

	Facility Description	Covenant Weak
Company Description:	Biomet, incorporated in Indiana in 1977 and headquartered in Warsaw, Indiana, manufactures and markets products used primarily by musculoskeletal specialists in both surgical and non-surgical therapy. The Company's product portfolio encompasses the following categories: <ul style="list-style-type: none"> • Reconstructive products: implants for knees, hips, extremity joints and dental systems, along with bone cements and accessories • Spinal products: spine specific electrical stimulation devices, spinal fixation systems and orthobiologic products • Fixation devices: internal and external fixation devices, craniomaxillofacial fixation systems and electrical stimulation devices that do not address the spine • Other products: arthroscopy products, bracing products, casting materials, general surgical instruments, and operating room supplies Biomet has offices and facilities in more than 50 locations worldwide and distributes products in more than 90 countries. As of May 31, 2008, the Company had more than 7,200 employees worldwide of which approximately 2,000 were engaged in production and approximately 5,200 in research and development, sales, marketing, administrative and clerical efforts. For the fiscal year ended May 31, 2008, the Company generated net sales of \$2,383.3MM and Adjusted EBITDA of \$829.6MM (34.8% margin). Sales breakdown by geography and product category are as follows: (US: 59%, Europe; 31% and International: 10%) (Reconstructive: 74%; Fixation: 10%; Spinal: 9%; Other: 8%)	
Industry:	Medical Devices	
Sponsor / Equity:	The Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Co. and TPG Capital (the "Sponsors")	

\$ Out.	Issue	Spread ⁽¹⁾	Maturity	Corp. Rating*	Facility Rating*	Outlook	Current Price (offer)	YTM	YTC-4
\$ -	\$400 Cash Flow RC ⁽¹⁾	L+2.50%	9/25/13	B2 / B+	Ba2 / BB-	Stable			
165.4	\$350 Asset Based RC ⁽¹⁾	L+1.50%	9/25/13		Ba2 / BB-	Stable			
3,407.6	Term Loan Facility	L+2.50%	3/25/15		Ba2 / BB-	Stable	93.875	L + 3.69%	L + 4.17%
775.0	Senior Cash Pay Notes	10.00%	10/15/17		B3 / B-	Stable			
775.0	Senior Toggle Notes ⁽²⁾	10.38%	10/15/17		B3 / B-	Stable			
1,015.0	Senior Sub Notes	11.63%	10/15/17		Caa1 / B-	Stable			
58.7	European Facilities	Euribor+1.40%	NA						

⁽¹⁾ Pricing on the Cash Flow and Asset-based Revolver are tied to a grid based on senior secured leverage

Loans priced as: 6/30/09

⁽²⁾ Pricing on the Senior Toggle Notes increases to 11.125% if PIK option is elected

Transaction Description

On December 18, 2006, Biomet entered into a definitive agreement to be acquired by a consortium of private equity investors (Goldman Sachs, Blackstone, KKR, and TPG) for \$44 per share or approximately \$10.9 billion, representing a purchase multiple of 14.6x LTM EBITDA. When pressure from shareholder activists threatened to derail the transaction, the Sponsors agreed to increase the offer to \$46 per share, or \$11.4 billion. The deal closed on Sept. 25, 2007 and represented a purchase multiple of 15.8x LTM EBITDA of \$719MM. The acquisition was funded through the following debt structure: i) \$400MM Cash Flow Revolver (\$131MM funded at close); ii) \$350MM asset based revolver (unfunded at close); iii) \$3,669MM Term Loan B (\$2,340MM, €875MM); iv) \$775MM Senior Unsecured Cash Pay Bridge Facility; v) \$775MM Senior Unsecured PIK Option Bridge Facility; and vi) \$1,015MM Senior Subordinated Bridge Facility. On Oct. 16, 2007, the borrowings under the bridge facilities were repaid with proceeds from the follow-on offerings at equal amounts of the 10% Senior Cash Pay Notes due 2017, 10.375%/11.125% Senior Toggle Notes due 2017 and 11.625% Senior Subordinated Notes due 2017. The loan facilities were underwritten by a syndicate consisting of BOA, Bear Sterns, Lehman Brothers, Merrill Lynch and Wachovia.

At closing, the Company's capital structure included senior secured and total leverage of 5.3x and 8.8x (based on FYE May 31, 2007 results), respectively and equity contribution of approx. 45%

Financial Summary: Historical and Projected

(\$ in millions)	Fiscal Year Ending			9 Months Ended		LTM
	May-06	May-07	May-08	Feb-08	Feb-09	Feb-09
Revenue	\$ 2,025.7	\$ 2,107.4	\$ 2,383.3	\$ 1,747.7	\$ 1,864.8	\$ 2,500.4
YOY Growth	NA	4.0%	13.1%	NA	6.7%	NA
Adjusted EBITDA ⁽¹⁾	711.5	719.1	829.1	608.6	683.9	\$ 904.4
EBITDA Margin	35.1%	34.1%	34.8%	34.8%	36.7%	36.2%
Less:						
Cash Taxes	216.4	188.8	52.0	29.4	-0.7	21.9
Cash Interest Expense	11.3	9.4	387.3	78.0	343.7	653.0
Capital Expenditures	108.9	142.5	189.9	151.4	127.4	165.9
Change in Working Capital (source)	75.6	(56.6)	(78.4)	(167.9)	(30.2)	59.3
Inc./(Dec) in Free Cash Flow	299.3	435.0	278.3	517.7	243.7	4.3
Adj. EBITDA / Cash Interest Expense	63.0x	76.5x	2.1x	7.8x	2.0x	1.4x
Senior Secured Debt / Adj. EBITDA	0.3x	0.0x	4.5x			4.0x
Total Debt / Adj. EBITDA	0.4x	0.1x	7.6x			6.9x
Net Total Debt / Adj. EBITDA	0.1x	NM	7.4x			6.5x

⁽¹⁾ LTM EBITDA adjusted largely for goodwill and asset impairment charges of \$448.5MM.

Source: Company filings

Capital Structure: As of Feb-09

(\$ in millions)	\$	Leverage	Net Leverage	Price
Cash	339.3			
Asset Based Revolver	165.4	0.2x		
Cash Flow Based Revolver	-	0.0x		
Term Loan B	3,407.6	3.8x		93.875
Senior Secured Debt	3,573.0	4.0x	3.6x	
Unsecured European Credit Facility	58.7			
10% Senior Unsecured Cash Pay Notes due 2017	775.0	0.9x		101.500
10.375% / 11.125% Sr. Unsecured PIK Toggle Notes due 2017	775.0	0.9x		97.500
11.625% Senior Subordinated Notes due 2017	1,015.0	1.1x		98.500
Premium on debt	5.3	0.0x		
Total Debt	6,202.0	6.9x	6.5x	

Source: Company filings