fixed, guaranteed payout to the employee at the time of the employee's retirement, except, in the case of Mr. Van Broeck, for a moderate profit sharing provision, which may affect him by providing an additional benefit based on the collective return of the plan assets. The assets covered by the pension plan are managed by independent investment professionals, however, due to the guaranteed payout, policyholders are relatively unaffected by poor performance and affected only by positive investment returns under the profit sharing provision. The net assets of these foreign pension

Table of Contents

plans did not include any of our common shares as of April 30, 2008 (the same measurement dates used for the 2008 fiscal year with respect to our foreign subsidiaries). For information about Mr. Van Broeck's pension benefits, refer to the Pension Benefits Table in Executive Compensation Tables Retirement And Non-Qualified Defined Contribution And Deferred Compensation Plans Pension Plans below.

In addition, during the 2008 fiscal year our executive officers were eligible to participate in our 401(k) plan (the 401(k) Plan). All team members residing in the United States who are at least 18 years of age and complete at least 90 days of continuous service or work at least 1,000 hours per year were also eligible during the 2008 fiscal year to participate in the 401(k) Plan. Each year we, in our sole discretion, may match 75% of each team member's contributions, up to a maximum amount equal to 5% of the team member's compensation in cash. All contributions to the 401(k) Plan are allocated to accounts maintained on behalf of each participating team member and, to the extent vested, are available for distribution to the team member or beneficiary upon retirement, death, disability or termination of service. The 401(k) Plan generally purchased common shares of Biomet with our matching contribution. Executive officers have also historically participated in our Employee Stock Bonus Plan (the ESBP), which was merged into and with our 401(k) Plan during the 2008 fiscal year.

In addition, we maintain The Biomet, Inc. Deferred Compensation Plan (the Deferred Compensation Plan), a non-qualified deferred compensation plan, which is available for our senior management. The Deferred Compensation Plan allows eligible participants to defer pre tax compensation to reduce current tax liability and assist those team members in their planning for retirement and other long-term savings goals in a tax effective manner. We do not make any contributions to the Deferred Compensation Plan. Under the Deferred Compensation Plan, eligible participants may defer up to 100% of their base salary and cash bonus payments. Participants received scheduled distributions from the Deferred Compensation Plan are available, which are treated as ordinary income subject to federal and state income taxation at the time of distribution. Except in circumstances of hardship, unscheduled withdrawals are not permitted. Amounts contributed to the Deferred Compensation Plan are at the participant's election and deemed investments, which means that the participants have no ownership interest in the investment alternative selected. The participants' deferrals and gains are reflected on our financial statements and are our unsecured general assets. The Deferred Compensation Plan is an unfunded future promise to pay by us. Neither Biomet nor the Deferred Compensation Plan record keeper provides any guarantee of investment return. We do not pay above market interest rates on deferred amounts of compensation. For more information, refer to Executive Compensation Tables Retirement and Non-Qualified Defined Contribution and Deferred Compensation Plans Non-Qualified Deferred Compensation below.

Policy with Respect to Deductibility of Compensation over \$1 Million. Section 162(m) of the Code generally limits to \$1.0 million the tax deductibility of annual compensation paid to certain executives named in the Summary Compensation Table. However, performance based compensation can be excluded from this limit if it meets certain requirements. Prior to the Transactions, the Compensation Committee's policy was historically to consider the impact of Section 162(m) in establishing compensation for our senior executives. However, the Compensation Committee historically retained the discretion to establish compensation, even if such compensation was not deductible under Section 162(m), if, in the Compensation Committee's judgment, such compensation was in our best interest and was reasonably expected to increase shareholder value. Following the Transactions, because we no longer have publicly held equity, the restrictions of Section 162(m) no longer apply.

Table of Contents

Compensation Committee Report

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

Compensation Committee

Jonathan J. Coslet

Adrian Jones

Michael Dal Bello

Michael Michelson

Executive Compensation Tables

Summary Compensation Table

The following narrative, tables and footnotes describe the total compensation earned during the 2007 and 2008 fiscal years by our named executive officers. The total compensation presented below does not reflect the actual compensation received by our named executive officers or the target compensation of our named executive officers during the 2007 and 2008 fiscal years. The actual value realized by our named executive officers during the 2007 and 2008 fiscal years from long-term incentives (options) is presented in the Option Exercises and Stock Vested Table below.

The individual components of the total compensation calculation reflected in the Summary Compensation Table are broken out below:

Salary. Base salary earned during the 2008 fiscal year. Refer to The Elements of Biomet's Compensation Program Base Salary above for further information concerning this element of our compensation program.

Bonus. For the 2008 fiscal year, we did not have any bonus plans applicable to our named executive officers. Each named executive officer, however, earned an annual performance based cash incentive award as described under Non-equity Incentive Plan Compensation below.

Option Awards. The awards disclosed under the heading Option Awards consist of grants of stock options awarded under the Biomet, Inc. 1998 Qualified and Non-Qualified Stock Option Plan (the 1998 Plan) and 2007 LVB Plan. For further information about our stock option programs, refer to The Elements of Biomet's Compensation Program Stock Options and Leveraged Share Awards above. In addition, details about option awards made during the 2008 fiscal year are included in the Grant of Plan Based Awards Table below. The dollar amounts for the awards in the Summary Compensation Table below represent the compensation expense recognized during the 2008 fiscal year under SFAS 123(R) for each named executive officer. The recognized compensation expense of the option awards for financial reporting purposes will likely vary from the actual amount ultimately realized by the named executive officer based on a number of factors. The factors include our actual operating performance, common share price fluctuations, differences from the valuation assumptions used and the timing of exercise or applicable vesting.

Stock Awards. The only equity based compensation that we recognized under SFAS 123(R) with respect to our named executive officers for the 2008 fiscal year was in relation to stock option awards. For information about stock options granted to our named executive officers, see Option Awards immediately above.

Non-equity Incentive Plan Compensation. Our named executive officers earned annual incentive bonuses for the 2008 fiscal year. Refer to The Elements of Biomet's Compensation Program Non-equity Incentive Plan above for further information concerning this element of our compensation program.

Table of Contents

Change in Pension Value and Non-Qualified Deferred Compensation Earnings. We do not sponsor or maintain any pension plans applicable to our U.S. based named executive officers. For Mr. Van Broeck, the change in pension value represents the aggregate change in the actuarial present value of the accumulated benefit under his pension plan sponsored by Biomet Europe from April 30, 2007 to May 31, 2008 (the same measurement dates used for financial statement reporting purposes with respect to our audited financial statements for the 2007 and 2008 fiscal years with respect to our foreign subsidiaries). For information on Mr. Van Broeck's retirement benefits and certain material features of the pension plan in which he participates, refer to [The Elements of Biomet's Compensation Program Retirement Plans](#) above and [Retirement And Non-Qualified Defined Contribution And Deferred Compensation Plans Pension Plans](#) below.

None of our named executive officers participated in the Deferred Compensation Plan during the 2008 fiscal year. Furthermore, we do not pay above market or preferential earnings on non-qualified deferred compensation. For information on the Deferred Compensation Plan, refer to [Compensation Discussion and Analysis Retirement Plans](#).

All Other Compensation. The amounts included under the All Other Compensation heading represent the sum of: (1) certain perquisites and other personal benefits; (2) Biomet paid contributions to retirement plans; (3) Biomet paid insurance premiums; (4) certain tax reimbursements made by us; and (5) certain other amounts more fully described in footnote (2) to the Summary Compensation Table.

Table of Contents**SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards(1) (\$)	Stock Awards(1) (\$)	Non-Equity Incentive Plan Compen- sation (\$)	Change in Pension Value and Non- Qualified Deferred Compen- sation Earnings (\$)	All Other Compen- sation(2) (\$)	Total (\$)
Jeffrey R. Binder, President and Chief Executive Officer	2008	682,500		4,334,395		840,000		1,766,811	7,623,706
	2007	150,050	162,500					71,858	384,408
Daniel P. Florin, Senior Vice President and Chief Financial Officer	2008	401,788	356,708	686,279		356,708		13,313	1,458,088
J. Pat Richardson, Corporate Vice President-Finance and Treasurer and Former Interim Chief Financial Officer	2008	259,840		340,560		176,087		16,863	793,350
	2007	25,834	24,722					3,788	54,344
Roger van Broeck, Vice President and President, Biomet Europe	2008	410,251		593,399		278,985		79,109	1,361,744
	2007	386,741	284,235	119,486			77,073(3)	68,311	935,846
Glen A. Kashuba	2008	397,722		928,799		310,223		13,313	1,658,012
Steven F. Schiess	2008	298,710		593,399		232,086		13,313	1,144,390

- (1) For each named executive officer listed in the Summary Compensation Table above, the value reflects the compensation expense recognized by us during the 2008 and 2007 fiscal years under SFAS 123(R). For information on the full grant-date fair value of awards granted solely during the 2008 and 2007 fiscal years, refer to the Grant of Plan-Based Awards Table below and to footnote (1) of the Grant of Plan-Based Awards Table.

We use the Black-Scholes option-pricing model to determine the fair value of options to calculate compensation expense. For information about the assumptions used in determining the compensation expense we recognized during the 2008 and 2007 fiscal years, refer to Note 9 to the consolidated financial statements elsewhere in this Form 10-K.

Table of Contents

- (2) The table below presents an itemized account of All Other Compensation provided during the 2007 and 2008 fiscal years. Consistent with our emphasis on performance-based pay, perquisites and other compensation are limited in scope and primarily comprised of retirement benefit contributions and accruals. For each named executive officer listed below, the sum of each of the columns reflects the total value included under the All Other Compensation heading in the table above.

	Year	Life	Retirement	Medical Flex	Travel Allowance	Personal Use of Company Aircraft	Other
		Insurance Premiums (\$)	Plan Contributions (\$)			(a)	
Jeffrey R. Binder	2008	63		250	13,000	433,498	1,320,000(b)
	2007			146		63,600	8,112(c)
Daniel P. Florin	2008	63		250	13,000		
J. Pat Richardson	2008	63		250	13,000		3,550(d)
	2007			104			3,684(d)
Roger Van Broeck	2008		44,960		28,501(e)		5,648(f)
	2007		38,811		24,621(e)		4,879(f)
Glen A. Kashuba	2008	63		250	13,000		
Steven F. Schiess	2008	63		250	13,000		

- (a) Our incremental cost for personal use of our aircraft is calculated by multiplying the aircraft's hourly variable operating cost by a trip's flight time, which includes any flight time of an empty return flight. Variable operating costs are based on industry standard rates of our variable operating costs, including fuel and oil costs, maintenance and repairs, landing/ramp fees and other miscellaneous variable costs. On certain occasions, a spouse or other family member may accompany one of our named executive officers on a flight. No additional operating cost is incurred in such situations under the foregoing methodology. We do not pay our named executive officers any amounts in connection with taxes on income imputed to them for personal use of our aircraft.

Pursuant to the employment agreement between us and Mr. Binder, dated February 26, 2007, we agreed to arrange, at our expense, for Mr. Binder to fly once per week to and from Mr. Binder's Texas home and our headquarters or such other location reasonably specified by us during the term of the employment agreement. We will not provide Mr. Binder with a gross up for taxes incurred in connection with these benefits. If, however, Mr. Binder uses a commercial flight and the income imputed in connection with the commercial flight is greater than the amount that would have been imputed to Mr. Binder if he had used our aircraft, we will provide to Mr. Binder a gross up for taxes incurred on the incremental income associated with the commercial flight. Our incremental costs associated with extending these benefits to Mr. Binder are capped at \$500,000 in any twelve-month period. For the purposes of applying this limitation, our incremental cost for commercial flights shall be the cost of Mr. Binder's tickets and for flights on Biomet-operated aircraft shall be the incremental per-hour cost associated with Mr. Binder's flights and other incremental costs related to such flights, such as landing fees, transportation and housing costs of aircrew and other similar costs. The amount that appears under the Personal Use of Company Aircraft heading reflects the amount of this rolling twelve-month allowance that Mr. Binder has used. In addition, pursuant to the employment agreement between us and Mr. Binder dated February 26, 2007, we agreed to purchase Mr. Binder's prior residence in Illinois at its appraised value, to be determined by an independent appraiser, up to \$2,199,000. Furthermore, we agreed to reimburse Mr. Binder for certain capital gains taxes, if any, incurred as a result of the sale of Mr. Binder's prior residence. As a result of the independent appraisal, we purchased Mr. Binder's prior residence for significantly less than the maximum amount and Mr. Binder has not recognized any gain on the sale of his prior residence. As a result of our subsequent sale of Mr. Binder's former residence, the amount paid by us to Mr. Binder is not reflected in the amount shown in the table above for Mr. Binder under the All Other Compensation heading. In addition, because Mr. Binder recognized a loss on the sale of his house, we have not paid any gross up amounts to Mr. Binder in connection with the sale of his house.

