SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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ZIMMER HOLDINGS INC

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SIC: **3842** Orthopedic, prosthetic & surgical appliances & supplies

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

FORM 10-K

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

For year ended December 31, 2014

Commission file number 001-16407

ZIMMER HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-4151777**
(State of Incorporation)	*(IRS Employer Identification No.)*
345 East Main Street Warsaw, Indiana	**46580**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(574) 267-6131**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

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

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

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Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by checkmark whether the registrant is a shell company (as defined Exchange Act Rule 12b-2). Yes ☐ No ☑

The aggregate market value of shares held by non-affiliates was $17,501,425,466 (based on the closing price of these shares on the New York Stock Exchange on June 30, 2014 and assuming solely for the purpose of this calculation that all directors and executive officers of the registrant are “affiliates”). As of February 16, 2015, 169,902,991 shares of the registrant’ s $.01 par value common stock were outstanding.

Documents Incorporated by Reference

Document	Form 10-K
Portions of the Proxy Statement with respect to the 2015 Annual Meeting of Stockholders	Part III

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Cautionary Note About Forward-Looking Statements

This Annual Report on Form 10-K includes “forward-looking” statements within the meaning of federal securities laws. Forward-looking statements may be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as “may,” “will,” “can,” “should,” “would,” “could,” “anticipate,” “expect,” “plan,” “seek,” “believe,” “predict,” “estimate,” “potential,” “project,” “assume,” “guide,” “target,” “forecast,” “intend,” “strategy,” “is confident that,” “future,” “opportunity,” and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in the section titled “Risk Factors” (refer to Part I, Item 1A of this report). Readers of this report are cautioned not to place undue reliance on these forward-looking statements. While we believe the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove to be accurate. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

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PART I

Item 1. Business

Overview

We are a global leader in the design, development, manufacture and marketing of orthopaedic reconstructive, spinal and trauma devices, biologics, dental implants and related surgical products. We also provide other healthcare related services. In this report, "Zimmer," "we," "us," "our" and similar words refer collectively to Zimmer Holdings, Inc. and its subsidiaries. Zimmer Holdings refers to the parent company only.

Zimmer Holdings was incorporated in Delaware in 2001. Our history dates to 1927, when Zimmer Manufacturing Company, a predecessor, was founded in Warsaw, Indiana. On August 6, 2001, Zimmer Holdings was spun off from its former parent and became an independent public company.

On April 24, 2014, we entered into a definitive agreement to merge with LVB Acquisition, Inc. (LVB), the parent company of Biomet, Inc. (Biomet), in a cash and stock transaction valued at approximately $13.35 billion. We will pay $10.35 billion in cash, subject to certain adjustments, and issue 32.7 million shares of our common stock. In connection with the Biomet merger, we will pay off all of LVB' s outstanding funded debt, and the aggregate cash merger consideration will be reduced by such amount. The Biomet merger, which is subject to customary closing conditions and regulatory approvals, is expected to close in the first quarter of 2015. The merger will position the combined company as a leader in the $45 billion musculoskeletal industry. The Biomet merger is expected to be a transformational event for us and have significant effects on all aspects of our business. The description of our business in this report is for Zimmer on a standalone basis and does not address the consequences of the planned Biomet merger.

Customers, Sales and Marketing

Our primary customers include orthopaedic surgeons, neurosurgeons, oral surgeons, dentists, hospitals, stocking distributors, healthcare dealers and, in their capacity as agents, healthcare purchasing organizations or buying groups. These customers range from large multinational enterprises to independent clinicians and dentists.

We have operations in more than 25 countries and market products in more than 100 countries. We manage our operations through three major geographic segments – the Americas, which is comprised principally of the U.S. and includes other North, Central and South American markets; Europe, which is practices and dental laboratories. With direct channel accounts, inventory is generally consigned to sales agents or customers. With sales to stocking distributors, healthcare dealers, dental practices and dental laboratories, title to product passes upon shipment or upon implantation of the product. Direct channel accounts represented approximately 75 percent of our net sales in 2014. No individual direct channel account, stocking distributor, healthcare dealer, dental practice or dental laboratory accounted for more than 1 percent of our net sales for 2014.

We stock inventory in our warehouse facilities and retain title to consigned inventory in sufficient quantities so that products are available when needed for surgical procedures. Safety stock levels are determined based on a number of factors, including demand, manufacturing lead times and quantities required to maintain service levels. We also carry trade accounts receivable balances based on credit terms that are generally consistent with local market practices.

We utilize a network of sales associates, sales managers and support personnel, some of whom are employed or contracted by independent distributors and sales agencies. We invest a significant amount of time and expense in training sales associates in how to use specific products and how to best inform surgeons of product features and uses. Sales force representatives must have strong technical selling skills and medical education to provide technical support for surgeons.

In response to the different healthcare systems throughout the world, our sales and marketing strategies and organizational structures differ by region. We utilize a global approach to sales force training, marketing and medical education to provide consistent, high quality service. Additionally, we keep current with key surgical developments and other issues related to orthopaedic surgeons, neurosurgeons, dentists and oral surgeons and the medical procedures they perform.

The following is a summary of our three reportable segments. See Note 17 to the consolidated financial statements for more information regarding our segments.

Americas. The Americas is our largest geographic segment, accounting for $2,594.2 million, or 56 percent, of 2014 net sales, with the U.S. accounting for 92 percent of net sales in this region. The U.S. sales force consists of a combination of employees and independent sales agents, most of whom sell products exclusively for Zimmer. The sales force in the U.S.

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comprised principally of Europe and includes the Middle East and African markets; and Asia Pacific, which is comprised primarily of Japan and includes other Asian and Pacific markets.

We market and sell products through three principal channels: 1) direct to healthcare institutions, such as hospitals, referred to as direct channel accounts; 2) through stocking distributors and healthcare dealers; and 3) directly to dental

receives a commission on product sales and is responsible for many operating decisions and costs.

In this region, we contract with group purchasing organizations and managed care accounts and have promoted unit growth by offering volume discounts to customer healthcare institutions within a specified group. Generally, we are designated as one of several preferred purchasing sources for specified products, although members are not obligated to purchase our products. Contracts with group purchasing organizations generally have a term of three years, with extensions as warranted.

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In the Americas, we monitor and rank independent sales agents and our direct sales force across a range of performance metrics, including the achievement of sales targets and maintenance of efficient levels of working capital.

Europe. The European geographic segment accounted for $1,269.5 million, or 27 percent, of 2014 net sales, with France, Germany, Italy, Spain, Switzerland and the United Kingdom collectively accounting for 68 percent of net sales in the region. This segment also includes other key markets, including Benelux, Nordic, Central and Eastern Europe, the Middle East and Africa. Our sales force in this segment is comprised of direct sales associates, commissioned agents, independent distributors and sales support personnel. We emphasize the advantages of our clinically proven, established designs and innovative solutions and new and enhanced materials and surfaces. In most European countries, healthcare is sponsored by the government and therefore government budgets impact healthcare spending, which can affect our sales in this segment.

Asia Pacific. The Asia Pacific geographic segment accounted for $809.6 million, or 17 percent, of 2014 net sales, with Japan being the largest market within this segment, accounting for 42 percent of the region' s sales. This segment also includes key markets such as Australia, New Zealand, Korea, China, Taiwan, India, Thailand, Singapore, Hong Kong and Malaysia. In Japan and most countries in the Asia Pacific region, we maintain a network of dealers, who act as order agents on behalf of hospitals in the region, and sales associates, who build and maintain relationships with orthopaedic surgeons, neurosurgeons and dental surgeons in their markets. The knowledge and skills of these sales associates play a critical role in providing service, product information and support to surgeons. We have a research and development center in Beijing, China, which focuses on products and technologies designed to meet the unique needs of Asian patients and their healthcare providers.

Seasonality

Our business is seasonal in nature to some extent, as many of our products are used in elective procedures, which typically decline during the summer months and can increase at the end of the year once annual deductibles have been met on health insurance plans.

Distribution

We operate distribution facilities domestically in Southaven, Mississippi; and Carlsbad, California and internationally in Australia, Canada, China, France, Germany, India, Italy, Japan,

Products

Our products include orthopaedic reconstructive implants, spinal and trauma devices, biologics, dental implants and related surgical products.

ORTHOPAEDIC RECONSTRUCTIVE IMPLANTS

Knees

Total knee replacement surgeries typically include a femoral component, a patella (knee cap), a tibial tray and an articular surface (placed on the tibial tray). Knee replacement surgeries include first-time, or primary, joint replacement procedures and revision procedures for the replacement, repair or enhancement of an implant or component from a previous procedure. There are also procedures for partial reconstruction of the knee, which treat limited knee degeneration and involve the replacement of only one side, or compartment, of the knee with a unicompartmental knee prosthesis. Our knee portfolio also includes early intervention and joint preservation products, which seek to preserve the joint by repairing or regenerating damaged tissues and by treating osteoarthritis.