- (b) Also, pursuant to the employment agreement between us and Mr. Binder dated February 26, 2007, we agreed to reimburse Mr. Binder up to \$1,320,000 if Mr. Binder is required to pay his former employer in connection with the termination of his previous employment. On September 21, 2007, we paid \$1,320,000 to Mr. Binder in connection with this obligation.
- (c) Represents the cost to us of providing temporary housing to Mr. Binder in Warsaw, Indiana.
- (d) Represents the cost to us of providing temporary housing to Mr. Richardson in Warsaw, Indiana.
- (e) Represents the cost to us of providing a car to Mr. Van Broeck.
- (f) Represents the Biomet-paid portion of Mr. Van Broeck's government mandated health and wellness expense.

In addition to the foregoing compensation, named executive officers also participated in health and welfare benefit programs, including vacation and medical, dental, prescription drug and disability coverage. These programs are generally available and comparable to those programs provided to all U.S. salaried employees.

Table of Contents

- (3) Mr. Van Broeck is employed in the Netherlands and paid in Euros. To calculate the U.S. dollar equivalent for disclosure purposes, we used a currency conversion rate of 1 Euro to \$1.5566, which represents the currency exchange rate from Euros to U.S. dollars on May 31, 2008 as published in The Wall Street Journal.

Grants of Plan-Based Awards Table

As discussed in further detail in Compensation Discussion and Analysis Introduction above, in connection with the Transactions all stock options outstanding under the 1998 Plan and the Biomet, Inc. 2006 Equity Incentive Plan (the 2006 Plan) (whether held by officers, directors, employees or distributors) were cancelled and the holders thereof became entitled to receive from us an amount equal to the excess, if any, of the \$46.00 offer price over the option exercise price for each share subject to the stock option, in each case, less any applicable withholding taxes and without interest and regardless of whether or not the awards were then vested or exercisable. Following consummation of the Transactions, the 2007 LVB Plan was established. For a further discussion of the 2007 LVB Plan, see The Elements of Biomet s Compensation Program Stock Options and Leveraged Share Awards. During the 2008 fiscal year, we granted stock options to our named executive officers under the 2007 LVB Plan. Information with respect to each of these awards on a grant-by-grant basis is set forth in the table below. For additional discussion of the 2007 LVB Plan and certain material terms of the stock option awards under this plan, refer to The Elements of Biomet s Compensation Program Stock Options and Leveraged Share Awards. All stock option awards to our named executive officers during the 2008 fiscal year were made such that the exercise price of the awards was equal to the fair market value of LVB s common shares on the date of grant.

During the 2008 fiscal year, we also granted cash incentive awards to our named executive officers under our non-equity incentive plan. Information with respect to each of these payments is set forth in the table below. For additional discussion of our non-equity incentive plan, refer to The Elements of Biomet s Compensation Program Non-Equity Incentive Plan.

Table of Contents**GRANTS OF PLAN-BASED AWARDS**

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares or Units of Stock	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise of Base Price of Option Awards (\$/Sh)	Grant-Date Fair Value of Stock and Option Awards (1) (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Jeffrey R. Binder	December 17, 2007	3,413	682,500	1,228,500							
	December 17, 2007(2)							2,100,000		7,770,000	
	December 17, 2007(3)							1,050,000		2,373,000	
	December 17, 2007(4)					1,050,000				3,885,000	
Daniel P. Florin	December 17, 2007	2,009	321,430	578,575							
	December 17, 2007(2)							332,500		1,230,250	
	December 17, 2007(3)							166,250		375,725	
	December 17, 2007(4)					166,250				615,125	
J. Pat Richardson	December 17, 2007	1,299	155,904	280,627							
	December 17, 2007(2)							165,000		610,500	
	December 17, 2007(3)							82,500		186,450	
	December 17, 2007(4)					82,500				305,250	
Roger van Broeck	December 17, 2007	2,051	328,201	590,761							
	December 17, 2007(2)							287,500		1,063,750	
	December 17, 2007(3)							143,750		324,875	
	December 17, 2007(4)					143,750				531,875	
Glen A. Kashuba	December 17, 2007	1,989	318,178	429,540							
	December 17, 2007(2)							450,000		1,665,000	
	December 17, 2007(3)							225,000		508,500	
	December 17, 2007(4)					225,000				832,500	
Steven F. Schiess	December 17, 2007	1,494	238,968	322,607							
	December 17, 2007(2)							287,500		1,063,750	
	December 17, 2007(3)							143,750		324,875	
	December 17, 2007(4)					143,750				531,875	

- (1) For each named executive officer listed in the Grant of Plan-Based Awards Table above, the value reflects the full grant-date fair value calculated under SFAS 123(R) solely for awards granted during the 2008 fiscal year. The fair value of the stock option awards for financial reporting purposes likely will vary from the actual amount ultimately realized by the named executive officer based on a number of factors. These factors include our actual operating performance, common share price fluctuations, differences from the valuation assumptions used and the timing of exercise or applicable vesting. See Note 9 to the consolidated financial statements for the assumptions made in determining SFAS 123(R) values.
- (2) Represents grants of time-based options, which generally vest ratably over 5 years. For additional discussion of the 2007 LVB Plan and certain material terms of the stock option awards under this plan, refer to The Elements of Biomet's Compensation Program Stock Options and Leveraged Share Awards.
- (3) Represents grants of accreting exercise price options, which have exercise prices that will increase by 10% each year and generally vest ratably over 5 years. For additional discussion of the 2007 LVB Plan and certain material terms of the stock option awards under this plan, refer to The Elements of Biomet's Compensation Program Stock Options and Leveraged Share Awards.
- (4) Represents grants of performance-based options, which generally vest over 5 years, contingent upon the Company achieving certain EBITDA targets in each of those years. For additional discussion of the 2007 LVB Plan and certain material terms of the stock option awards under this plan, refer to The Elements of Biomet's Compensation Program Stock Options and Leveraged Share Awards.

Outstanding Equity Awards at Fiscal Year-End Table

As discussed in further detail in Introduction above, in connection with the Transactions all stock options outstanding under the 1998 Plan and the 2006 Plan (whether held by officers, directors, employees or distributors) were cancelled and the holders thereof became entitled to receive from us an amount equal to the excess, if any, of the \$46.00 offer price over the option exercise price for each share subject to the stock option,

Edgar Filing: MARK KELLY S - Form 4

in each case, less any applicable withholding taxes and without interest and regardless of whether or not the awards were then vested or exercisable. Following consummation of the Transactions, the 2007 LVB Plan was established. For a further discussion of the 2007 LVB Plan, see The Elements of Biomet's Compensation Program Stock Options and Leveraged Share Awards.

We have historically awarded stock options to members of our senior management and our other team members throughout Biomet. Generally, of the awards listed in the table below, 50% vest based on continued employment, 25% vest based on continued employment and have an exercise price that increases by 10% per annum, and 25% vest based on the achievement of annual EBITDA-based performance criteria established by the Compensation Committee. For information on the vesting schedule of the unvested portions of outstanding equity awards listed below, refer to footnote (2) to the table

Table of Contents

below. Upon termination of a participant's employment, the 2007 LVB Plan provides that any unvested portion of a participant's LVB Award will be forfeited, and that the vested portion of his or her LVB Award will expire on the earlier of (1) the date the participant's employment is terminated for cause, (2) 30 days following the date the participant resigns without good reason, (3) 90 days after the date the participant's employment is terminated either by us for any reason other than cause, death, disability or by the participant with good reason, (4) one year after the date the participant's employment is terminated by reason of death or disability or (5) the tenth anniversary of the grant date of the LVB Award.

For further information on our stock option awards and their material terms, refer to "The Elements of Biomet's Compensation Program - Stock Options and Leveraged Share Awards." For information about stock option awards granted solely during the 2008 fiscal year, refer to "Grant of Plan-Based Awards Table."

The following table shows the equity awards granted to our named executive officers, which are comprised solely of stock option awards under the 2007 LVB Plan (vested and unvested), that were outstanding as of the end of the 2008 fiscal year.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

Name	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable(1)	Number of Securities Underlying Unexercised Options (#) Unexercisable(2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options(3) (#)	Option Exercise Price (4)(\$)	Option Expiration Date(5)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Jeffrey R. Binder		2,100,000(a)		10.00	July 11, 2017				
		1,050,000(b)		10.00	July 11, 2017				
			1,050,000	10.00	July 11, 2017				
Daniel P. Florin		332,500(a)		10.00	July 11, 2017				
		166,250(b)		10.00	July 11, 2017				
			166,250	10.00	July 11, 2017				
J. Pat Richardson		165,000(a)		10.00	July 11, 2017				
		82,500(b)		10.00	July 11, 2017				
			82,500	10.00	July 11, 2017				
Roger van Broeck		287,500(a)		10.00	July 11, 2017				
		143,750(b)		10.00	July 11, 2017				
			143,750	10.00	July 11, 2017				
Glen A. Kashuba		450,000(a)		10.00	July 11, 2017				
		225,000(b)		10.00	July 11, 2017				
			225,000	10.00	July 11, 2017				
Steven F. Schiess		287,500(a)		10.00	July 11, 2017				
		143,750(b)		10.00	July 11, 2017				
			143,750	10.00	July 11, 2017				

(1) On an award-by-award basis, the number of common shares underlying unexercised options that are exercisable and that are not reported in Column 3 - Number of Securities Underlying Unexercised Unearned Options.

Table of Contents

(2) On an award-by-award basis, the number of common shares underlying unexercised options that are unexercisable and that are not reported in Column 3 Number of Securities Underlying Unexercised Unearned Options. The vesting schedules of the outstanding unvested equity awards are listed below:

(a) Represents grants of time-based options, which generally vest ratably over 5 years.

With respect to Mr. Binder, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 420,000 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

With respect to Mr. Florin, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 66,500 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

With respect to Mr. Richardson, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 33,000 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

With respect to Van Broeck, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 57,500 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

With respect to Mr. Kashuba, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 90,000 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

With respect to Mr. Scheiss, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 57,500 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

(b) Represents grants of performance-based options, which generally vest ratably over 5 years and have an exercise price that increases by 10% per annum.

With respect to Mr. Binder, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 210,000 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

With respect to Mr. Florin, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 33,250 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

With respect to Mr. Richardson, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 16,500 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

With respect to Mr. Van Broeck, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 28,750 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

With respect to Mr. Kashuba, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 45,000 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

With respect to Mr. Scheiss, represents the outstanding unvested portion of the original option granted on December 4, 2007. The remaining unvested portion of the original award vests in increments of 28,750 Common Shares on July 11, 2008, 2009, 2010, 2011 and 2012.

(3) On an award-by-award basis, the total number of common shares underlying unexercised options awarded under any equity incentive plan that have not been earned. Awards vest over a five-year term based on EBITDA-based criteria established by the Compensation Committee.

(4) The exercise price for each option, as it was recorded in the stock option award at the time of grant, is reported in Columns 1 and 2 Number of Securities Underlying Unexercised Options and Column 3 Number of Securities Underlying Unexercised Unearned Options. The options have an exercise price equivalent to fair market value on the date of grant. Since our common stock is not currently traded on a national securities exchange, fair market value was determined by the Compensation Committee.

(5) Represents the tenth year anniversary for each option award reported in Columns 1 and 2 Number of Securities Underlying Unexercised Options and Column 3 Number of Securities Underlying Unexercised Unearned Options. For information on the vesting schedule of

Edgar Filing: MARK KELLY S - Form 4

unvested portions of outstanding option awards, see sub-footnotes (a)-(f) of footnote (2) above.

Table of Contents**Option Exercises and Stock Vested Table**

During the 2008 fiscal year, no option awards were exercised and no stock awards vested applicable to Biomet's named executive officers.

In connection with the Transactions, however, all stock options outstanding under the 1998 Plan and the 2006 Plan (whether held by officers, directors, employees or distributors) were cancelled and the holders thereof became entitled to receive from us an amount equal to the excess, if any, of the \$46.00 offer price over the option exercise price for each share subject to the stock option, in each case, less any applicable withholding taxes and without interest and regardless of whether or not the awards were then vested or exercisable. For a further description of amounts received by named executive officers in connection with the Transactions (including as a result of the cancellation of stock options), see Biomet's Proxy Statement filed with the SEC on August 8, 2007.

Retirement And Non-Qualified Defined Contribution And Deferred Compensation Plans***Pension Plans***

We do not sponsor or maintain any pension plans applicable to our U.S.-based named executive officers. Of our named executive officers, only Mr. Van Broeck, who is based in the Netherlands, participated in a foreign pension plan sponsored by Biomet Europe during the 2008 fiscal year. Biomet Europe offers certain of its employees, whether salaried or hourly, with the opportunity to build up benefits under pension plans as part of Biomet Europe's standard conditions for working in order to provide a level of retirement benefits competitive with European market conditions. Biomet Europe provides employees with pension benefits beginning after the completion of twelve consecutive months of employment with Biomet Europe. Once this minimum condition is met, however, the employee is credited with accrued time of service for the first twelve months of employment.

Under the foreign pension plan applicable to Mr. Van Broeck during the 2008 fiscal year, the basic contribution was a fixed premium to which he contributed 7% of his annual base salary and Biomet Europe contributed the remainder. Mr. Van Broeck's bonus was not included for the purposes of pension calculations or contributions. Certain employees have historically been affected by a maximum pensionable salary condition, which imposed a cap on the amount of salary used for calculations that affect certain amounts, such as premiums and benefits. The benefits provided under this foreign pension plan are based on the following formula:

$$\text{years of service} \times 1.75\% \times \text{final salary}$$

Under this foreign pension plan, years of service is calculated on a monthly basis from the date corresponding to the date that the employee first signed a contract with the plan provider providing the underlying coverage, which is meant to correspond to the first day of the employee's employment at Biomet Europe. The maximum number of years of credited service is 40 years. Biomet Europe does not allow additional years of service credits to be granted to employees under this plan. For the purpose of the benefits formula, the calculation presumes the employee accrues 40 years of credited service and then the value is adjusted downward, if necessary.

In addition, under this foreign pension plan, final salary is calculated as the average of the employee's base salary over the last five calendar years of his or her employment at Biomet Europe.

Benefits under the plan do not provide the employee with a lump sum following retirement. The plan provides for the purchase of an annuity, which in operation provides a monthly retirement allowance. The full benefits are payable only at normal retirement age and the early retirement results in a reduction in benefits. Retirement age under the plan is age 65.

The benefits provided by this foreign pension plan provide a guaranteed payout, which is intended to be based on the targeted annual payout of an annuity purchased at the time of retirement. Mr. Van Broeck joined this plan in 1998, which provides for him to receive a guaranteed annuity on September 1, 2013.

Table of Contents**Pension Benefits Table**

The following table describes the estimated actuarial present value of accrued pension benefits through the end of the 2008 fiscal year for each of the named executive officers listed in the table. The calculation of actuarial present value is generally consistent with the methodology and assumptions outlined in our audited financial statements, except that the calculation does not assume an average salary increase of 3.0%, a discount rate of 4.9% or an inflation rate of 2.0% because Mr. Van Broeck's salary is frozen for the purposes of the pension plan and because the payout amount is guaranteed. In addition, the calculation presumes an implied rate of return on the plan assets during the 2008 fiscal year of 4.0%. The expected rate of return on the plan assets is 4.9%, as assumed in conjunction with the preparation of our audited financial statements. The actuarial present value of benefits is calculated in accordance with the following assumptions: (1) assumed retirement age: 65; (2) no pre-retirement decrements; and (3) assumed form of payment: lump sum. The actuarial increase during the 2008 fiscal year of the projected retirement benefits can be found in the Summary Compensation Table under the Change in Pension Value and Non-Qualified Deferred Compensation Earnings heading (for Mr. Van Broeck, the amount reported under that heading represents actuarial increases in Mr. Van Broeck's plan).

PENSION BENEFITS

Name	Plan Name	Number of Years of Credited Service (2)(#)	Present Value of Accumulated Benefit (3)(\$)	Payment During Last Fiscal Year (4)(\$)
Roger van Broeck	Biomet Europe Pension Plan(1)	10	584,226	44,960

- (1) Mr. Van Broeck participates in the Biomet Europe Pension Plan, which is sponsored by Biomet Europe. This is the English translation of the plan's proper name, Biomet Europe Pension Plan.
- (2) Mr. Van Broeck's ten years of accrued service under the Biomet Europe Pension Plan started in 1998 with BioMer C. V., which was a joint venture between Biomet, Inc. and Merck KGaA, and then later with Biomet Europe, the Successor company to BioMer C.V. Prior to 1998, Mr. Van Broeck was with Biomet in different positions in different countries for which he did not carry over any build up of pension benefits to his current pension plan.
- (3) For Mr. Van Broeck, represents the actuarial present value of the accumulated benefit under the Biomet Europe Pension plan, which was computed as of April 30, 2007, which is the same pension plan measurement date used for financial statement reporting purposes with respect to our audited financial statements for the fiscal year ended May 31, 2008. For the purposes of the Pension Benefits Table above, to calculate the actuarial present value of Mr. Van Broeck's accumulated benefit in U.S. dollars, we used a currency conversion rate of 1 Euro to \$1.5566.
- (4) For Mr. Van Broeck, represents the annual premium contributed to the Biomet Europe Pension Plan after Mr. Van Broeck's contribution of 7% of his annual base salary.

Non-Qualified Deferred Compensation

Biomet's Deferred Compensation Plan is a non-qualified deferred compensation plan, which is available for members of our senior management. The Plan allows eligible participants to defer pre-tax compensation to reduce current tax liability and assist those team members in their plan for retirement and other long-term savings goals in a tax-effective manner. Under the Plan, eligible participants may defer up to 100% of their base salary and bonus payments, as well as Board fees for non-employee Directors, as applicable. We do not make any contributions to the Plan. For further information on the Deferred Compensation Plan, refer to The Elements of Biomet's Compensation Program Retirement Plans.

Table of Contents

During the 2008 fiscal year, none of Biomet's named executive officers participated in the Deferred Compensation Plan. We do not pay above-market or preferential earnings on non-qualified deferred compensation.

Employment Agreements and Potential Post-Termination Payments

Of our current named executive officers, we have an employment agreement with Messrs. Binder, Florin, Van Broeck, Kashuba and Scheiss and have an offer letter with Mr. Richardson.

On September 20, 2006, we entered into change-in-control agreements with Messrs. Van Broeck and Scheiss and other executive officers and their respective employment agreements contain change-in-control and severance provisions that will apply upon expiration of the change-in-control agreements. In addition, our employment agreements with Messrs. Binder, Florin and Kashuba contain change-in-control provisions.

In addition, on September 21, 2006, we adopted the Biomet, Inc. Executive Severance Pay Plan, or the Severance Plan, which provides each of our participating executives with severance benefits in the event of certain terminations of the executive's employment. The following narrative describes the terms of these various agreements and the Severance Plan.

Employment Agreement with Jeffrey R. Binder

On June 11, 2008, we entered into an amended and restated employment agreement, which we refer to as the employment agreement, with Mr. Binder, our President and Chief Executive Officer. The amended and restated employment agreement supersedes our original employment agreement with Mr. Binder dated as of February 26, 2007, which we refer to as the original employment agreement. Pursuant to the terms of the employment agreement between us and Mr. Binder, the agreement has an initial three-year term that provides for automatic twelve-month extensions, beginning on the first anniversary of the agreement, unless either we or Mr. Binder give prior notice of termination. Mr. Binder will receive a base salary at a rate no less than \$650,000 per year, which shall be increased at our discretion. Mr. Binder's employment agreement provides that he will also have the opportunity to earn an annual cash bonus in an amount no less than 100% of his base salary for on-target performance with the possibility of exceeding 100% for high achievement. For a further discussion of our non-equity incentive plan, see "The Elements of Biomet's Compensation Program Non-Equity Incentive Plan."

Mr. Binder's employment agreement provides that we will arrange, at our expense, for Mr. Binder to fly once per week to and from his Texas home and our headquarters or such other location reasonably specified by us during the term of the employment agreement. We will not provide Mr. Binder with a gross up for taxes incurred in connection with these benefits. If, however, Mr. Binder uses a commercial flight and the income imputed in connection with the commercial flight is greater than the amount that would have been imputed to Mr. Binder if he had used our aircraft, we will provide to Mr. Binder a gross up for taxes incurred on the incremental income associated with the commercial flight. Our incremental costs associated with extending these benefits to Mr. Binder are capped at \$500,000 in any twelve month period.

Unlike the original employment agreement, our amended and restated employment agreement with

Mr. Binder does not provide for annual equity grants, and does not provide for accelerated vesting of the outstanding equity awards that would have vested during the twelve-month period following termination of employment if we terminate Mr. Binder's employment for any reason other than for cause (as defined in the agreement), death or disability, or Mr. Binder terminates his employment for good reason (as defined in the agreement). The employment agreement provides that, upon any termination of Mr. Binder's employment, his rights with respect to any equity or equity-related awards will be governed by the applicable terms of the related plan or award agreement. Mr. Binder could be entitled to certain severance benefits following termination of employment prior to a change-in-control (as defined in the agreement) or within two years of a change-in-control. Severance payable to Mr. Binder under such circumstances was previously provided for under the Change in Control Agreement entered into between us and Mr. Binder as of February 26, 2007, which we refer to as the original change in control agreement. The original change in control agreement expired by its terms on July 11, 2007 upon consummation of the Closing, as defined in the Merger Agreement.

Table of Contents

Under the employment agreement, if Mr. Binder's employment is terminated at any time within the two-year period following a change in control either by us for any reason other than for cause, death or disability, or by Mr. Binder for good reason, (a) his severance multiple would be increased from 1.5 times base salary and annual incentive bonus to two times base salary and annual incentive bonus and (b) his pro rated bonus for the year of termination of employment would be based on his target annual incentive bonus for such year rather than the actual annual incentive bonus he would have received for such year (as determined based on the Company's performance to the date of termination of employment, extrapolated through the end of such fiscal year). The employment agreement further provides that if Mr. Binder is subject to the golden parachute excise tax under Section 4999 of the Internal Revenue Code as amended, the Company will pay him an additional amount such that he is placed in the same after-tax position as if no excise tax had been imposed. See "Severance Benefits" below.

Employment Agreements with Roger P. Van Broeck and Steven F. Scheiss

On February 1, 2008, we entered into an employment agreement with Mr. Van Broeck, our Vice President and President of Biomet Europe, to become Chairman of the Supervisory Board of Biomet Luxembourg Holding Sarl and Director of Biomet Hong Kong Limited, and on February 28, 2008, we entered into an employment agreement with Steven F. Scheiss, our Vice President and President of Biomet 3i, LLC. Both Mr. Van Broeck and Mr. Scheiss will be referred to in this section as "Executive." Both agreements have an initial three-year term that provides for automatic twelve-month extensions, beginning on the first anniversary of the agreement, unless either party gives prior notice of termination. Mr. Van Broeck and Mr. Scheiss will receive base salaries at a rate no less than \$410,251 and \$298,710 per year, respectively, which shall be adjusted at our discretion. Both Mr. Van Broeck and Mr. Scheiss will also have the opportunity to earn an annual cash bonus in an amount no less than 80% of his base salary for on-target performance, with the possibility of exceeding 80% for high achievement.

If Messrs. Van Broeck or Scheiss' employment is terminated prior to July 11, 2009, his severance benefits will be governed by his change-in-control agreement, dated September 20, 2006. See "Change-in-Control Agreements," below.

If we terminate Messrs. Van Broeck or Scheiss' employment after July 11, 2009, the agreement provides that Mr. Van Broeck or Mr. Scheiss, as applicable, could be entitled to certain severance benefits following termination of employment prior to a change-in-control (as defined in the agreement) or within two years of a change-in-control. See "Severance Benefits" below.

Employment Agreements with Daniel P. Florin and Glen A. Kashuba

On February 28, 2008, we entered into employment agreements with Mr. Florin, our Senior Vice President and Chief Financial Officer, and with Mr. Kashuba, our Senior Vice President and President of Biomet Trauma and Biomet Spine. Both Mr. Florin and Mr. Kashuba will be referred to in this section as "Executive." Both agreements have an initial three-year term that provides for automatic twelve-month extensions, beginning on the first anniversary of the agreement, unless either party gives prior notice of termination. Mr. Florin and Mr. Kashuba will receive a base salary at a rate no less than \$395,850 and \$397,722 per year, respectively, which shall be increased at our discretion. Executive will also have the opportunity to earn an annual cash bonus in an amount no less than 80% of his base salary for on-target performance, with the possibility of exceeding 80% for high achievement. For a further discussion of our non-equity incentive plan, see "The Elements of Biomet's Compensation Program - Non-equity Incentive Plan."