Our significant knee brands include the following:

Persona® The Personalized Knee System
NexGen® Complete Knee Solution
Natural-Knee® II System
Innex® Total Knee System
Zimmer® Unicompartmental High Flex Knee
Zimmer Patient Specific Instruments
Gel-One®[1] Cross-linked Hyaluronate

Hips

Total hip replacement surgeries replace both the head of the femur and the socket portion of the pelvis (acetabulum) of the natural hip. Hip procedures include first-time, or primary, joint replacement as well as revision procedures. Hip implant procedures involve the use of bone cement to attach or affix the prosthetic components to the surrounding bone, or are press-fit into bone, which means that they have a surface that bone affixes to through either ongrowth or ingrowth technologies.

Our significant hip brands include the following:

Zimmer M/L Taper Hip Prosthesis and *Zimmer* M/L Taper Hip Prosthesis with *Kinectiv*® Technology
Alloclassic® (*Zweymüller*®) Hip System
CLS® *Spotorno*® Hip Stem and *CLS Brevius*® Stem with *Kinectiv* Technology
Fitmore® Hip Stem
Avenir® Müller Stem

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Korea, Russia, South Africa, Spain, Switzerland, the United Kingdom, and various other countries.

We generally ship our orders via expedited courier. We do not consider our backlog of firm orders to be material to an understanding of our business.

Wagner SL Revision® Hip Stem
Continuum® Acetabular System
Trilogy® IT Acetabular System
Allofit® IT Alloclassic Acetabular System
Trabecular Metal™ Modular Acetabular System

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[1] Registered trademark of Seikagaku Corporation

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Vivacit-E® Highly Crosslinked Polyethylene Liners
BIOLOX®2 *delta* Heads

Extremities

Our extremity portfolio, including shoulder, elbow and ankle products, is designed to treat arthritic conditions, soft tissue injuries and fractures.

Our significant extremity brands include the following:
Zimmer Trabecular Metal Reverse Shoulder System
Bigliani/Flatow® Complete Shoulder Solution Family
Sidus® Stem-Free Shoulder
Zimmer Trabecular Metal Total Ankle
Zimmer Coonrad/Morrey Total Elbow
Nexel® Total Elbow

DENTAL

Our dental products division manufactures and/or distributes: (1) dental reconstructive implants – for individuals who are totally without teeth or are missing one or more teeth; (2) dental prosthetic products – aimed at providing a more natural restoration to resemble the original teeth; and (3) dental regenerative products – for soft tissue and bone rehabilitation.

Our significant dental brands include the following:
Tapered Screw-Vent® Implant System
Hex-Lock® Contour Abutment and Restorative Products
Puros® Allograft Products[3]

TRAUMA

Trauma products include devices used to stabilize damaged or broken bones and their surrounding tissues to support the body's natural healing processes. Fractures are most often stabilized using internal fixation devices such as plates, screws, nails, wires and pins, but may also be stabilized using external fixation devices. Biologics treatments are used in conjunction with traditional trauma devices to encourage healing and replace bone lost during an injury.

Our significant trauma brands include the following:
Zimmer Natural Nail® System
NCB® Polyaxial Locking Plate System
Zimmer Periarticular Locking Plate System
Zimmer Universal Locking System
Cable-Ready® Cable Grip System

SPINE

Our Spine products division designs, manufactures and distributes medical devices and surgical instruments to deliver comprehensive solutions for those with back or neck pain caused

Our significant spine brands include the following:
PathFinder NXT® Minimally Invasive Pedicle Screw System
Trabecular Metal Implants
Sequoia® Pedicle Screw System
Trinica® Select Anterior Cervical Plate System
Dynesys® Dynamic Stabilization System

SURGICAL

We develop, manufacture and market products that support reconstructive, trauma, spine and dental implant procedures, with a focus on bone cements, surgical wound site management, blood management and fluid waste management.

Our significant surgical brands include the following:
Transposal® and *Transposal Ultra*® Fluid Waste Management Systems
PALACOS®4 Bone Cement
A.T.S.® Automatic Tourniquet Systems

Research and Development

We have extensive research and development activities to develop new surgical techniques, materials, biologics and product designs. The research and development teams work closely with our strategic brand marketing function. The rapid commercialization of innovative new materials, biologics products, implant and instrument designs and surgical techniques remains one of our core strategies and continues to be an important driver of sales growth.

We are broadening our offerings in each of our product categories and exploring new technologies with possible applications in multiple areas. Our primary research and development facility is located in Warsaw, Indiana. We have other research and development personnel based in, among other places, Montreal, Canada; Beijing, China; Winterthur, Switzerland; Austin, Texas; Minneapolis, Minnesota; Carlsbad, California; Philadelphia, Pennsylvania; Dover, Ohio; and Parsippany, New Jersey. As of December 31, 2014, we employed approximately 1,000 research and development employees worldwide.

We expect to continue to identify innovative technologies, which may include acquiring complementary products or businesses, establishing technology licensing arrangements or strategic alliances.

Government Regulation and Compliance

We are subject to government regulation in the countries in which we conduct business. In the U.S., numerous laws and

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by degenerative conditions, deformities or traumatic injury of the spine.

regulations govern all the processes by which medical devices are brought to market. These include, among others, the Federal Food, Drug and Cosmetic Act and regulations issued or promulgated thereunder. The Food and Drug Administration (FDA) has enacted regulations that control all aspects of the development, manufacture, advertising, promotion and postmarket surveillance of medical products, including medical devices. In addition, the FDA controls the

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[2] Registered trademark of CeramTec GmbH

[3] Manufactured by RTI Surgical in Alachua, FL and Tutogen Medical GmbH, Germany (an RTI Surgical, Inc. company) and distributed by Zimmer Dental, Inc.

[4] Registered trademark of Heraeus Medical GmbH

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access of products to market through processes designed to ensure that only products that are safe and effective are made available to the public.

Most of our new products fall into an FDA classification that requires the submission of a Premarket Notification (510(k)) to the FDA. This process requires us to demonstrate that the device to be marketed is at least as safe and effective as, that is, substantially equivalent to, a legally marketed device. We must submit information that supports our substantial equivalency claims. Before we can market the new device, we must receive an order from the FDA finding substantial equivalence and clearing the new device for commercial distribution in the U.S.

Other devices we develop and market are in a category (class) for which the FDA has implemented stringent clinical investigation and Premarket Approval (PMA) requirements. The PMA process requires us to provide clinical and laboratory data that establishes that the new medical device is safe and effective. The FDA will approve the new device for commercial distribution if it determines that the data and information in the PMA application constitute valid scientific evidence and that there is reasonable assurance that the device is safe and effective for its intended use(s).

All of our devices marketed in the U.S. have been cleared or approved by the FDA, with the exception of some devices which were in commercial distribution prior to May 28, 1976. The FDA has grandfathered these devices, so new FDA submissions are not required.

Both before and after a product is commercially released, we have ongoing responsibilities under FDA regulations. The FDA reviews design and manufacturing practices, labeling and record keeping, and manufacturers' required reports of adverse experiences and other information to identify potential problems with marketed medical devices. We are also subject to periodic inspection by the FDA for compliance with the FDA's Quality System regulations among other FDA requirements, such as restrictions on advertising and promotion. The Quality System regulations govern the methods used in, and the facilities and controls used for, the design, manufacture, packaging and servicing of all finished medical devices intended for human use. If the FDA were to conclude that we are not in compliance with applicable laws or regulations, or that any of our medical devices are ineffective or pose an unreasonable health risk, the FDA could require us to notify healthcare professionals and others that the devices present unreasonable risks of substantial harm to the public health, order a recall, repair, replacement, or refund regulatory requirements on the import of our products, including inspection and possible sanctions for noncompliance. We are also subject to foreign trade controls administered by certain U.S. government agencies, including the Bureau of Industry and Security within the Commerce Department and the Office of Foreign Assets Control within the Treasury Department.

There are also requirements of state, local and foreign governments that we must comply with in the manufacture and marketing of our products.

In many of the foreign countries in which we market our products, we are subject to local regulations affecting, among other things, design and product standards, packaging requirements and labeling requirements. Many of the regulations applicable to our devices and products in these countries are similar to those of the FDA. The member countries of the European Union have adopted the European Medical Device Directive, which creates a single set of medical device regulations for products marketed in all member countries. Compliance with the Medical Device Directive and certification to a quality system enable the manufacturer to place a CE mark on its products. To obtain authorization to affix the CE mark to a product, a recognized European Notified Body must assess a manufacturer's quality systems and the product's conformity to the requirements of the Medical Device Directive. We are subject to inspection by the Notified Bodies for compliance with these requirements.

Further, we are subject to various federal, state and foreign laws concerning healthcare fraud and abuse, including false claims and anti-kickback laws, as well as the U.S. Physician Payments Sunshine Act and similar state and foreign healthcare professional payment transparency laws. These laws are administered by, among others, the U.S. Department of Justice, the Office of Inspector General of the Department of Health and Human Services, state attorneys general and various foreign government agencies. Many of these agencies have increased their enforcement activities with respect to medical device manufacturers in recent years. Violations of these laws are punishable by criminal and/or civil sanctions, including, in some instances, fines, imprisonment and, within the U.S., exclusion from participation in government healthcare programs, including Medicare, Medicaid and Veterans Administration (VA) health programs.

Our operations in foreign countries are subject to the extraterritorial application of the U.S. Foreign Corrupt Practices Act. Our global operations are also subject to foreign anti-corruption laws, such as the UK Bribery Act, among others. As

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payment of such devices, detain or seize adulterated or misbranded medical devices, or ban such medical devices.

The FDA may also impose operating restrictions, enjoin and/or restrain certain conduct resulting in violations of applicable law pertaining to medical devices, and assess civil or criminal penalties against our officers, employees or us. The FDA may also recommend prosecution to the U.S. Department of Justice.

The FDA, in cooperation with U.S. Customs and Border Protection (CBP), administers controls over the import of medical devices into the U.S. The CBP imposes its own

part of our global compliance program, we seek to address anti-corruption risks proactively.

Our facilities and operations are also subject to complex federal, state, local and foreign environmental and occupational safety laws and regulations, including those relating to discharges of substances in the air, water and land, the handling, storage and disposal of wastes and the clean-up of properties by pollutants. We do not expect that the ongoing costs of compliance with these environmental requirements will have a material impact on our consolidated earnings, capital expenditures or competitive position.

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Competition

The orthopaedics and broader musculoskeletal care industry is highly competitive. In the global markets for reconstructive implants, trauma and related surgical products, our major competitors include: the DePuy Synthes Companies of Johnson & Johnson, Stryker Corporation, Biomet, and Smith & Nephew plc.

In the Americas geographic segment, we and the DePuy Synthes Companies, Stryker Corporation, Biomet, and Smith & Nephew, Inc. (a subsidiary of Smith & Nephew plc) account for a large majority of the total reconstructive and trauma implant sales. There are also many smaller competitors actively engaging in this market. Some of these smaller competitors have success by focusing on smaller subsegments of the industry.

The European reconstructive implant and trauma product markets are more fragmented than those markets in the Americas or the Asia Pacific segments. The variety of philosophies held by European surgeons regarding hip reconstruction, for example, has fostered the existence of many regional European companies, including Aesculap AG (a subsidiary of B. Braun), Limacorporate S.p.A., Waldemar LINK GmbH & Co., KG and Mathys AG, which, in addition to the global competitors, compete with us. Many hip implants sold in Europe are products developed specifically for the European market. We intend to continue to develop and produce specially tailored products to meet specific European needs.

In the Asia Pacific market for reconstructive implant and trauma products, we compete primarily with the DePuy Synthes Companies, Stryker Corporation, Smith & Nephew plc and Biomet, as well as regional companies, including Japan Medical Materials Corporation and Japan Medical Dynamic Marketing, Inc. Factors, such as the dealer system and complex regulatory environments, make it difficult for smaller companies, particularly those that are non-regional, to compete effectively with the market leaders in the more developed healthcare markets in the Asia Pacific region.

In the spinal implant category, we compete globally primarily with the spinal and biologic business of Medtronic, Inc., the DePuy Synthes Companies, Stryker Corporation, Biomet Spine (a subsidiary of Biomet), NuVasive, Inc. and Globus Medical, Inc.

In the dental implant category, we compete primarily with Nobel Biocare Holding AG, Straumann Holding AG, Dentsply International and Biomet 3i (a subsidiary of Biomet).

Competition within the industry is primarily based on technology, innovation, quality, reputation and customer service. Ireland; and Beijing, China. We also strategically outsource some manufacturing to qualified suppliers who are highly capable of producing components.

The manufacturing operations at our facilities are designed to incorporate the cellular concept for production and to implement tenets of a manufacturing philosophy focused on continuous improvement efforts in product quality, lead time reduction and capacity optimization. Our continuous improvement efforts are driven by Lean and Six Sigma methodologies. In addition, at certain of our manufacturing facilities, many of the employees are cross-trained to perform a broad array of operations.

We generally target operating our manufacturing facilities at optimal levels of total capacity. We continually evaluate the potential to in-source and out-source production as part of our manufacturing strategy to provide value to our stakeholders.

We have improved our manufacturing processes to protect our profitability and offset the impact of inflationary costs. We have, for example, employed computer-assisted robots and multi-axis grinders to precision polish medical devices; automated certain manufacturing and inspection processes, including on-machine inspection and process controls; purchased state-of-the-art equipment; in-sourced core products and processes; and negotiated cost reductions from third-party suppliers.

We use a diverse and broad range of raw materials in the manufacturing of our products. We purchase all of our raw materials and select components used in manufacturing our products from external suppliers. In addition, we purchase some supplies from single sources for reasons of quality assurance, sole source availability, cost effectiveness or constraints resulting from regulatory requirements. We work closely with our suppliers to assure continuity of supply while maintaining high quality and reliability. To date, we have not experienced any significant difficulty in locating and obtaining the materials necessary to fulfill our production schedules.

Intellectual Property

Patents and other proprietary rights are important to the continued success of our business. We also rely upon trade secrets, know-how, continuing technological innovation and licensing opportunities to develop and maintain our competitive position. We protect our proprietary rights through a variety of methods, including confidentiality agreements and proprietary information agreements with vendors, employees, consultants and others who may have access to proprietary information. We own or control through licensing arrangements more than 4,500 issued patents and patent applications throughout the world that

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A key factor in our continuing success in the future will be our ability to develop new products and improve existing products and technologies.

Manufacturing and Raw Materials

We manufacture our products at various sites. Our significant manufacturing locations include Warsaw, Indiana; Winterthur, Switzerland; Ponce, Puerto Rico; Dover, Ohio; Carlsbad, California; Parsippany, New Jersey; Shannon,

relate to aspects of the technology incorporated in many of our products.

Employees

As of December 31, 2014, we employed approximately 10,000 employees worldwide, including approximately 1,000 employees dedicated to research and development. Approximately 5,600 employees are located within the U.S.

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and approximately 4,400 employees are located outside of the U.S., primarily throughout Europe and in Japan. We have approximately 4,200 employees dedicated to manufacturing our products worldwide. The Warsaw, Indiana production facility employs approximately 1,800 employees.

Approximately 190 U.S. employees are members of a trade union covered by a collective bargaining agreement. We have a collective bargaining agreement with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO, CLC for and on behalf of Local 2737-15 covering employees at the Dover, Ohio facility, which continues in effect until May 15, 2015.

EXECUTIVE OFFICERS

The following table sets forth certain information with respect to our executive officers as of February 19, 2015.

Name	Age	Position
David C. Dvorak	51	President and Chief Executive Officer
James T. Crines	55	Executive Vice President, Finance and Chief Financial Officer
Joseph A. Cucolo	55	President, Americas
Derek M. Davis	46	Vice President, Finance and Corporate Controller and Chief Accounting Officer
Katarzyna Mazur-Hofsaess, M.D., Ph.D.	51	President, Europe, Middle East and Africa
Stephen H.L. Ooi	61	President, Asia Pacific
Chad F. Phipps	43	Senior Vice President, General Counsel and Secretary

Mr. Dvorak was appointed President, Chief Executive Officer and a member of the Board of Directors in May 2007. From December 2005 to April 2007, he served as Group President, Global Businesses and Chief Legal Officer. Prior to that, he had served as Executive Vice President, Corporate Services, Chief Counsel and Secretary, as well as Chief Compliance Officer, since October 2003. Mr. Dvorak joined Zimmer in 2001.

Mr. Crines was appointed Executive Vice President, Finance and Chief Financial Officer in May 2007. From December 2005 to April 2007, he served as Senior Vice President, Finance, Operations and Corporate Controller and Chief Accounting Officer. Prior to that, he had served as Senior Vice President, Finance/Controller and Information Technology since October 2003. Mr. Crines joined Zimmer in 1995.

Mr. Cucolo was appointed President, Americas in September 2012. He is responsible for sales and management of the direct and indirect sales channels in the Americas region, including the United States, Canada and Latin America. From 1997 until he joined Zimmer as President, Americas, Mr. Cucolo was sole owner and President of Zimmer New England, Inc., an independent third-party distributor of Zimmer products in the northeast region of the United States. Prior to that, Mr. Cucolo was employed by Zimmer as a sales representative and territory manager in the New York area from 1987 to 1997.

marketing and distribution of products in the European, Middle Eastern and African (EMEA) regions. Dr. Mazur-Hofsaess joined Zimmer in February 2010 as Senior Vice President, EMEA Sales and Marketing and was appointed President, EMEA Reconstructive in February 2012. She has approximately 20 years' experience within the pharmaceutical, diagnostics and medical device sectors. Prior to joining Zimmer, Dr. Mazur-Hofsaess served in various management positions with Abbott Laboratories since 2001, including service as Vice President, Diagnostics - Europe.