The agreements further provide that Executive could be entitled to certain severance benefits following termination of employment prior to a change-in-control (as defined in the agreements) or within two years of a change-in-control. See "Severance Benefits" below.

Table of Contents

Offer Letter to J. Pat Richardson

On March 30, 2007, we announced the appointment of J. Pat Richardson as Corporate Vice President Finance and Interim Chief Financial Officer and Treasurer effective April 11, 2007. Pursuant to an offer of employment between us and Mr. Richardson, Mr. Richardson receives, among other benefits, a base salary of \$250,000 per year, an opportunity to earn an annual bonus of 60% of base salary for on-target performance, a car allowance, relocation benefits and other customary benefits. In the event that the Merger Agreement was terminated, Mr. Richardson would have been entitled to equity awards issued by the Compensation Committee that are commensurate with his position with us. The options would have been subject to the terms and conditions applicable to options granted under the 2006 Plan, as described in the 2006 Plan and the applicable stock option award. As a result of the Transaction being consummated, Mr. Richardson did not receive this benefit but Mr. Richardson did receive an equity award in Parent following the consummation of the Transaction. For further information, refer to

Executive Compensation Tables Grant of Plan-Based Awards Table. Further, Mr. Richardson's offer letter provides that if Mr. Richardson is terminated for any reason within the first three years of employment, he is required to repay us his relocation costs. This repayment obligation lapses with respect to 33% of this relocation cost for each year of employment after the date of the agreement.

Severance Benefits Provided Under Employment Agreements

Each of our employment agreements with Messrs. Binder, Florin, Van Broeck, Scheiss and Kashuba contains provisions which entitles the executive to certain severance benefits following termination of employment prior to a change of control (as defined in the agreement) or within two years following a change of control.

With respect to Messrs. Van Broeck and Scheiss, on September 20, 2006 we entered into change-in-control agreements with Mr. Van Broeck, Mr. Scheiss and certain other executive officers. If Messrs. Van Broeck or Scheiss' employment is terminated prior to July 11, 2009, our employment agreements with Messrs. Van Broeck and Scheiss provide that the terms of our severance arrangement with Messrs. Van Broeck or Scheiss will be governed by our applicable September 20, 2006 change of control agreements with Messrs. Van Broeck or Scheiss, as applicable. For a further description of our September 20, 2006 change-in-control agreements with Messrs. Van Broeck and Scheiss see Change-in-Control Agreements below.

With respect to Mr. Richardson, Mr. Richardson's severance arrangement with us is governed by the Biomet, Inc. Executive Severance Pay Plan discussed in further detail under Severance Pay Plan below.

The following summary provides a description of the severance arrangements contained in our employment agreements with Messrs. Binder, Florin, Van Broeck, Scheiss and Kashuba. Other than with respect to Mr. Binder as described in Termination by Biomet Within Two Years Following a Change-in-control Other Than For Cause, Death or Disability or by Executive for Good Reason the following summary does not discuss executives' rights with respect to any equity related awards as such awards are governed by the applicable terms of the related plan or award agreement.

Termination by Biomet Prior to a Change of Control Other Than For Cause, Death or Disability or by Executive for Good Reason

In the event of a termination prior to a change of control (and, with respect to Messrs. Van Broeck and Scheiss, after July 11, 2009), for any reason other than for cause, which generally includes failure to substantially perform his duties, willful misconduct or gross negligence, willful or grossly negligent breach of his fiduciary duties to Biomet, commission of any felony or other serious crime involving moral turpitude, material breach of any agreement between the executive and Biomet or material breach of our written policies, or due to executive's death or disability, or if executive terminates his employment prior to a change-in-control for good reason, which generally includes any material diminution in duties and responsibilities (but does not include, in the case of Mr. Kashuba, a change in duties and responsibilities that result from becoming a part of a larger

Table of Contents

organization following a change-in-control), reduction in base salary or bonus opportunity or relocation of primary work location of more than 50 miles, our employment agreements with Messrs. Binder, Florin, Van Broeck, Scheiss and Kashuba provide that he would be entitled to the following:

An amount equal to (a) 1.5 times his base salary in effect at the date of termination (with respect to Messrs. Florin, Van Broeck, Scheiss and Kashuba, the Severance Benefit , with respect to Mr. Binder the Base Component) plus, with respect to Mr. Binder, (b) 1.5 times the average of (x) the annual incentive bonus earned by Mr. Binder for the previous fiscal year and (y) the annual incentive bonus Mr. Binder would have received for the current fiscal year had his employment not been terminated, based on Biomet s performance to the date of termination extrapolated through the end of such fiscal year (the Bonus Component , and with respect to Mr. Binder together with the Base Component, the Severance Benefit). The total amount of the Severance Benefit will be paid in equal, ratable installments in accordance with our regular payroll policies over the course of the 18 month non-compete period provided for in the agreement. The total amount of the Severance Benefit will be paid in equal, ratable installments in accordance with our regular payroll policies over the course of the 18 month non-compete period provided for in the agreement. If Mr. Binder becomes employed by another employer during that period, the Bonus Component will cease and the Severance Benefit will be limited to the Base Component;

An amount equal to the pro rated portion (based on the percentage of Biomet s current fiscal year preceding the date on which the executive s employment is terminated) of the annual incentive bonus the executive would have received for the current fiscal year, based on Biomet s performance to the date of termination extrapolated through the end of the current fiscal year. The total amount of the pro rated bonus will be paid in a lump sum at the time we pay annual incentive bonuses to similarly situated active employees;

If the executive is eligible for and elects continuation coverage pursuant to COBRA, we will pay the premiums for such coverage (or reimburse the executive for such premiums) until the earlier of (a) the end of the 18 month period during which, under the employment agreement, the executive agrees not to engage in certain activities in competition with us or (b) the date the executive becomes eligible for coverage under another group plan;

Any accrued benefits (as defined in the agreement), which generally include any vested compensation deferred by the executive and not yet paid by the Company, any amounts or benefits owing to the executive under the then applicable benefit plans of the Company, and any amounts owing to the executive for reimbursement of expenses properly incurred by the executive; and

With respect to Mr. Binder, continued payment of Mr. Binder s company-provided car allowance, if any, for a period of 12 months from the termination date.

Termination by Biomet Within Two Years After a Change-in-control Other Than For Cause, Death or Disability or by Executive for Good Reason

In the event of a termination within two years after a change of control (and with respect to Messrs. Van Broeck and Scheiss after July 11, 2009), for any reason other than for cause or due to the executive s death or disability, or if the executive terminates his employment within two years after a change-in-control for good reason, he would be entitled to the following:

An amount equal to (a) two times his base salary in effect at the date of termination plus (b) two times the average of (x) the annual incentive bonus earned by executive for the previous fiscal year and (y) the annual incentive bonus executive would have received for the current fiscal year had his employment not been terminated, based on Biomet s performance to the date of termination extrapolated through the end of such fiscal year (collectively, the Change-in-control Severance Benefit). The total amount of the Change-in-control Severance Benefit will be paid as soon as administratively practicable following the termination of executive s employment;

Table of Contents

An amount equal to the pro rated portion (based on the percentage of Biomet's current fiscal year preceding the date on which executive's employment is terminated) of the annual incentive bonus executive would have received for the current fiscal year, based on Biomet's performance to the date of termination extrapolated through the end of the current year. The total amount of the pro rated bonus will be paid in a lump sum at the time we pay annual incentive bonuses to similarly situated active employees;

If the executive is eligible for and elects continuation coverage pursuant to COBRA, we will pay the premiums for such coverage (or reimburse Executive for such premiums) until the earlier of (a) the end of the 18 month period during which, under the employment agreement, the executive agrees not to engage in certain activities in competition with us or (b) the date the executive becomes eligible for coverage under another group plan;

Any accrued benefits (as defined in the agreement), which generally include any vested compensation deferred by the executive and not yet paid by the Company, any amounts or benefits owing to the executive under the then applicable benefit plans of the Company, and any amounts owing to the executive for reimbursement of expenses properly incurred by the executive; and

With respect to Mr. Binder, continued payment of Mr. Binder's company-provided car allowance, if any, for a period of 12 months from the termination date and immediate vesting of any unvested options held by Mr. Binder as of the date his employment is terminated.

To receive the severance benefits provided under the agreement, the executive must sign a general release of claims. The agreement contains customary confidentiality, non-competition and non-solicitation provisions. Messrs. Binder, Florin, Van Broeck, Scheiss and Kashuba's non-competition period is 18 months after his termination.

Furthermore, in the event that any payments made to Mr. Binder in connection with a termination of employment would be subject to excise taxes under the Internal Revenue Code, subject to certain conditions, Biomet will gross up his compensation to fully offset such excise taxes.

Termination Due to Death or Disability

If Messrs. Binder, Florin, Van Broeck, Scheiss or Kashuba's employment is terminated due to his death or disability (and, with respect to Messrs. Van Broeck and Scheiss, after July 11, 2009), he is entitled to receive the following:

His base salary in effect through date of termination;

A pro-rated portion (based on the percentage of our fiscal year preceding the date of termination) of the average of (x) the annual incentive bonus earned by Executive for the prior year and (y) the annual incentive bonus Executive would have received in the current year if his employment had not been terminated, based on our performance to the date of termination extrapolated through the end of the current year; and

Any accrued benefits (as defined in the agreement).

Termination With Cause or Without Good Reason

If Messrs. Binder, Florin, Van Broeck, Scheiss or Kashuba's employment is terminated with cause or without good reason (as defined in the underlying employment agreement) and, with respect to Messrs. Van Broeck and Scheiss, after July 11, 2009, we will pay such executive his base salary in effect through the termination date and any accrued benefits (as defined in the agreement) when due.

Table of Contents***Change-in-Control Agreements***

On September 20, 2006, we entered into change-in-control agreements with our then current executive officers, including Messrs. Van Broeck and Schiess. The agreements were intended to provide for continuity of management in the context of a prospective change in control of Biomet, which is generally defined as a change in the majority of the Board, not including any new Board member approved by the majority of the Board, any person becoming the beneficial owner of 20% or more of our outstanding shares, any reorganization, merger, sale of all or substantially all of our assets or similar corporate transaction or approval by the shareholders of our complete liquidation. For additional information, see the change-in-control agreements previously filed with the SEC. Upon a change in control, including as a result of the Transactions, the agreements remain in effect for a period of at least 24 months beyond the month of such change in control. Each agreement provides that during the 24-month period following a change in control, we agree to continue to employ the executive and the executive agrees to remain in our employ.

In addition, prior to consummating the Transactions, we entered into change-in-control agreements with Messrs. Binder and Richardson, each of which terminated by its terms upon consummation of the Transactions. The agreements are intended to provide for continuity of our management in the event of a change in control other than as a result of the consummation of the Transactions, which are exempted from the agreements. The terms of the agreements are substantially the same as the terms of the agreements entered into on September 20, 2006, which are described above.

Under the change-in-control agreements, if, following a change in control, certain executives die or are terminated either by us for any reason other than for cause, which is generally defined as willful failure to substantially perform the executive's duties, willfully engaging in conduct injurious to us or conviction of a felony, or disability, or by the executives for good reason, generally defined as any demotion, assignment of duties inconsistent with their title, relocation, any failure to pay or provide benefits to the executive (for more information, please see the agreements on file with the SEC) the executives would be entitled to: (1) a lump sum severance payment equal to two times the sum of the executive's annual base salary, target bonus (or, in certain circumstances, the executive's annual bonus earned during a specified time period), our annual contributions to all qualified retirement plans on behalf of the executive and the executive's total annual car allowance; (2) the executive would receive a payout of his unpaid annual base salary, the higher of the executive's target bonus for the fiscal year in which termination occurs or the actual bonus paid to the executive for the fiscal year preceding termination and other accrued compensation and benefits through the end of the fiscal year containing the termination date; (3) we would pay the executive a lump sum cash stipend equal to 24 times the monthly premium then charged for family coverage under our medical and dental plans and (4) the executive would receive life insurance and long-term disability benefits, or the cash equivalent if not available, substantially similar to those that the executive is receiving immediately prior to the notice of termination for a 24-month period after the date of termination. The change-in-control agreements also provide for the reimbursement of outplacement services for a period of 12 months after termination occurs, but not in excess of \$25,000.