Mr. Ooi was appointed President, Asia Pacific in December 2005. He is responsible for the financial performance of the business in the Asia Pacific region, including sales, marketing and distribution of products. Prior to being appointed President, Asia Pacific, Mr. Ooi had served as President, Australasia since September 2003. He joined Zimmer in 1986.

Mr. Phipps was appointed Senior Vice President, General Counsel and Secretary in May 2007. He has global responsibility for our legal affairs and he serves as Secretary to the Board of Directors. Mr. Phipps also oversees our Corporate Compliance, Government Affairs, Corporate Marketing and Communications and Public Relations activities. From December 2005 to May 2007, he served as Associate General Counsel and Corporate Secretary. Prior to that, he had served as Associate Counsel and

Mr. Davis was appointed Vice President, Finance and Corporate Controller and Chief Accounting Officer in May 2007. He has responsibility for internal and external reporting, planning and analysis, and corporate and business unit accounting. From March 2006 to May 2007, he served as Director, Financial Planning and Accounting. Prior to that, he had served as Director, Finance, Operations and Logistics since December 2003. Mr. Davis joined Zimmer in 2003.

Dr. Mazur-Hofsaess was appointed President, Europe, Middle East and Africa in April 2013. She is responsible for the sales,

Assistant Secretary since September 2003. Mr. Phipps joined Zimmer in 2003.

Available Information

Our Internet address is www.zimmer.com. We routinely post important information for investors on our website in the "Investor Relations" section, which may be accessed from our homepage at www.zimmer.com or directly at http://investor.zimmer.com. We use this website as a means of disclosing material, non-public information and for complying

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with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the Investor Relations section of our website, in addition to following our press releases, Securities and Exchange Commission (SEC) filings, public conference calls, presentations and webcasts. Our goal is to maintain the Investor Relations website as a portal through which investors can easily find or navigate to pertinent information about us, free of charge, including:

- our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), as soon as reasonably practicable after we electronically file that material with or furnish it to the SEC;
- announcements of investor conferences and events at which our executives talk about our products and competitive strategies. Podcasts and archives of these events are also available;
- press releases on quarterly earnings, product announcements, legal developments and other material news that we may post from time to time;
- corporate governance information including our Corporate Governance Guidelines, Code of Business Conduct, Code of Ethics for Chief Executive Officer and Senior Financial Officers, information concerning our Board of Directors and its committees, including the charters of the Audit Committee, Compensation and Management Development Committee, Corporate Governance Committee and Research, Innovation and Technology Committee, and other governance-related policies;
- stockholder services information, including ways to contact our transfer agent and information on how to sign up for direct deposit of dividends or enroll in our dividend reinvestment plan; and
- opportunities to sign up for email alerts and RSS feeds to have information provided in real time.

The information available on our website is not incorporated by reference in, or a part of, this or any other report we file with or furnish to the SEC.

Item 1A. Risk Factors

Risk factors which could cause actual results to differ from our expectations and which could negatively impact our financial condition and results of operations are discussed below and elsewhere in this report. Additional risks and uncertainties not presently known to us or that are currently deemed immaterial may also impair our business operations.

Risks Related to the Biomet Merger

Except as otherwise indicated, the following risk factors relate to the Biomet merger and the combined company following the merger. The following discussion does not, however, contain all risks and uncertainties that relate to Biomet and its business on a standalone basis, which additional risks and uncertainties may also affect our actual results and could harm our business, financial condition and results of operations following the completion of the Biomet merger.

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

Completion of the merger is subject to the satisfaction or waiver of a number of conditions. There can be no assurance that we and LVB will be able to satisfy the closing conditions or that closing conditions beyond our control will be satisfied or waived. We and LVB can agree at any time to terminate the merger agreement, even though LVB stockholders have approved the merger, and we and LVB can also terminate the merger agreement under other specified circumstances. If the merger and the integration of the companies' respective businesses are not completed within the expected timeframe, such delay may materially and adversely affect the synergies and other benefits that we expect to achieve as a result of the merger and could result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the merger.

We expect to incur substantial expenses related to the merger and the integration of Biomet.

We expect to incur substantial expenses in connection with the merger and the integration of Biomet. There are a large number of processes, policies, procedures, operations, technologies and systems that must be integrated, including purchasing, accounting and finance, sales, billing, payroll, manufacturing, marketing and employee benefits. While we expect to incur integration and restructuring costs following completion of the merger in 2015 that are estimated to exceed $400 million in the first two years post-merger, many of the expenses that will be incurred are, by their nature, difficult to estimate accurately. These expenses could, particularly in the near term, exceed the savings that we expect to achieve from elimination of duplicative expenses and the realization of economies of scale and cost savings. Although we expect that the realization of efficiencies related to the integration of the businesses may offset incremental transaction, merger-related and restructuring costs over time, we cannot give any assurance that this net benefit will be achieved in the near term, or at all.

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presently known to us or that are currently not believed to be significant to our business may also affect our actual results and could harm our business, financial condition and results of operations. If any of the risks or uncertainties described below or any additional risks and uncertainties actually occur, our business, results of operations and financial condition could be materially and adversely affected.

Risks Relating to the Proposed Biomet Merger and the Combined Company Following the Merger

The following risk factors relate to certain risks and uncertainties associated with the pending Biomet merger

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

Completion of the merger is conditioned upon, among other conditions, the expiration or termination of any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the approval of the European Commission and the receipt of approval or expiration or termination of any waiting period under applicable antitrust, competition, fair trade or similar laws of Japan. We and LVB are pursuing all required consents, orders and approvals in accordance with the merger agreement. These consents,

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orders and approvals may impose conditions on or require divestitures relating to our or Biomet' s divisions, operations or assets, or may impose requirements, limitations or costs or place restrictions on the conduct of the combined company' s business. The merger agreement requires us and LVB, among other things, to accept all such conditions, divestitures, requirements, limitations, costs or restrictions that may be imposed by regulatory entities. Such conditions, divestitures, requirements, limitations, costs or restrictions may jeopardize or delay completion of the merger, may reduce the anticipated benefits of the merger or may result in the abandonment of the merger. Further, no assurance can be given that the required consents, orders and approvals will be obtained or that the required conditions to closing will be satisfied, and, even if all such consents, orders and approvals are obtained and such conditions are satisfied, no assurance can be given as to the terms, conditions and timing of such consents, orders and approvals.

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

The pendency of the merger could disrupt our and/or Biomet' s businesses in the following ways, among others:

our and/or Biomet' s employees may experience uncertainty regarding their future roles in the combined company, which might adversely affect our and/or Biomet' s ability to retain, recruit and motivate key personnel;

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

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

Any of these matters could adversely affect the businesses of, or harm the financial condition, results of operations or business prospects of, us and/or Biomet.

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

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

Successful integration of Biomet with us and successful operation of the combined company are not assured. Also, integrating our business with that of Biomet may divert the attention of management away from operations.

If the merger is completed, Biomet will become an indirect wholly owned subsidiary of ours, but will initially continue its operations on a basis that is separate from our operations. There can be no assurance that after the merger Biomet will be able to maintain and grow its business and operations. In addition, the market segments in which Biomet operates may experience declines in demand and/or new competitors. Integrating and coordinating certain aspects of the operations and personnel of Biomet with ours will involve complex operational, technological and personnel-related challenges. This process will be time-consuming and expensive, will disrupt the businesses of both companies and may not result in the full benefits expected by us and Biomet, including cost synergies expected to arise from supply chain efficiencies and overlapping general and administrative functions. The potential difficulties, and resulting costs and delays, include:

managing a larger combined company;

consolidating corporate and administrative infrastructures;

issues in integrating manufacturing, warehouse and distribution facilities, research and development and sales forces;

difficulties attracting and retaining key personnel;

loss of customers and suppliers and inability to attract new customers and suppliers;

unanticipated issues in integrating information technology, communications and other systems;

incompatibility of purchasing, logistics, marketing, administration and other systems and processes; and

unforeseen and unexpected liabilities related to the merger or Biomet' s business.

Additionally, the integration of our and Biomet' s operations, products and personnel may place a significant burden on management and other internal resources. The diversion of management' s attention, and any difficulties encountered in the transition and integration process, could harm the combined company' s business, financial condition and operating results.

We will incur substantial additional indebtedness in connection with the merger and may not be able to meet all of our debt obligations.

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

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

In connection with the merger, we entered into a $7.66 billion bridge credit agreement and a $4.35 billion bank credit agreement. Proceeds from the bank credit agreement and the anticipated issuance by us of up to $7.66 billion in aggregate principal amount of senior unsecured notes (or, if senior unsecured notes are not issued and sold prior to the closing date of the merger, drawings under the bridge credit agreement) will be used to finance, in part, the cash consideration for the merger, pay fees and the expenses incurred in connection with the merger and pay off all of

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Biomet’ s funded debt. Our debt outstanding as of December 31, 2014 was approximately $1.43 billion and, immediately after the completion of the merger, the combined company’ s debt is anticipated to be approximately $12.09 billion. As of December 31, 2014, our debt service obligations, comprised of principal and interest (excluding capital leases and equipment notes), during the next 12 months would, in the absence of the merger, have been approximately $64.0 million. As a result of the increase in debt related to the merger, demands on the combined company’ s cash resources will increase after the completion of the merger. The increased level of debt could, among other things:

- require the combined company to dedicate a large portion of its cash flow from operations to the servicing and repayment of its debt, thereby reducing funds available for working capital, capital expenditures, research and development expenditures and other general corporate requirements;
- limit the combined company’ s ability to obtain additional financing to fund future working capital, capital expenditures, research and development expenditures and other general corporate requirements;
- limit the combined company’ s flexibility in planning for, or reacting to, changes in its business and the industry in which we operate;
- restrict the combined company’ s ability to make strategic acquisitions or dispositions or to exploit business opportunities;
- place the combined company at a competitive disadvantage compared to its competitors that have less debt;
- adversely affect the combined company’ s credit rating, with the result that the cost of servicing the combined company’ s indebtedness might increase and its ability to obtain surety bonds could be impaired;
- adversely affect the market price of our common stock; and
- limit the combined company’ s ability to apply proceeds from an offering or asset sale to purposes other than the servicing and repayment of debt.

If we are unable to obtain alternate financing through senior unsecured notes, it is unlikely that we will be able to repay the outstanding amounts under the bridge loan at maturity on the 364th day after completion of the merger. Any debt incurred to refinance the bridge loan may be on unfavorable terms.

The merger may cause dilution to our earnings per share, which may negatively affect the market price of our common stock.

additional shares are issued in the merger, the combined company’ s earnings per share may be lower than our adjusted earnings per share would have been in the absence of the merger. All of these factors could cause dilution to earnings per share or decrease or delay the expected accretive effect of the merger, and cause a decrease in the market price of our common stock. There can be no assurance that any increase in adjusted earnings per share will occur, even over the long term. Any increase in adjusted earnings per share as a result of the merger is likely to require us, among other things, to successfully manage the combined company’ s operations to increase our consolidated earnings after the merger.

Risks Relating to Our Business Regardless of Whether the Proposed Biomet Merger is Consummated

Our success depends on our ability to effectively develop and market our products against those of our competitors.

We operate in a highly competitive environment. Our present or future products could be rendered obsolete or uneconomical by technological advances by one or more of our present or future competitors or by other therapies, including biological therapies. To remain competitive, we must continue to develop and acquire new products and technologies. Competition is primarily on the basis of:

- technology;
- innovation;
- quality;
- reputation; and
- customer service.

In markets outside of the U.S., other factors influence competition as well, including:

- local distribution systems;
- complex regulatory environments; and
- differing medical philosophies and product preferences.

Our competitors may:

- have greater financial, marketing and other resources than us;
- respond more quickly to new or emerging technologies;
- undertake more extensive marketing campaigns;
- adopt more aggressive pricing policies; or
- be more successful in attracting potential customers, employees and strategic partners.

Any of these factors, alone or in combination, could cause us to have difficulty maintaining or increasing sales of our products.

If we fail to retain the independent agents and distributors upon whom we rely heavily to market our products, customers may not buy our products and our revenue and profitability may decline.

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Although we anticipate that the merger will have an immediate accretive impact on the combined company’ s adjusted earnings per share, this expectation is based on factors that may not be realized and estimates that may materially change. We could also encounter additional transaction-related costs or other factors, such as the failure to realize all of the benefits anticipated to result from the merger. In addition, we expect that LVB stockholders and holders of LVB equity-based awards immediately prior to the merger will own, in the aggregate, approximately 16% of our outstanding shares after the merger, based on the number of outstanding shares of our common stock on December 31, 2014. Once

Our marketing success in the U.S. and abroad depends significantly upon our agents’ and distributors’ sales and service expertise in the marketplace. Many of these agents have developed professional relationships with existing and potential customers because of the agents’ detailed knowledge of products and instruments. A loss of a significant number of these agents could have a material adverse effect on our business and results of operations.

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If we do not introduce new products in a timely manner, our products may become obsolete over time, customers may not buy our products and our revenue and profitability may decline.

Demand for our products may change, in certain cases, in ways we may not anticipate because of:

evolving customer needs;
changing demographics;
slowing industry growth rates;
declines in the reconstructive implant market;
the introduction of new products and technologies;
evolving surgical philosophies; and
evolving industry standards.

Without the timely introduction of new products and enhancements, our products may become obsolete over time. If that happens, our revenue and operating results would suffer. The success of our new product offerings will depend on several factors, including our ability to:

properly identify and anticipate customer needs;
commercialize new products in a timely manner;
manufacture and deliver instruments and products in sufficient volumes on time;
differentiate our offerings from competitors' offerings;
achieve positive clinical outcomes for new products;
satisfy the increased demands by healthcare payors, providers and patients for shorter hospital stays, faster post-operative recovery and lower-cost procedures;
innovate and develop new materials, product designs and surgical techniques; and
provide adequate medical education relating to new products.

In addition, new materials, product designs and surgical techniques that we develop may not be accepted quickly, in some or all markets, because of, among other factors:

entrenched patterns of clinical practice;
the need for regulatory clearance; and
uncertainty with respect to third-party reimbursement.

Moreover, innovations generally require a substantial investment in research and development before we can determine their commercial viability and we may not have the financial resources necessary to fund the production. In addition, even if we are able to successfully develop enhancements or new generations of our products, these enhancements or new generations of products may not produce revenue in excess of the costs of development and they may be quickly rendered obsolete by changing customer preferences or the introduction by our competitors of products embodying new technologies or features. deny reimbursement if they determine that a device used in a procedure was not in accordance with cost-effective treatment methods, as determined by the third-party payor, or was used for an unapproved indication. Third-party payors may also decline to reimburse for experimental procedures and devices.

In addition, third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement for medical products and services. If third-party payors reduce reimbursement levels to hospitals and other healthcare providers for our products, demand for our products may decline, or we may experience increased pressure to reduce the prices of our products, which could have a material adverse effect on our sales and results of operations.

We have also experienced downward pressure on product pricing and other effects of healthcare reform in our international markets. If key participants in government healthcare systems reduce the reimbursement levels for our products, our sales and results of operations may be adversely affected.

The U.S. healthcare reform law includes provisions that may materially adversely affect our business and results of operations.

The Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Affordability Reconciliation Act of 2010 (collectively, the Affordable Care Act), was signed into law in March 2010 and mandates health insurance coverage and other healthcare reforms with staggered effective dates from 2010 to 2018. As part of the Affordable Care Act, in January 2013 we began paying a 2.3 percent medical device excise tax on the vast majority of our U.S sales. We continue to identify ways to reduce spending in other areas to offset the earnings impact due to the tax. We have not been able to pass along the cost of the tax to hospitals, which continue to face cuts to their Medicare reimbursement under the Affordable Care Act and other legislation. Nor have we been able to offset the cost of the tax through higher sales volumes resulting from the expansion of health insurance coverage because of the demographics of the current uninsured population. The medical device excise tax regulations and subsequent guidance from the U.S. Department of Treasury have not lessened the burden of complying with the excise tax statute. In addition, without the implementation of proper safeguards, the Affordable Care Act's Medicare payment reforms, such as accountable care organizations and bundled payments, could provide additional incentives for healthcare providers to reduce spending on some of our medical device products and reduce utilization of hospital procedures that use our products. Accordingly, while it is still too

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If third-party payors decline to reimburse our customers for our products or reduce reimbursement levels, the demand for our products may decline and our ability to sell our products profitably may be harmed.

We sell our products and services to hospitals, doctors, dentists and other healthcare providers, all of which receive reimbursement for the healthcare services provided to their patients from third-party payors, such as domestic and international government programs, private insurance plans and managed care programs. These third-party payors may early to fully understand and predict the full impact of the Affordable Care Act on our business, ongoing implementation could have a material adverse effect on our results of operations and cash flows.

The ongoing cost-containment efforts of healthcare purchasing organizations may have a material adverse effect on our results of operations.

Many customers for our products have formed group purchasing organizations in an effort to contain costs. Group

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

We are subject to various governmental regulations relating to the manufacturing, labeling and marketing of our products, non-compliance with which could adversely affect our business, financial condition and results of operations.

The medical devices we design, develop, manufacture and market are subject to rigorous regulation by the FDA and numerous other federal, state and foreign governmental authorities. The process of obtaining regulatory approvals to market a medical device can be costly and time consuming and approvals might not be granted for future products on a timely basis, if at all. Delays in receipt of, or failure to obtain, approvals for future products could result in delayed realization of product revenues or in substantial additional costs.

Both before and after a product is commercially released, we have ongoing responsibilities under FDA regulations. Compliance with the FDA' s requirements, including the Quality System regulation, recordkeeping regulations, labeling and promotional requirements and adverse event reporting regulations, is subject to continual review and is monitored rigorously through periodic inspections by the FDA, which may result in observations on Form 483, and in some cases warning letters, that require corrective action, or other forms of enforcement. If the FDA were to conclude that we are not in compliance with applicable laws or regulations, or that any of our medical devices are ineffective or pose an unreasonable health risk, the FDA could ban such medical devices, detain or seize adulterated or misbranded medical devices, order a recall, repair, replacement, or refund of payment of such devices, refuse to grant pending premarket approval applications, refuse to provide certificates to foreign governments for exports, and/or require us to notify healthcare professionals and others that the selling our products and could have a material adverse effect on our business, financial condition and results of operations.