In the event an anticipatory termination (as defined in the agreements) occurs, the executive would receive the same benefits as they would upon a termination without cause (as defined in the agreements). The executive is also entitled to receive \$25,000 in liquidated damages.

In the event that any payments made to the executives in connection with a change in control and termination of employment would be subject to excise taxes under the Internal Revenue Code, we will gross up the executive's compensation to offset certain of such excise taxes. Severance benefits, other than the life insurance and long-term disability benefits, are generally not subject to mitigation or reduction. To receive the severance benefits provided under the agreements, the executive must sign a general release of claims. In connection with the execution of the agreements, each executive executed a customary confidentiality, non-competition and non-solicitation agreement with us.

Table of Contents

Severance Pay Plan

On September 21, 2006, we adopted the Biomet, Inc. Executive Severance Pay Plan for the executives party to the change-in-control agreements described above. The Severance Plan provides each of our participating executives with severance benefits in the event of a termination of the executive's employment unrelated to the executive's (1) performance of his employment duties or (2) commission of an act or acts outside of the scope of his employment duties that would constitute the basis of a termination for cause under his agreement.

Severance benefits under the Severance Plan generally consist of the following: (1) payment of a pro-rata target bonus (based on the elapsed portion of the year of termination) in a lump sum; (2) continued payment of base salary for 52 weeks plus one week per full year of service with us, up to a maximum of 78 weeks following the termination date; (3) immediate vesting of all of the executive's outstanding equity awards (stock options and restricted stock); (4) at our expense, continuation of coverage under our health insurance plans pursuant to COBRA for a period not to exceed eighteen months from the termination date; and (5) continuation of any Biomet-provided car allowance for a period of twelve months from the termination date.

As a condition to receiving severance benefits under the Severance Plan, the executive must execute a waiver and release of claims in favor of us and enter into to a customary confidentiality, non-competition and non-solicitation agreement with us. Severance benefits under the Severance Plan are generally intended to be the sole source of severance benefits payable upon a termination of the executive's employment and are generally not subject to mitigation or reduction. We may amend or terminate the Severance Plan at any time. In the event the executive is entitled to benefits under the change-in-control agreement as a result of a termination of employment, such executive is not entitled to receive benefits under the Severance Plan.

Potential Payments Upon Certain Terminations

This table shows the potential compensation that we would have to pay to certain named executive officers upon a termination by us without cause or by the executive with good reason (as defined in the applicable agreements) related or unrelated to a change in control, death or disability related or unrelated to a change in control, and termination with cause or without good reason (as defined in the applicable agreements), related or unrelated to change in control. The table excludes certain amounts payable pursuant to plans that are available generally to all salaried employees. In the event of the death or disability of any of the named executive officers listed in the following table, the deceased or disabled named executive officer, or his designated beneficiaries, would also receive a payment pursuant to the terms of Biomet-funded life or disability plans, respectively, in the addition to the amounts set forth below. The amounts shown assume that termination of employment was effective May 31, 2008. The amounts shown are only estimates of the amounts that would be payable to the executives upon termination of employment and do not reflect tax positions we may take or the accounting treatment of such payments. Actual amounts to be paid can only be determined at the time of separation. Although the calculations are intended to provide reasonable estimates of the potential benefits, they are based on numerous assumptions and do not represent the actual amount an executive would receive if an eligible termination event were to occur.

Table of Contents**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

Name of Executive	Termination in Connection with a Change in Control				Termination in Absence of a Change in Control			
	Termination without Cause or with Good Reason(1)	Termination with Cause or without Good Reason(2)	Disability(3)	Death(4)	Termination without Cause or with Good Reason(5)	Termination with Cause or without Good Reason(6)	Disability(7)	Death(8)
Officer								
Jeffrey R. Binder(9)								
Estimated Value of Non-Equity Benefits and Accrued Obligations	\$ 7,984,000	\$ 8,009,000	\$ 1,819,504	\$ 7,959,000	\$ 2,203,625	\$ 875,000	\$ 1,393,750	\$ 1,393,750
Estimated Value of Options & Equity Awards								
Total	7,984,000	7,009,000	1,819,504	7,959,000	3,203,625	875,000	1,393,750	1,393,750
Daniel P. Florin(9)								
Estimated Value of Non-Equity Benefits and Accrued Obligations	2,291,535	2,316,535	767,467	2,266,535	831,285	395,850	554,190	554,190
Estimated Value of Options & Equity Awards								
Total	2,291,535	2,316,535	767,467	2,266,535	831,285	395,850	554,190	554,190
J. Pat Richardson(10)								
Estimated Value of Non-Equity Benefits and Accrued Obligations	1,156,715	1,181,715	455,162	1,131,715	516,179	255,199	344,120	344,120
Estimated Value of Options & Equity Awards								
Total	1,156,715	1,181,715	455,162	1,131,715	516,179	255,199	344,120	344,120
Roger Van Broeck(11)								
Estimated Value of Non-Equity Benefits and Accrued Obligations	2,380,877	2,405,877	802,085	2,355,877	1,074,704	410,251	716,469	716,469
Estimated Value of Options & Equity Awards								
Total	2,380,877	2,405,877	802,085	2,355,877	1,074,704	410,251	716,469	716,469
Glen A. Kashuba(9)								
Estimated Value of Non-Equity Benefits and Accrued Obligations	2,302,126	2,327,126	770,944	2,277,126	835,217	397,722	556,811	556,811
Estimated Value of Options & Equity Awards								
Total	2,302,126	2,327,126	770,944	2,277,126	835,217	397,722	556,811	556,811
Steven F. Schiess(11)								
Estimated Value of Non-Equity Benefits and Accrued Obligations	1,156,715	1,181,715	455,162	1,131,715	516,179	255,199	344,120	344,120
Estimated Value of Options & Equity Awards								
Total	1,156,715	1,181,715	455,162	1,131,715	516,179	255,199	344,120	344,120

(1) With respect to Messrs. Binder, Florin and Kashuba,

Non-Equity Benefits and Accrued Obligations represents: (i) an amount equal to (a) two times the executive's base salary in effect at the date of termination plus (b) two times the average of (x) the annual incentive bonus earned by the executive for the previous fiscal year and (y) the annual incentive bonus the executive would have received for the current fiscal year had his employment not been terminated, based on Biomet's performance to the date of termination extrapolated through the end of such fiscal year; (ii) an amount equal to the

Table of Contents

pro-rated portion of the annual incentive bonus the executive would have received for the current fiscal year, based on Biomet's performance to the date of termination extrapolated through the end of the current year; (iii) if the executive is eligible for and elects continuation coverage pursuant to COBRA, the premiums for such coverage until the earlier of (a) the end of the 18-month period during which executive agrees, under his employment agreement, not to engage in certain activities in competition with us or (b) the date the executive becomes eligible for coverage under another group plan; (iv) any accrued benefits, which generally include any vested compensation deferred by the executive and not yet paid by the Company, any amounts or benefits owing to the executive under the then applicable benefit plans of the Company, and any amounts owing to the executive for reimbursement of expenses properly incurred by the executive; and (v) with respect to Mr. Binder, continued payment of Mr. Binder's company provided car allowance, if any, for a period of 12 months from the termination date.

Options and Equity Awards the difference between the exercise price and the value of LVB's common stock on May 31, 2008 with respect to any unvested options held by the executive as of May 31, 2008.

For Mr. Richardson,

Non-Equity Benefits and Accrued Obligations represents: (i) a lump-sum payment of a pro-rata target bonus (based on the elapsed portion of the year of termination); (ii) continued payment of base salary for 52 weeks plus one week per full year of service with us, up to a maximum of 78 weeks following the termination date; (iii) at our expense, continuation of coverage under our health insurance plans pursuant to COBRA for a period not to exceed eighteen months from the termination date; and (iv) continuation of any Biomet provided car allowance for a period of twelve months from the termination date.

Options and Equity Awards the difference between the exercise price and the value of LVB's common stock on May 31, 2008 with respect to any unvested options held by the executive as of May 31, 2008.

For Messrs. Van Broeck and Scheiss,

Non-Equity Benefits and Accrued Obligations represents: (i) the sum of (a) the executive's annual base salary through the end of the fiscal year containing the date of termination, (b) an amount equal to (x) the higher of the target bonus amount or the bonus actually paid to the executive under the Company's incentive bonus plan for the fiscal year of the Company prior to the date of termination or (y) the target bonus amount payable to the executive under such plan(s) for the fiscal year of the Company which contains the date of termination, whichever of (x) or (y) is higher (the "Target Bonus"), (c) the total contributions made by the Company to all qualified retirement plans on behalf of the executive through the end of the fiscal year containing the date of termination, (d) the total car allowance contributions made by the Company to the executive through the end of the fiscal year containing the date of termination and (e) any accrued vacation or other pay not theretofore paid; (ii) an amount equal to the product of (a) two and (b) the sum of (w) the executive's annual base salary and (x) the higher of (aa) the Target Bonus and (bb) the highest annual incentive bonus earned by the executive during the last two (2) completed fiscal years of the Company immediately preceding the date of termination, with the product of (1) and (2) reduced by the amounts paid, if any, to the executive pursuant to any other contractual arrangement with the executive or plan providing coverage to the executive as a result of such termination, (y) the total contributions made by the Company to all qualified retirement plans on behalf of the executive for the calendar year immediately preceding the calendar year in which the Change in Control (as defined in the executive's respective Change in Control Agreement) occurs and (z) the total car allowance contributions made by the Company to the executive for the calendar year immediately preceding the calendar year in which the Change in Control occurs; (iii) life insurance benefits and long-term disability benefits substantially similar to those that the executive was receiving from the Company immediately prior to the date of termination for 24 months; (iv) if the executive is eligible and so elects, a lump sum cash stipend equal to 24 times the monthly premium then charged to qualified beneficiaries for full family COBRA continuation coverage under the Company's medical and dental plans; (v) outplacement services the scope and provider of which shall be selected by the executive in his sole discretion; (vi) any other amounts or benefits required to be paid or provided or which the executive is eligible to receive.

Options and Equity Awards the difference between the exercise price and the value of LVB's common stock on May 31, 2008 with respect to any unvested options held by the executive as of May 31, 2008.

(2) With respect to Messrs. Binder, Florin, Kashuba and Richardson,

Non-Equity Benefits and Accrued Obligations represents (i) base salary in effect through the termination date and (ii) any accrued benefits (as defined in the agreement), which generally include any vested compensation deferred by the executive and not yet paid by the Company, any amounts or benefits owing to the executive under the then applicable benefit plans of the Company and any amounts owing to the executive for reimbursement of expenses properly incurred by the executive.

For Messrs. Van Broeck and Scheiss,

Non-Equity Benefits and Accrued Obligations represents the payments to each executive under an Anticipatory Termination (as defined in their respective Change in Control Agreements), which include the payments described in footnote 1 of this table, with the addition of a \$25,000 liquidated damages payment.

Table of Contents

(3) With respect to Messrs. Binder, Florin and Kashuba,

Non-Equity Benefits and Accrued Obligations represents: (i) the executive's base salary in effect through date of termination; (ii) a pro-rated portion (based on the percentage of our fiscal year preceding the date of termination) of the average of (x) the annual incentive bonus earned by the executive for the prior year and (y) the annual incentive bonus the executive would have received in the current year if his employment had not been terminated, based on our performance to the date of termination extrapolated through the end of the current year; and (iii) any accrued benefits, which generally include any vested compensation deferred by the executive and not yet paid by the Company, any amounts or benefits owing to the executive under the then applicable benefit plans of the Company, and any amounts owing to the executive for reimbursement of expenses properly incurred by the executive.

For Mr. Richardson,

Non-Equity Benefits and Accrued Obligations represents the payments as described in footnote 1 of this table.

For Messrs. Van Broeck and Scheiss,

Non-Equity Benefits and Accrued Obligations represents: (i) disability and other benefits at least equal to the most favorable of those generally provided by the Company to disabled executives and/or their families; (ii) base salary through the end of the fiscal year containing the date of termination; (iii) an amount equal to (x) the higher of the target bonus amount or the bonus actually paid to the executive under the Company's incentive bonus plan for the fiscal year of the Company prior to the date of termination or (y) the target bonus amount payable to the executive under such plan(s) for the fiscal year of the Company which contains the date of termination, whichever is higher; (iv) the total contributions made by the Company to all qualified retirement plans on behalf of the executive through the end of the fiscal year containing the date of termination; (v) the total car allowance contributions made by the Company to the executive through the end of the fiscal year containing the date of termination; and (vi) any vacation or other pay accrued but not yet paid.