In 2012, we received a warning letter from the FDA citing concerns relating to certain manufacturing and validation processes pertaining to *Trilogy* Acetabular System products manufactured at our Ponce, Puerto Rico manufacturing facility. As of December 31, 2014, the warning letter remains pending. Until the violations are corrected, we may become subject to additional regulatory action by the FDA, the FDA may refuse to grant premarket approval applications and/or the FDA may refuse to grant export certificates, any of which could have a material adverse effect on our business, financial condition and results of operations. Additional information regarding this and other FDA regulatory matters can be found in Note 19 to our consolidated financial statements (See Part II, Item 8 of this report).

Our products and operations are also often subject to the rules of industrial standards bodies, such as the International Standards Organization. If we fail to adequately address any of these regulations, our business could be harmed.

If we fail to comply with healthcare fraud and abuse laws and regulations, we could face substantial penalties and our business, operations and financial condition could be adversely affected.

Our industry is subject to various federal, state and foreign laws and regulations pertaining to healthcare fraud and abuse, including the federal False Claims Act, the federal Anti-Kickback Statute, the federal Stark law, the federal Physician Payments Sunshine Act and similar state and foreign laws. Violations of these laws are punishable by criminal and/or civil sanctions, including, in some instances, fines, imprisonment and, within the U.S., exclusion from participation in government healthcare programs, including Medicare, Medicaid and Veterans Administration (VA) health programs. The interpretation and enforcement of these laws and regulations are uncertain and subject to rapid change.

We conduct a significant amount of our sales activity outside of the U.S., which subjects us to additional business risks and may cause our profitability to decline due to increased costs.

We sell our products in more than 100 countries and derived almost 50 percent of our net sales in 2014 from outside the U.S. We intend to continue to pursue growth opportunities in sales internationally, including in emerging markets, which could expose us to additional risks associated with international sales and operations. Our international operations are, and will

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devices present unreasonable risks of substantial harm to the public health. The FDA may also impose operating restrictions on a company-wide basis, enjoin and restrain certain violations of applicable law pertaining to medical devices and assess civil or criminal penalties against our officers, employees or us. The FDA may also recommend prosecution to the U.S. Department of Justice. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively marketing and

continue to be, subject to a number of risks and potential costs, including:

changes in foreign medical reimbursement policies and programs;

unexpected changes in foreign regulatory requirements;

differing local product preferences and product requirements;

fluctuations in foreign currency exchange rates;

diminished protection of intellectual property in some countries outside of the U.S.;

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- trade protection measures and import or export requirements that may prevent us from shipping products to a particular market and may increase our operating costs;
- foreign exchange controls that might prevent us from repatriating cash earned in countries outside the U.S.;
- complex data privacy requirements and labor relations laws;
- extraterritorial effects of U.S. laws such as the Foreign Corrupt Practices Act;
- effects of foreign anti-corruption laws, such as the UK Bribery Act;
- difficulty in staffing and managing foreign operations;
- labor force instability;
- potentially negative consequences from changes in tax laws; and
- political and economic instability.

Violations of foreign laws or regulations could result in fines, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business and damage to our reputation.

We may have additional tax liabilities.

We are subject to income taxes in the U.S. and many foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We regularly are under audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. The results of an audit or litigation could have a material effect on our financial statements in the period or periods for which that determination is made.

We earn a significant amount of our operating income from outside the U.S., and any repatriation of funds representing earnings of foreign subsidiaries may significantly impact our effective tax rates. In addition, there have been proposals to change U.S. tax laws that would significantly impact how U.S. multinational corporations are taxed on foreign earnings. Although we cannot predict whether or in what form this proposed legislation will pass, if enacted it could have a material adverse impact on our tax expense and cash flow.

We are subject to risks arising from currency exchange rate fluctuations, which can increase our costs, cause our profitability to decline and expose us to counterparty risks.

A substantial portion of our foreign revenues is generated in Europe and Japan. The U.S. Dollar value of our foreign-

Pending and future product liability claims and litigation could adversely impact our financial condition and results of operations and impair our reputation.

Our business exposes us to potential product liability risks that are inherent in the design, manufacture and marketing of medical devices. In the ordinary course of business, we are the subject of product liability lawsuits alleging that component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or product-related information resulted in an unsafe condition or injury to patients. As previously reported, we are defending product liability lawsuits relating to the *Durom*® Acetabular Component (*Durom* Cup) and certain products within the *NexGen* Knee System. The majority of the *Durom* Cup cases are pending in a federal Multidistrict Litigation in the District of New Jersey (*In Re: Zimmer Durom Hip Cup Products Liability Litigation*) and the majority of the *NexGen* Knee System cases are pending in a federal Multidistrict Litigation in the Northern District of Illinois (*In Re: Zimmer NexGen Knee Implant Products Liability Litigation*). We are also currently defending a number of other product liability lawsuits and claims related to various other products. Any product liability claim brought against us, with or without merit, can be costly to defend. Product liability lawsuits and claims, safety alerts or product recalls, regardless of their ultimate outcome, could have a material adverse effect on our business and reputation and on our ability to attract and retain customers.

Although we maintain third-party product liability insurance coverage, we have substantial self-insured retention amounts that we must pay in full before obtaining any insurance proceeds to satisfy a judgment or settlement. Furthermore, even if any product liability loss is covered by our insurance, it is possible that claims against us may exceed the coverage limits of our insurance policies and we would have to pay the amount of any settlement or judgment that is in excess of our policy limits. Product liability claims in excess of applicable insurance could have a material adverse effect on our business, financial condition and results of operations.

We are substantially dependent on patent and other proprietary rights, and failing to protect such rights or to be successful in litigation related to our rights or the rights of others may result in our payment of significant monetary damages and/or royalty payments, negatively impact our ability to sell current or future products, or prohibit us from enforcing our patent and other proprietary rights against others.

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generated revenues varies with currency exchange rate fluctuations. Significant increases in the value of the U.S. Dollar relative to the Euro or the Japanese Yen, as well as other currencies, could have a material adverse effect on our results of operations. Although we address currency risk management through regular operating and financing activities, and, on a limited basis, through the use of derivative financial instruments, those actions may not prove to be fully effective.

Claims of intellectual property infringement and litigation regarding patent and other intellectual property rights are commonplace in our industry and are frequently time consuming and costly. At any given time, we may be involved as either plaintiff or defendant in a number of patent infringement actions, the outcomes of which may not be known for prolonged periods of time. While it is not possible to predict the outcome of patent and other intellectual property litigation, such litigation could result in our payment of significant monetary damages and/or royalty payments, negatively impact our ability to sell current or future products, or prohibit us from enforcing our patent and proprietary rights

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against others, which could have a material adverse effect on our business and results of operations.

Patents and other proprietary rights are essential to our business. We rely on a combination of patents, trade secrets and non-disclosure and other agreements to protect our proprietary intellectual property, and we will continue to do so. While we intend to defend against any threats to our intellectual property, these patents, trade secrets and other agreements may not adequately protect our intellectual property. Further, our currently pending or future patent applications may not result in patents being issued to us, patents issued to or licensed by us in the past or in the future may be challenged or circumvented by competitors, and such patents may be found invalid, unenforceable or insufficiently broad to protect our technology or to provide us with any competitive advantage. Third parties could obtain patents that may require us to negotiate licenses to conduct our business, and the required licenses may not be available on reasonable terms or at all.

In addition, intellectual property rights may be unavailable or of limited effect in some foreign countries. If we do not obtain sufficient international protection for our intellectual property, our competitiveness in international markets could be impaired, which could limit our growth and revenue.

We also attempt to protect our trade secrets, proprietary know-how and continuing technological innovation with security measures, including the use of non-disclosure and other agreements with our employees, consultants and collaborators. We cannot be certain that these agreements will not be breached, that we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information, or that third parties will not otherwise gain access to our trade secrets or proprietary knowledge.