(4) With respect to Messrs. Binder, Florin and Kashuba,

Non-Equity Benefits and Accrued Obligations represents the payments as described in footnote 3 of this table.

For Mr. Richardson,

Non-Equity Benefits and Accrued Obligations represents the payments as described in footnote 1 of this table.

For Messrs. Van Broeck and Scheiss,

Non-Equity Benefits and Accrued Obligations represents: (i) a lump-sum payment of a pro-rata target bonus (based on the elapsed portion of the year of termination); (ii) continued payment of base salary for 52 weeks plus one week per full year of service with us, up to a maximum of 78 weeks following the termination date; (iii) at our expense, continuation of coverage under our health insurance plans pursuant to COBRA for a period not to exceed eighteen months from the termination date; and (iv) continuation of any Biomet provided car allowance for a period of twelve months from the termination date.

Options and Equity Awards the difference between the exercise price and the value of LVB's common stock on May 31, 2008 with respect to any unvested options held by the executive as of May 31, 2008.

(5) With respect to Messrs. Binder, Florin and Kashuba,

Non-Equity Benefits and Accrued Obligations represents: (i) an amount equal to (a) two times his base salary in effect at the date of termination plus (b) two times the average of (x) the annual incentive bonus earned by executive for the previous fiscal year and (y) the annual incentive bonus executive would have received for the current fiscal year had his employment not been terminated, based on Biomet's performance to the date of termination extrapolated through the end of such fiscal year; (ii) an amount equal to the pro-rated portion (based on the percentage of Biomet's current fiscal year preceding the date on which executive's employment is terminated) of the annual incentive bonus executive would have received for the current fiscal year, based on Biomet's performance to the date of termination extrapolated through the end of the current year; (iii) if the executive is eligible for and elects continuation coverage pursuant to COBRA, the premiums for such coverage (or reimburse the executive for such premiums) until the earlier of (a) the end of the 18-month period during which, under the employment agreement, the executive agrees not to engage in certain activities in competition with us or (b) the date the executive becomes eligible for coverage under another group plan; (iv) any accrued benefits, which generally include any vested compensation deferred by the executive and not yet paid by the Company, any amounts or benefits owing to the executive under the then applicable benefit plans of the Company, and any amounts owing to the executive for reimbursement of expenses properly incurred by the executive; and (v) with respect to Mr. Binder, continued payment of Mr. Binder's company provided car allowance, if any, for a period of 12 months from the termination date and immediate vesting of any unvested options held by Mr. Binder as of the date his employment is terminated.

Table of Contents

Options and Equity Awards the difference between the exercise price and the value of LVB's common stock on May 31, 2008 with respect to any unvested options held by the executive as of May 31, 2008.

For Mr. Richardson,

Non-Equity Benefits and Accrued Obligations represents the payments discussed in footnote 1 of this table.

For Messrs. Van Broeck and Scheiss,

Non-Equity Benefits and Accrued Obligations represents the payments discussed in footnote 1 of this table.

(6) With respect to Messrs. Binder, Florin, Kashuba, Richardson, Van Broeck and Scheiss,

Non-Equity Benefits and Accrued Obligations represents (i) base salary in effect through the termination date and (ii) any accrued benefits, which generally include any vested compensation deferred by the executive and not yet paid by the Company, any amounts or benefits owing to the executive under the then applicable benefit plans of the Company and any amounts owing to the executive for reimbursement of expenses properly incurred by the executive.

(7) For Messrs. Binder, Florin and Kashuba,

Non-Equity Benefits and Accrued Obligations represents: (i) the executive's base salary in effect through date of termination; (ii) a pro-rated portion (based on the percentage of our fiscal year preceding the date of termination) of the average of (x) the annual incentive bonus earned by the executive for the prior year and (y) the annual incentive bonus the executive would have received in the current year if his employment had not been terminated, based on our performance to the date of termination extrapolated through the end of the current year; and (iii) any accrued benefits, which generally include any vested compensation deferred by the executive and not yet paid by the Company, any amounts or benefits owing to the executive under the then applicable benefit plans of the Company and any amounts owing to the executive for reimbursement of expenses properly incurred by the executive.

Options and Equity Awards the difference between the exercise price and the value of LVB's common stock on May 31, 2008 with respect to any unvested options held by the executive as of May 31, 2008.

For Mr. Richardson,

Non-Equity Benefits and Accrued Obligations represents the payments as described in footnote 1 of this table.

For Messrs. Van Broeck and Scheiss,

Non-Equity Benefits and Accrued Obligations represents: (i) disability and other benefits at least equal to the most favorable of those generally provided by the Company to disabled executives and/or their families; (ii) base salary through the end of the fiscal year containing the date of termination; (iii) an amount equal to (x) the higher of the target bonus amount or the bonus actually paid to the executive under the Company's incentive bonus plan for the fiscal year of the Company prior to the date of termination or (y) the target bonus amount payable to the executive under such plan(s) for the fiscal year of the Company which contains the date of termination, whichever is higher; (iv) the total contributions made by the Company to all qualified retirement plans on behalf of the executive through the end of the fiscal year containing the date of termination; (v) the total car allowance contributions made by the Company to the executive through the end of the fiscal year containing the date of termination; and (vi) any vacation or other accrued but not yet paid pay.

(8) With respect to Messrs. Binder, Florin and Kashuba,

Non-Equity Benefits and Accrued Obligations represents the payments described in footnote 4 of this table.

Options and Equity Awards the difference between the exercise price and the value of LVB's common stock on May 31, 2008 with respect to any unvested options held by the executive as of May 31, 2008.

For Mr. Richardson,

Non-Equity Benefits and Accrued Obligations represents the payments described in footnote 1 of this table.

For Messrs. Van Broeck and Scheiss,

Edgar Filing: MARK KELLY S - Form 4

Non-Equity Benefits and Accrued Obligations represents the payments described in footnote 1 of this table.

- (9) The payments described in this table represent payments provided under the executive's employment agreement and the 2007 LVB Plan. For more information on these employment agreements, refer to [Employment Agreements and Potential Post-Termination Payments](#) and [The Elements of Biomet's Compensation Program - Stock Options and Leveraged Share Awards](#) above.

Table of Contents

(10) The payments described in this table represent payments provided under the executive's offer letter, the Company's Severance Pay Plan and the 2007 LVB Plan. For more information on the Company's Severance Pay Plan, refer to [Severance Pay Plan](#) and [Employment Agreements and Potential Post Termination Payments](#) and [The Elements of Biomet's Compensation Program Stock Options and Leveraged Share Awards](#) .

(11) The payments described in this table represent payments provided under the executive's change in control agreement. For more information, refer to [Change in Control Agreements](#) and [Employment Agreements and Potential Post Termination Payments](#) and [The Elements of Biomet's Compensation Program Stock Options and Leveraged Share Awards](#) .

Non-Employee Director Compensation and Benefits

In accordance with the provisions of the Merger Agreement, on July 17, 2007 each of Messrs. Jerry L. Ferguson, M. Ray Harroff, Thomas F. Kearns, Jr., Jerry L. Miller, Charles E. Niemier and Niles L. Noblitt and Ms. Sandra A. Lamb and Marilyn Tucker Quayle and September 25, 2007 each of Messrs. C. Scott Harrison, M.D., Kenneth V. Miller and L. Gene Tanner (collectively the Resigning Directors), resigned from the Board of Directors and from any committees thereof.

Our compensation package for non-employee directors during the 2008 fiscal year prior to consummation of the Transactions was generally comprised of cash (annual retainers and committee meeting fees) and stock option awards. The annual pay package was designed to attract and retain highly-qualified, independent professionals to represent our shareholders and reflect our position in the industry. Our compensation package is also designed to create alignment between our directors and our shareholders through the use of equity-based awards.

In connection with the Transactions, new members of the Board were appointed by our sole stockholder, Parent, on behalf of the Sponsors, and generally have not received cash retainer or committee fees or stock option awards.

Business Expenses

The directors are reimbursed for their business expenses related to their attendance at our meetings, including room, meals and transportation to and from Board and committee meetings. On rare occasions, a director's spouse may accompany a director when traveling on Biomet business. At times, a director may travel to and from our meetings on our corporate aircraft. Directors are also eligible to be reimbursed for attendance at qualified director education programs.

Director and Officer Liability Insurance, or D&O, and Travel Accident Insurance

D&O insurance individually insures our directors and officers against certain losses that they are legally required to bear as a result of their actions while performing duties on our behalf. Our D&O insurance policy does not break out the premium for directors versus officers and, therefore, a dollar amount cannot be assigned to the coverage provided for individual directors.

We also maintain an Aviation Insurance Policy that provides benefits to each director in the event of death or disability (permanent and total) during travel on our corporate aircraft. This policy also covers employees and others while traveling on our corporate aircraft and, therefore, a dollar amount cannot be assigned to the coverage provided for individual directors.

Non-Employee Directors Compensation Table

The following table shows information regarding the compensation of our non-employee directors for the 2008 fiscal year. Mr. Binder is not included in the table below because, as President and Chief Executive Officer, disclosure in respect of his compensation is presented in the Summary Compensation Table. Furthermore, as an employee director, Mr. Binder did not receive compensation in his capacity as a director.

Table of Contents**DIRECTOR COMPENSATION**

Name	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)	Option Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(4)	All Other Compensation (\$)	Total (\$)
Pre-Transaction Directors							
Jerry L. Ferguson	10,800					14,400	25,200
C. Scott Harrison, M.D.	19,287						19,287
M. Ray Harroff	7,200						7,200
Thomas F. Kearns, Jr.	9,600						9,600
Sandra A. Lamb	14,400						14,400
Jerry L. Miller	14,400						14,400
Kenneth V. Miller	22,800						22,800
Niles L. Noblitt	7,200						7,200
L. Gene Tanner	18,000						18,000
Marilyn Tucker Quayle	9,600						9,600
Post-Transaction Directors							
Chinh E. Chu(5)							
Jonathan J. Coslet							
Michael Dal Bello							
Sean Fernandes(6)							
Adrian Jones							
Michael Michelson							
Dane Miller, Ph.D.							
John Saer							
Todd Sisitsky							
L. Gene Tanner							
David McVeigh							
Gregory L. Summe							

- (1) The aggregate dollar amount of all fees earned or paid in cash for services as a director, including annual Board and committee chair retainer fees, and committee meeting fees, in each case including amounts deferred pursuant to director elections.
- (2) For each director listed in the Non-Employee Directors Compensation Table above, the value reflects the compensation expense we recognized during the 2008 fiscal year under SFAS 123(R). For information concerning the assumptions used in determining the compensation expense we recognized during the 2008 fiscal year, refer Note 9 to the consolidated financial statements included in this annual report. During the 2008 fiscal year, our non-employee directors agreed to waive their annual grants of option awards.
- (3) We do not have a non-equity incentive plan for non-employee directors.
- (4) We do not have a pension plan for non-employee directors and do not pay above market or preferential rate on non-qualified deferred compensations for non-employee directors.
- (5) Mr. Chu resigned from the Board on January 16, 2008.
- (6) Mr. Fernandes resigned from the Board on March 31, 2008.

Table of Contents**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

Parent owns all of our issued and outstanding capital stock. Holding owns 99.23% of Parent and the remaining 0.77% is owned by the Management Participants. All equity interests in Holding are owned, directly or indirectly, by the Sponsor Funds and the Co-Investors.

The following table sets forth information with respect to the ownership as of May 31, 2008 for (a) each person known by us to own beneficially more than a 5% equity interest in Holdings, (b) each member of our Board of Directors, (c) each of our named executive officers, and (d) all of our executive officers and directors as a group. Biomet, Inc. has 1,000 shares of common stock outstanding, all of which are owned directly by Parent. Share amounts indicated below reflect beneficial ownership, through Holding, by such entities or individuals of these 1,000 shares of Biomet, Inc.

The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Except as otherwise indicated in the footnotes below, each of the beneficial owners has, to our knowledge, sole voting and investment power with respect to the indicated shares. Unless otherwise noted, the address of each beneficial owner is c/o Biomet, Inc., 56 East Bell Drive, Warsaw, Indiana 46582.

Name and Address of Beneficial Owner	Beneficial Ownership of Biomet Common Shares	Percentage Owned
The Blackstone Group(1)	242.2	24.22%
Goldman Sachs Capital Partners(2)	242.2	24.22%
KKR Biomet, LLC(3)	248.1	24.81%
TPG Capital(4)	242.2	24.22%
Jeffrey R. Binder	*	*
Daniel P. Florin	*	*
J. Pat Richardson	*	*
Roger Van Broeck	*	*
Glen A. Kashuba	*	*
Steven F. Schiess	*	*
Jonathan J. Coslet(5)	242.2	24.22%
Michael Dal Bello(6)	242.2	24.22%
Adrian Jones(7)	242.2	24.22%
David McVeigh(6)	242.2	24.22%
Michael Michelson(8)	248.1	24.81%
Dane A. Miller(9)	12.0	1.20%
John Saer(8)	248.1	24.81%
Todd Sisitsky(5)	242.2	24.22%
Gregory L. Summe(7)	242.2	24.22%
All executive officers and directors as a group (14 persons)	997.0	99.70%

* Represents less than one percent or one share, as applicable.

- (1) Biomet, Inc. shares shown as beneficially owned by The Blackstone Group reflect an aggregate of the following record ownership: (i) 610,133.52800 membership units of Holding held by Blackstone Capital Partners V, L.P., (ii) 97,736.20500 membership units of Holding held by Blackstone Capital Partners V-AC L.P., (iii) 289,050.00000 membership units of Holding held by BCP V-S L.P., (iv) 32,313.00200

Table of Contents

- membership units of Holding held by Blackstone Family Investment Partnership V L.P., (v) 3,112.96000 membership units of Holding held by Blackstone Family Investment Partnership V-A L.P., (vi) 2,297.59715 membership units of Holding held by Blackstone Participation Partnership V L.P., and (vii) 273,775.86600 membership units of Holding held by BCP V Co-Investors L.P. The address of The Blackstone Group is 345 Park Avenue, New York, NY 10154.
- (2) Biomet, Inc. shares shown as beneficially owned by Goldman Sachs Capital Partners reflect an aggregate of the following record ownership: (i) 433,679.15808 membership units of Holding held by GS Capital Partners VI Fund, L.P., (ii) 15,413.18755 membership units of Holding held by GS Capital Partners VI GmbH & Co. KG, (iii) 360,718.75833 membership units of Holding held by GS Capital Partners VI Offshore Fund, L.P., (iv) 119,253.84819 membership units of Holding held by GS Capital Partners VI Parallel, L.P., (v) 61,875.99000 membership units of Holding held by GS LVB Co-Invest, L.P., (vi) 63,137.95000 membership units of Holding held by Goldman Sachs BMET Investors, L.P., (vii) 184,785.45000 membership units of Holding held by Goldman Sachs BMET Investors Offshore Holdings, L.P., (viii) 44,463.81600 membership units of Holding held by GS PEP Bass Holdings, L.L.C., (ix) 6,309.80000 membership units of Holding held by Goldman Sachs Private Equity Partners, 2004-Direct Investment Fund, L.P., (x) 9,013.20000 membership units of Holding held by Goldman Sachs Private Equity Partners, 2005-Direct Investment Fund, L.P., and (xi) 9,768.00000 membership units of Holding held by Goldman Sachs Private Equity Partners IX-Direct Investment Fund, L.P. The address of Goldman Sachs Capital Partners is c/o Goldman, Sachs & Co., 85 Broad Street, New York, NY 10004.
- (3) The address of KKR Biomet, LLC is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Suite 200, Menlo Park, CA 94025.
- (4) Biomet, Inc. shares shown as beneficially owned by TPG Capital reflect an aggregate of the following record ownership: (i) 50,000.00000 membership units owned by TPG Partners IV, L.P., (ii) 1,015,020.30532 membership units owned by TPG Partners V, L.P., (iii) 2,655.60483 membership units owned by TPG FOF V-A, L.P., (iv) 2,141.61680 membership units owned by TPG FOF V-B, L.P., (v) 235,843.63020 membership units owned by TPG LVB Co-Invest LLC, (vi) 2,758.00100 membership units owned by TPG LVB Co-Invest II LLC. The address of TPG Capital is 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.
- (5) Includes all shares held by TPG Partners IV, L.P., TPG Partners V, L.P., TPG FOF V-A, L.P., TPG FOF V-B, L.P., TPG LVB Co-Invest LLC, and TPG LVB Co-Invest II LLC. Each of Jonathan J. Coslet and Todd Sisitsky may be deemed to be a beneficial owner of these interests due to his status as an employee of TPG Capital, and each such person disclaims beneficial ownership of any such interests in which he does not have a pecuniary interest. The address of each of Mr. Coslet and Mr. Sisitsky is c/o TPG Capital is 301 Commerce Street, Suite 3300, Fort Worth, TX 76102.
- (6) Includes all shares held by Blackstone Capital Partners V, L.P., Blackstone Capital Partners V-AC L.P., BCP V-S L.P., Blackstone Family Investment Partnership V L.P., Blackstone Family Investment Partnership V-A L.P., Blackstone Participation Partnership V L.P., and BCP V Co-Investors L.P. Each of Michael Dal Bello and David McVeigh may be deemed to be a beneficial owner of these interests due to his status as an employee of The Blackstone Group, and each such person disclaims beneficial ownership of any such interests in which he does not have a pecuniary interest. The address of each of Mr. Dal Bello and Mr. McVeigh is c/o The Blackstone Group is 345 Park Avenue, New York, NY 10154.
- (7) Includes all shares held by GS Capital Partners VI Fund, L.P., GS Capital Partners VI GmbH & Co. KG, GS Capital Partners VI Offshore Fund, L.P., GS Capital Partners VI Parallel, L.P., GS LVB Co-Invest, L.P., Goldman Sachs BMET Investors, L.P., Goldman Sachs BMET Investors Offshore Holdings, L.P., GS PEP Bass Holdings, L.L.C., Goldman Sachs Private Equity Partners, 2004-Direct Investment Fund, L.P., Goldman Sachs Private Equity Partners, 2005-Direct Investment Fund, L.P., and Goldman Sachs Private Equity Partners IX-Direct Investment Fund, L.P. Each of Gregory L. Summe and Adrian Jones may be deemed to be a beneficial owner of these interests due to his status as a consultant to or an employee of Goldman, Sachs & Co., and each such person disclaims beneficial ownership of any such interests in which he does not have a pecuniary interest. The address of Mr. Jones is c/o Goldman, Sachs & Co., 85 Broad Street, New York, NY 10004 and the address of Mr. Summe is c/o PerkinElmer, Inc., 940 Winter Street, Waltham, MA 02451.

Table of Contents

- (8) Includes all shares held by KKR Biomet, LLC. Each of Michael Michelson and John Saer may be deemed to be a beneficial owner of these interests due to his status as an employee of Kohlberg Kravis Roberts & Co. L.P., and each such person disclaims beneficial ownership of any such interests in which he does not have a pecuniary interest. The address of each of Mr. Michelson and Mr. Saer is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Suite 200, Menlo Park, CA 94025.
- (9) The business address of Dane Miller is 700 Park Avenue, Suite G, Winona Lake, IN 46590. See Item 13 below.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth information regarding the securities to be issued and the securities remaining available for issuance under LVB's stock-based incentive plans as of May 31, 2008 (except exercise price per Common Share):

	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	31,796,000	\$ 10	5,724,000
Equity compensation plans not approved by security holders			
Total	31,796,000	\$ 10	5,724,000

Further information about LVB's stock-based incentive plans can be found in Note 9 to our consolidated financial statements. LVB does not have any plans not approved by its shareholders. Biomet does not have any stock-based incentive plans.

**Item 13. Certain Relationships and Related Transactions and Director Independence.
Amended and Restated Limited Liability Company Operating Agreement of Holding**

The Sponsor Funds have entered into an amended and restated limited liability company operating agreement, or the LLC Agreement, in respect of Holding. The LLC Agreement contains agreements among the parties with respect to the election of our directors and the directors of our parent companies, restrictions on the issuance or transfer of interests in us and other corporate governance provisions (including the right to approve various corporate actions).

Pursuant to the LLC Agreement, each of the Sponsors has the right to nominate, and have nominated, two directors to our Board of Directors and also are entitled to appoint one non-voting observer to the Board of Directors for so long as such Sponsor remains a member of Holding. In addition to their right to appoint non-voting observers to the Board of Directors, certain of the Sponsor Funds have certain other management rights to the extent that any such Sponsor Fund is required to operate as a venture capital operating company as defined in the regulations issued by the U.S. Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the Code of Federal Regulations, or any Successor regulations. Each Sponsor's right to nominate directors is freely assignable to funds affiliated with such Sponsor, and is assignable to non-affiliates of such Sponsor only if the assigning Sponsor transfers its entire interest in Holding not previously transferred and only with the prior written consent of the Sponsors holding at least 70% of the membership interests in Holding, or Requisite Sponsor Consent. In addition to their rights under the LLC Agreement, the Sponsors may also appoint one or more persons unaffiliated with any of the Sponsors to the Board of Directors. Following Purchaser's purchase of the Shares tendered in the Offer, the Sponsors jointly appointed Dr. Miller and Jeffrey R. Binder to the Board of Directors in addition to the two directors appointed by each of the Sponsors.

Table of Contents

Pursuant to the LLC Agreement, each director has one vote for purposes of any Board of Directors action, and all decisions of the Board of Directors require the approval of a majority of the directors designated by the Sponsors. In addition, the LLC Agreement provides that certain major decisions regarding us or our parent companies require Requisite Sponsor Consent.

The LLC Agreement includes certain customary agreements with respect to restrictions on the issuance or transfer of interests in us, including preemptive rights, tag-along rights and drag-along rights.

The Co-Investors have also been admitted as members of Holding, both directly and through Sponsor controlled investment vehicles. Although the Co-Investors are therefore parties to the LLC Agreement, they have no rights with respect to the election of our directors or the approval of our corporate actions.

The Sponsors have also caused Holding and Parent to enter into a letter agreement with us obligating us and Parent to take all actions necessary to give effect to the corporate governance, preemptive rights, transfer restriction and certain other provisions of the LLC Agreement, and prohibiting us and Parent from taking any actions that would be inconsistent with such provisions of the LLC Agreement.

Registration Rights Agreement

The Sponsor Funds and the Co-Investors also entered into a registration rights agreement with us upon the closing of the Transactions. Pursuant to this agreement, the Sponsor Funds have the power to cause us to register their, the Co-Investors and certain other persons' interests in Biomet under the Securities Act and to maintain a shelf registration statement effective with respect to such interests. The agreement also entitles the Sponsor Funds and the Co-Investors to participate in any future registration of our equity interests under the Securities Act that we may undertake.

Management Services Agreement

Upon completion of the Transactions, we entered into a management services agreement with certain affiliates of the Sponsors, pursuant to which such affiliates of the Sponsors or their Successors, assigns, affiliates, officers, employees and/or representatives and third parties (collectively, the Managers) provide management, advisory and consulting services to us. Pursuant to such agreement, the Managers will receive a transaction fee equal to 1% of total enterprise value of the Transactions for the services rendered by such entities related to the Transactions upon entering into the agreement, an annual monitoring fee equal to 1% of our annual Adjusted EBITDA as compensation for the services rendered and reimbursement for out-of-pocket expenses incurred by the Managers in connection with the agreement and the Transactions. We are required to pay the sponsors a fee on a quarterly basis. In total we paid each of the above sponsors \$1.5 million for a total of \$6.1 million during fiscal 2008. As of May 31, 2008, the amount payable to the sponsors was \$2.3 million. During the 2008 fiscal year we also entered into a consulting agreement with Capstone Consulting, a wholly owned subsidiary of Blackstone, LLC, to perform analysis related to our operational improvement initiative. We paid Capstone Consulting \$1.2 million throughout fiscal 2008. We may also pay certain subsequent fees to the Managers for advice rendered in connection with financing or refinancing (equity or debt), acquisition, disposition, spin-off, split-off, dividend, recapitalization, initial underwritten public offering and change of control transactions involving us or any of our subsidiaries. The management services agreement includes customary exculpation and indemnification provisions in favor of the Managers and their affiliates.

The Company currently holds interest rate swaps with Goldman Sachs. As part of this relationship, we receive information from Goldman Sachs that allows us to run a regression on the swaps as part of our required effectiveness testing on a quarterly basis.

Capital Contributions

During the 2008 fiscal year, the Company received a capital contribution from its parent company by trusts affiliated with Dane A. Miller and Mary Louise Miller during the fourth quarter in the amount of \$120.0 million.

Table of Contents

The Company also received an additional capital contribution of \$14.4 million from its parent company from the participation of management under the LVB Acquisition Inc., Management Stockholders Agreement.