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

In addition to intellectual property and product liability claims and lawsuits, we are involved in various commercial litigation and claims and other legal proceedings that arise from time to time in the ordinary course of our business. Although we believe we have substantial defenses in these matters, litigation and other claims are subject to inherent uncertainties and management’ s view of these matters may change in the future. Given the uncertain nature of legal proceedings generally, we are not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome. We could in the future incur judgments or enter into settlements of claims that could have a changes in our system platforms and integration of new business acquisitions, we have been consolidating and integrating the number of systems we operate and have upgraded and expanded our information systems capabilities. Our information systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop new systems to keep pace with continuing changes in information technology, evolving systems and regulatory standards, and the increasing need to protect patient and customer information. In addition, third parties may attempt to gain unauthorized access to our products or systems and may obtain data relating to patients or our proprietary information. If we fail to maintain or protect our information systems and data integrity effectively, we could lose existing customers, have difficulty attracting new customers, have problems in determining product cost estimates and establishing appropriate pricing, have difficulty preventing, detecting, and controlling fraud, have disputes with customers, physicians, and other healthcare professionals, have regulatory sanctions or penalties imposed, have increases in operating expenses, incur expenses or lose revenues as a result of a data privacy breach, or suffer other adverse consequences. While we have invested heavily in the protection of our data and information technology, there can be no assurance that our activities related to consolidating the number of systems we operate, upgrading and expanding our information systems capabilities, protecting and enhancing our systems and implementing new systems will be successful or that systems issues will not arise in the future. Any significant breakdown, intrusion, interruption, corruption, or destruction of these systems could have a material adverse effect on our business.

Future material impairments in the carrying value of our intangible assets, including goodwill, would negatively affect our operating results.

Our assets include intangible assets, primarily goodwill. The goodwill results from our acquisition activity and represents the excess of the consideration transferred over the fair value of the net assets acquired. We assess at least annually whether events or changes in circumstances indicate that the carrying value of our intangible assets may not be recoverable. If the operating performance at one or more of our business units falls significantly below current levels, if competing or alternative technologies emerge, or if market conditions or future cash flow estimates for one or more of our businesses decline, we could be required, under current U.S. accounting rules, to record a non-cash charge to operating earnings for the amount of the impairment. Any write-off of a material portion of our

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material adverse effect on our results of operations in any particular period.

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

We are increasingly dependent on sophisticated information technology for our products and infrastructure. As a result of technology initiatives, recently enacted regulations,

unamortized intangible assets would negatively affect our results of operations.

We depend on a limited number of suppliers for some key raw materials and outsourced activities.

We use a number of suppliers for raw materials that we need to manufacture our products and to outsource some key manufacturing activities. These suppliers must provide the materials and perform the activities to our standards for us to meet our quality and regulatory requirements. Some key raw materials and outsourced activities can only be obtained from a

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single source or a limited number of sources. A prolonged disruption or other inability to obtain these materials or outsource key manufacturing activities could materially and adversely affect our ability to satisfy demand for our products.

The "conflict minerals" rule may adversely affect the sourcing, availability and pricing of materials used in the manufacture of our products, may increase our costs, cause our profitability to decline and harm our reputation.

We are subject to the SEC' s rule regarding disclosure of the use of certain minerals, known as "conflict minerals" (tantalum, tin and tungsten (or their ores) and gold), which are mined from the Democratic Republic of the Congo and adjoining countries. We filed a report on Form SD with the SEC regarding such matters on June 2, 2014 and are required to file on an annual basis going forward. This rule could adversely affect the sourcing, availability and pricing of materials used in the manufacture of our products, which could adversely affect our manufacturing operations and our profitability. In addition, we are incurring additional costs to comply with this rule, including costs related to determining the source of any relevant minerals and metals used in our products. We have a complex supply chain and we may not be able to sufficiently verify the origins of the minerals and metals used in our products through the due diligence procedures that we implement. As a result, we may face reputational challenges with our customers and other stakeholders.

Item 1B. Unresolved Staff Comments

Not Applicable.

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Item 2. Properties

We have the following properties:

Location	Use	Owned /Leased	Square Feet
Warsaw, Indiana	Research & Development, Manufacturing, Warehousing, Marketing & Administration	Owned	1,400,000
Warsaw, Indiana	Corporate Headquarters & The Zimmer Institute	Owned	117,000
Warsaw, Indiana	Offices, Manufacturing & Warehousing	Leased	83,000
Carlsbad, California	Offices, Research & Development & Manufacturing	Leased	125,000
Minneapolis, Minnesota	Offices & Research & Development	Owned	51,000
Southaven, Mississippi	Distribution Center	Leased	189,000
Dover, Ohio	Research & Development, Manufacturing &	Owned	138,000
	Warehousing	Leased	64,000
Parsippany, New Jersey	Office, Research & Development, Manufacturing, Warehousing & The Zimmer Institute	Leased	132,000
Memphis, Tennessee	Offices & Warehousing	Leased	30,000
Austin, Texas	Offices, Administration, Research & Development	Leased	71,000
Sydney, Australia	Offices & Warehousing	Leased	60,000
Mississauga, Canada	Offices & Warehousing	Leased	52,000
Beijing, China	Offices & Manufacturing	Leased	89,000
Shanghai, China	Offices & Warehousing	Leased	52,000
Saint Priest, France	Offices & Warehousing	Leased	13,000
Eschbach, Germany	Distribution Center	Owned	94,000
Freiburg, Germany	Offices & Warehousing	Leased	75,000
Shannon, Ireland	Offices & Manufacturing	Owned	125,000
Milan, Italy	Offices & Warehousing	Leased	55,000
Gotemba, Japan	Offices, Service Center & Warehousing	Owned	87,000
Tokyo, Japan	Offices & Warehousing	Leased	20,000
Seoul, Korea	Offices & Warehousing	Leased	34,000
Ponce, Puerto Rico	Offices, Manufacturing & Warehousing	Owned	225,000
Singapore	Offices & Warehousing	Leased	19,000
Barcelona, Spain	Offices & Warehousing	Leased	30,000
Winterthur, Switzerland	Offices, Research & Development & Manufacturing	Leased	425,000
Münsingen, Switzerland	Offices & Warehousing	Owned	76,000
Swindon, United Kingdom	Offices & Warehousing	Leased	10,000

We believe the current facilities, including manufacturing, warehousing, research and development and office space, provide sufficient capacity to meet ongoing demands.

In addition to the above, we maintain more than 100 other offices and warehouse facilities in more than 25 countries around the world, including the U.S., Australia, Canada, China, France, Germany, India, Italy, Japan, Korea, Russia, South Africa, Spain, Switzerland, the United Kingdom. We believe that all of the facilities and equipment are in good condition, well maintained and able to operate at present levels.

Item 3. Legal Proceedings

Information pertaining to legal proceedings in which we are involved can be found in Note 19 to our consolidated financial statements (see Part II, Item 8 of this report).

Item 4. Mine Safety Disclosures

Not Applicable.

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PART II

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

Our common stock is traded on the New York Stock Exchange and the SIX Swiss Exchange under the symbol "ZMH." The high and low sales prices for our common stock on the New York Stock Exchange and the dividends declared for the calendar quarters of fiscal years 2014 and 2013 are set forth as follows:

QUARTERLY HIGH-LOW SHARE PRICES AND DECLARED DIVIDENDS	High	Low	Declared Dividends
Year Ended December 31, 2014:			
First Quarter	$98.95	$90.77	$ 0.22
Second Quarter	$108.33	$90.48	$ 0.22
Third Quarter	$105.68	$94.73	$ 0.22
Fourth Quarter	$116.14	$95.33	$ 0.22
Year Ended December 31, 2013:			
First Quarter	$76.75	$67.34	$ 0.20
Second Quarter	$81.92	$72.31	$ 0.20
Third Quarter	$85.08	$74.85	$ 0.20
Fourth Quarter	$93.70	$80.55	$ 0.20

We expect to continue paying cash dividends on a quarterly basis; however, future dividends are subject to approval of the Board of Directors and may be adjusted as business needs or market conditions change. As further discussed in Item 7 of this report, our debt facilities restrict the payment of dividends under certain circumstances.

The number of holders of our common stock on February 16, 2015 was approximately 237,703. On February 19, 2015, the closing price of our common stock, as reported on the New York Stock Exchange, was $120.20 per share.

The information required by this Item concerning equity compensation plans is incorporated by reference to Item 12 of this report.

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Item 6. Selected Financial Data

The financial information for each of the past five years ended December 31 is set forth below (in millions, except per share amounts):

	2014	2013	2012	2011	2010
STATEMENT OF EARNINGS DATA					
Net sales	$4,673.3	$4,623.4	$4,471.7	$4,451.8	$4,220.2
Net earnings of Zimmer Holdings, Inc.	720.1	761.0	755.0	760.8	596.9
Earnings per common share					
Basic	$4.26	$4.49	$4.32	$4.05	$2.98
Diluted	4.19	4.43	4.29	4.03	2.97
Dividends declared per share of common stock	$0.88	$0.80	$0.54	$0.18	$-
Average common shares outstanding					
Basic	169.0	169.6	174.9	187.6	200.0
Diluted	171.7	171.8	176.0	188.7	201.1
BALANCE SHEET DATA					
Total assets	$9,634.7	$9,580.6	$9,012.4	$8,515.3	$7,999.9
Long-term debt	1,425.5	1,672.3	1,720.8	1,576.0	1,142.1
Other long-term obligations	648.6	576.6	559.3	557.4	384.0
Stockholders' equity	6,522.6	6,300.1	5,866.3	5,514.8	5,771.3

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

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the corresponding notes included elsewhere in this Form 10-K. Certain percentages presented in this discussion and analysis are calculated from the underlying whole-dollar amounts and therefore may not recalculate from the rounded numbers used for disclosure purposes. Certain amounts in the 2013 and 2012 consolidated financial statements have been reclassified to conform to the 2014 presentation.