Related-Party Transactions Review

Our amended and restated articles of incorporation provide that all conflict of interest transactions with our directors, which are transactions with the Company in which a director has a direct or indirect interest, must be fair to us and must be reviewed and approved by a majority vote of the disinterested members of the Board of Directors or a committee thereof.

Item 14. Principal Accounting Fees and Services.

Fees for professional services provided by Biomet's independent accountants in each of the last two fiscal years, in each of the following categories are:

(in millions)

	2008	2007
Audit Fees	\$ 3.2	\$ 3.0
Audit-Related Fees	2.4	0.1
Tax Fees	3.9	
	\$ 9.5	\$ 3.1

Fees for audit services above include those from Deloitte & Touche (audit and consulting related) and Ernst & Young (audit related), and other local international firms (statutory audit purposes only). Fees for audit services include fees associated with the annual audit of consolidated financial statements, the reviews of Biomet's quarterly reports on Form 10-Q, audit-related accounting consultations, audit-related acquisition accounting and statutory audits required internationally. Audit-related fees principally included work related to our Registration Statements on Forms S-1 and S-4, due diligence in connection with acquisitions, assistance with implementation of various rules and standards and benefit plan audits. Tax fees included tax compliance, tax advice and tax planning. The Audit Committee has adopted policies and procedures for approving in advance all audit and permitted non-audit services to be performed for Biomet by its independent accountants, subject to certain de minimis exceptions approved by the Audit Committee. Prior to the engagement of the independent accountants for the next year's audit, management, with the participation of the independent accountants, submits to the Audit Committee for approval an aggregate request for services expected to be rendered during that year for various categories of services.

Table of Contents

Part IV.

Item 15. Exhibits, Financial Statement Schedules.

(a) The following financial statements and financial statement schedule are included in Item 8 herein.

(1) Financial Statements:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of May 31, 2008 and 2007

Consolidated Statements of Operations for the periods June 1, 2007 to July 11, 2007, July 12, 2007 to May 31, 2008 and the years ended May 31, 2007 and 2006

Consolidated Statements of Shareholders' Equity for the years ended May 31, 2008, 2007 and 2006

Consolidated Statements of Cash Flows for the periods June 1, 2007 to July 11, 2007, July 12, 2007 to May 31, 2008 and the years ended May 31, 2007 and 2006

Notes to Consolidated Financial Statements

(2) Financial Statement Schedule:

Schedule II Valuation and Qualifying Accounts

(3) Exhibits:

Refer to the Index to Exhibits immediately following the signature page of this report, which is incorporated herein by reference.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Biomet, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on August 28, 2008.

BIOMET, INC.

By: /s/ JEFFREY R. BINDER
Jeffrey R. Binder
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Biomet, Inc. and in the capacities indicated on August 28, 2008.

By: /s/ JONATHAN J. COSLET
Jonathan J. Coslet, Director

By: /s/ MICHAEL DAL BELLO
Michael Dal Bello, Director

By: /s/ JEFFREY R. BINDER
**Jeffrey R. Binder, President and Chief Executive
Officer and Director**

(Principal Executive Officer)

By: /s/ ADRIAN JONES
Adrian Jones, Director

By: /s/ DAVID McVEIGH
David McVeigh, Director

By: /s/ MICHAEL MICHELSON
Michael Michelson, Director

By: /s/ DANE A. MILLER
Dane A. Miller, Director

By: /s/ JOHN SAER
John Saer, Director

By: /s/ TODD SISITSKY
Todd Sisitsky, Director

By: /s/ GREGORY SUMME
Gregory Summe, Director

By: /s/ DANIEL P. FLORIN
**Daniel P. Florin, Senior Vice President Finance
(Principal Financial Officer)**

By: /s/ KEVIN J. SIERKS

Kevin J. Sierks, Vice President Controller

(Principal Accounting Officer)

Table of Contents**EXHIBIT INDEX**

Exhibit No.	Exhibit
2.1	Agreement and Plan of Merger, dated as of December 18, 2006, amended and restated as of June 7, 2007, among Biomet, Inc., LVB Acquisition, LLC and LVB Acquisition Merger Sub, Inc., incorporated herein by reference to the Company's Current Report on Form 8-K filed on June 7, 2007.
3.1	Amended and Restated Articles of Incorporation, incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on September 25, 2007.
3.2	Amended and Restated Bylaws, incorporated herein by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on September 25, 2007.
4.1	Senior Notes Indenture, dated as of September 25, 2007, among LVB Acquisition Merger Sub, Inc., Biomet, Inc., the Guarantors listed therein and Wells Fargo Bank, National Association, as Trustee, filed as Exhibit 4.1 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
4.2	First Supplemental Senior Notes Indenture, dated as of October 16, 2007, among Biomet, Inc., the Guarantors listed therein and Wells Fargo Bank, National Association, as Trustee, filed as Exhibit 4.2 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
4.3	Senior Subordinated Notes Indenture, dated as of September 25, 2007, among LVB Acquisition Merger Sub, Inc., Biomet, Inc., the Guarantors listed therein and Wells Fargo Bank, National Association, as Trustee, filed as Exhibit 4.3 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
4.4	First Supplemental Senior Subordinated Notes Indenture, dated as of October 16, 2007, among Biomet, Inc., the Guarantors listed therein and Wells Fargo Bank, National Association, as Trustee, filed as Exhibit 4.4 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
4.5	Form of 10% Senior Notes due 2017, filed as Exhibit 4.1 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
4.6	Form of 10 ³ / ₈ % / 11 ¹ / ₈ % Senior Toggle Notes due 2017, filed as Exhibit 4.1 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
4.7	Form of 11 ⁵ / ₈ % Senior Subordinated Notes due 2017, filed as Exhibit 4.3 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
4.8	Registration Rights Agreement, dated as of September 25, 2007, among LVB Acquisition Merger Sub, Inc., Biomet, Inc., the Guarantors listed therein, and Banc of America Securities LLC, Goldman, Sachs & Co., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wachovia Capital Markets, LLC and Bear, Stearns & Co. Inc., filed as Exhibit 4.8 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
4.9	Registration Rights Agreement, dated as of October 16, 2007, among Biomet, Inc., the Guarantors listed therein, and Banc of America Securities LLC, Goldman, Sachs & Co., Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wachovia Capital Markets, LLC and Bear, Stearns & Co. Inc., filed as Exhibit 4.9 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.

Table of Contents

Exhibit No.	Exhibit
10.1	Credit Agreement, dated as of September 25, 2007, among Biomet, Inc., LVB Acquisition, Inc., Bank of America, N.A. and the Other Lenders party thereto, filed as Exhibit 10.1 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.2	Guaranty (Cash Flow), dated as of September 25, 2007, among LVB Acquisition, Inc., Certain Subsidiaries of Biomet, Inc. identified therein, and Bank of America, N.A., filed as Exhibit 10.2 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.3	Pledge and Security Agreement (Cash Flow), dated as of September 25, 2007, among Biomet, Inc., LVB Acquisition, Inc., Certain Subsidiaries of Biomet, Inc. identified therein, and Bank of America, N.A., filed as Exhibit 10.3 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.4	Intercreditor Agreement, dated as of September 25, 2007, by and among Bank of America, N.A., as ABL Collateral Agent, and Bank of America, N.A., as CF Collateral Agent, filed as Exhibit 10.4 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.5	Patent Security Agreement, dated as of September 25, 2007, among LVB Acquisition, Inc., Biomet, Inc., Certain Subsidiaries of Biomet, Inc. and Bank of America, N.A., filed as Exhibit 10.5 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.6	Trademark Security Agreement, dated as of September 25, 2007, among LVB Acquisition, Inc., Biomet, Inc., Certain Subsidiaries of Biomet, Inc. and Bank of America, N.A., filed as Exhibit 10.6 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.7	Credit Agreement, dated as of September 25, 2007, among Biomet, Inc., the Several Subsidiary Borrowers Party thereto, LVB Acquisition, Inc., Bank of America, N.A. and the Other Lenders Party thereto, filed as Exhibit 10.7 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.8	Guaranty (ABL), dated as of September 25, 2007 between LVB Acquisition, Inc. and Bank of America, N.A., filed as Exhibit 10.1 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.9	Pledge and Security Agreement (ABL), dated as of September 25, 2007 among Biomet, Inc., LVB Acquisition, Inc., Certain Subsidiaries of Biomet, Inc. identified therein and Bank of America, N.A., filed as Exhibit 10.9 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference
10.10	Joint Venture Agreement between Biomet, Inc. and Merck KGaA, dated as of November 24, 1997, incorporated herein by reference to Exhibit 2.01 to the Company's Current Report on Form 8-K filed on February 17, 1998.
10.11	Purchase and Substitution Agreement, dated March 19, 2004 by and among Merck KGaA, Biomet, Inc., BioHoldings UK Ltd. and Biomet Europe Ltd., incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 24, 2004.
10.12	Executive Severance Pay Plan, dated as of September 22, 2006, incorporated herein by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on September 26, 2006.

Table of Contents

Exhibit No.	Exhibit
10.13	Employment Agreement, dated as of June 11, 2008, by and among Biomet, Inc. and Jeffrey R. Binder, incorporated herein by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed on June 13, 2008.
10.14	Offer Letter, dated as of March 26, 2007, by and among Biomet, Inc. and J. Pat Richardson, incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 2, 2007.
10.16 *	Employment Agreement, dated as of February 28, 2008, by and among Biomet, Inc. and Daniel P. Florin.
10.17	Limited Guarantee, dated June 7, 2007, by TPG Partners V L.P., incorporated herein by reference to Exhibit (d)(1)(I) of the Schedule TO filed by LVB Acquisition Merger Sub, Inc. and LVB Acquisition LLC on June 13, 2007.
10.18	Limited Guarantee, dated June 7, 2007, by KKR 2006 Fund L.P., incorporated herein by reference to Exhibit (d)(1)(H) of the Schedule TO filed by LVB Acquisition Merger Sub, Inc. and LVB Acquisition LLC on June 13, 2007.
10.19	Limited Guarantee, dated June 7, 2007, by GS Capital Partners VI Parallel, L.P., GS Capital Partners VI GmbH & Co. KG, GS Capital Partners VI Fund, L.P. and GS Capital Partners Offshore Fund, L.P., incorporated herein by reference to Exhibit (d)(1)(G) of the Schedule TO filed by LVB Acquisition Merger Sub, Inc. and LVB Acquisition LLC on June 13, 2007.
10.20	Limited Guarantee, dated June 7, 2007, by Blackstone Capital Partners V L.P., incorporated herein by reference to Exhibit (d)(1)(F) of the Schedule TO filed by LVB Acquisition Merger Sub, Inc. and LVB Acquisition LLC on June 13, 2007.
10.21	LVB Acquisition, Inc. 2007 Management Equity Incentive Plan, filed as Exhibit 10.21 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.23	Deferred Prosecution Agreement, dated as of September 27, 2007, by and between Biomet, Inc. and the United States Attorney's Office for the District of New Jersey, filed as Exhibit 10.23 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.24	Corporate Integrity Agreement, dated as of September 27, 2007, by and between the Office of Inspector General of the Department of Health and Human Services and Biomet, Inc., filed as Exhibit 10.24 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.25	Settlement Agreement, dated as of September 27, 2007, by and between Biomet, Inc. and the Office of Inspector General of the Department of Health and Human Services, filed as Exhibit 10.25 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
10.26 *	Biomet, Inc. Executive Annual Cash Incentive Plan
10.27 *	Employment Agreement, dated as of February 28, 2008, by and among Biomet, Inc. and Glen A. Kashuba.
10.28 *	Employment Agreement, dated as of February 28, 2008, by and among Biomet, Inc. and Steven F. Scheiss.
10.29 *	Employment Agreement, dated as of February 28, 2008, by and among Biomet, Inc. and Roger P. Van Broeck.
10.30*	LVB Acquisition Management Shareholder Agreement

Table of Contents

Exhibit No.	Exhibit
12*	Computation of Ratio of Earnings to Fixed Charges.
16	Letter re Change in Certifying Accountant, filed as Exhibit 16 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
21	Subsidiaries of Biomet, Inc, filed as Exhibit 21 to the Company's Registration Statement on Form S-4 dated May 6, 2008 and incorporated herein by reference.
23.1*	Consent of Independent Registered Public Accounting Firm (Predecessor)
23.2*	Consent of Independent Registered Public Accounting Firm (Successor)
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith.
Management contract or compensatory plan or arrangement.