Forward-looking financial information provided in this management' s discussion and analysis does not include estimated results of operations, cash flows or financial position related to the pending Biomet merger, except for certain costs and expenses we expect to incur that are necessary to consummate the merger and that we will incur for integration planning prior to the merger closing. The Biomet merger is expected to be a transformational event for us and have significant effects on all aspects of our business. This management' s discussion and analysis of our historical financial condition and results of operations on a standalone basis is not indicative of the financial condition and results of operations for future periods on a combined company basis following the merger.

EXECUTIVE LEVEL OVERVIEW

2014 Results

Our 2014 sales results reflected increased growth as compared with 2013. Sales from recent product introductions, such as *Persona* The Personalized Knee System, as well as a stable joint replacement market, drove sales volume and product mix growth. This was partially offset by continued pricing pressure, negative effects from changes in foreign currency exchange rates, and a year-over-year decline in sales of our *Transposal* Fluid Waste Management System.

Despite the increase in net sales, net earnings decreased, driven by increased spending on our operational excellence initiatives, integration planning expenses related to the pending Biomet merger, a $70.0 million contingent legal liability recognized in 2014, and increased debt issuance costs and unused commitment fees recognized on new debt facilities that we entered into in May 2014 in order to fund the pending Biomet merger.

2015 Outlook

The pending Biomet merger, which we expect to close in the first quarter of 2015, will have a significant impact on our 2015 operating results. This report does not include guidance for 2015 on a combined company basis.

However, for Zimmer on a standalone basis, we project that our net sales will face significant headwinds from the U.S. Dollar strengthening against the Euro, Japanese Yen and various other currencies around the world based upon recent foreign currency exchange rates. Additionally for net sales, we expect to experience volume and mix growth from a stable joint replacement market and continued pricing pressure.

In regards to expenses on a Zimmer standalone basis, due to our hedging program, we project that the expected decrease in net sales caused by changes in foreign currency exchange rates will be partially offset by hedge gains to be recognized in 2015. We expect research and development (R&D) spending will remain similar compared to prior years as a percentage of net sales. For our selling, general and administrative (SG&A) expenses, we expect to continue to realize efficiencies from our operational excellence initiatives. However, since many of our fixed SG&A expenses are denominated in U.S. Dollars, such as corporate and business unit headquarter expenses and intangible asset amortization, our SG&A expenses may not decrease in similar proportion to net sales decreases expected from changes in foreign currency exchange rates.

RESULTS OF OPERATIONS

Net Sales by Reportable Segment

The following tables present net sales by reportable segment and the components of the percentage changes (dollars in millions):

	Year Ended December 31,			Volume/		Foreign
	2014	2013	% Inc/(Dec)	Mix	Price	Exchange
Americas	$ 2,594.2	$ 2,619.8	(1)%	2 %	(3)%	- %
Europe	1,269.5	1,212.6	5	7	(2)	-

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Asia Pacific	809.6	791.0	2	9	(1)	(6)
Total	$ 4,673.3	$ 4,623.4	1	4	(2)	(1)

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	Year Ended December 31,			Volume/		Foreign
	2013	2012	% Inc/(Dec)	Mix	Price	Exchange
Americas	$ 2,619.8	$ 2,476.3	6 %	8 %	(2)%	– %
Europe	1,212.6	1,177.4	3	2	(1)	2
Asia Pacific	791.0	818.0	(3)	8	(1)	(10)
Total	$ 4,623.4	$ 4,471.7	3	7	(2)	(2)

"Foreign Exchange" as used in the tables in this report represents the effect of changes in foreign currency exchange rates on sales growth.

Net Sales by Product Category

The following tables present net sales by product category and the components of the percentage changes (dollars in millions):

	Year Ended December 31,			Volume/		Foreign
	2014	2013	% Inc (Dec)	Mix	Price	Exchange
Reconstructive						
Knees	$ 1,965.8	$ 1,909.9	3 %	7 %	(3)%	(1)%
Hips	1,326.4	1,330.5	–	4	(3)	(1)
Extremities	204.3	193.8	5	9	(3)	(1)
Total	3,496.5	3,434.2	2	6	(3)	(1)
Dental	242.8	239.3	1	2	–	(1)
Trauma	316.7	315.6	–	3	(1)	(2)
Spine	207.2	202.3	2	5	(2)	(1)
Surgical and other	410.1	432.0	(5)	(3)	–	(2)
Total	$ 4,673.3	$ 4,623.4	1	4	(2)	(1)

	Year Ended December 31,			Volume/		Foreign
	2013	2012	% Inc (Dec)	Mix	Price	Exchange
Reconstructive						
Knees	$ 1,909.9	$ 1,833.8	4 %	7 %	(2)%	(1)%
Hips	1,330.5	1,342.0	(1)	3	(2)	(2)
Extremities	193.8	173.8	11	14	(2)	(1)
Total	3,434.2	3,349.6	3	6	(2)	(1)
Dental	239.3	237.7	1	–	–	1
Trauma	315.6	307.9	2	6	(1)	(3)
Spine	202.3	208.9	(3)	(1)	(2)	–
Surgical and other	432.0	367.6	18	21	–	(3)
Total	$ 4,623.4	$ 4,471.7	3	7	(2)	(2)

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The following table presents net sales by product category by region (dollars in millions):

	Year Ended December 31,				
				2014 vs. 2013	2013 vs. 2012
	2014	2013	2012	% Inc (Dec)	% Inc (Dec)
Reconstructive					
Knees					
Americas	$1,157.4	$1,135.3	$1,077.9	2%	5%
Europe	498.6	468.3	447.3	6	5
Asia Pacific	309.8	306.3	308.6	1	(1)
Hips					
Americas	607.8	621.0	606.7	(2)	2
Europe	448.9	445.0	446.0	1	-
Asia Pacific	269.7	264.5	289.3	2	(9)
Extremities					
Americas	149.6	148.1	133.8	1	11
Europe	40.6	34.0	29.0	19	17
Asia Pacific	14.1	11.7	11.0	20	7
Total	3,496.5	3,434.2	3,349.6	2	3
Dental					
Americas	142.1	141.6	137.8	-	3
Europe	80.3	78.6	79.8	2	(2)
Asia Pacific	20.4	19.1	20.1	7	(5)
Trauma					
Americas	147.3	155.6	155.2	(5)	-
Europe	82.1	76.4	69.5	8	10
Asia Pacific	87.3	83.6	83.2	4	-
Spine					
Americas	131.3	129.6	140.0	1	(7)
Europe	50.8	49.8	49.3	2	1
Asia Pacific	25.1	22.9	19.6	10	17
Surgical and other					
Americas	258.7	288.6	224.9	(10)	28
Europe	68.2	60.5	56.5	13	7
Asia Pacific	83.2	82.9	86.2	-	(4)
Total	$4,673.3	$4,623.4	$4,471.7	1	3

Demand (Volume and Mix) Trends

Increased volume and changes in the mix of product sales contributed 4 percentage points of year-over-year sales growth in 2014, which was a lower growth rate than experienced in 2013 compared to 2012. In 2013, accelerated growth was fueled by the introduction of new products, such as *Persona* The Personalized Knee System and the Transposal Fluid Waste Management System. In 2014, while new products continued to drive sales consistent with prior years as we continued to experience pricing pressure from governmental healthcare cost containment efforts and from local hospitals and health systems. For 2015, we expect continued pricing pressure similar to prior years.

Foreign Currency Exchange Rates

For 2014, foreign currency exchange rates resulted in a 1 percent decrease in sales, driven by the strengthening of the U.S. Dollar versus the Japanese Yen as well as a few other

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growth, their impact on a year-over-year basis was not as significant.

We believe long-term indicators point toward sustained growth driven by an aging global population, growth in emerging markets, obesity, proven clinical benefits, new material technologies, advances in surgical techniques and more active lifestyles, among other factors. In addition, demand for clinically proven premium products and patient specific devices are expected to continue to positively affect sales growth in markets that recognize the value of these advanced technologies.

Pricing Trends

Global selling prices had a negative effect of 2 percent on year-over-year sales during 2014. The negative 2 percent was

currencies in other regions in which we operate. If foreign currency exchange rates remain consistent with December 31, 2014 rates, we estimate that a stronger dollar versus foreign currency exchange rates will have a greater negative effect on sales in 2015 than in 2014. We address currency risk through regular operating and financing activities and through the use of foreign currency forward contracts and foreign currency options solely to manage foreign currency volatility and risk. Changes to foreign currency exchange rates affect sales growth, but due to gains/losses on hedge contracts and options, which are recorded in cost of products sold, the effect on net earnings in the near term is expected to be partially offset.

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Sales by Product Category

Knees

Knee sales increased 3 percent in 2014 compared to a 4 percent increase in 2013. Our Knee product category has benefited from recent product introductions, such as *Persona* The Personalized Knee System and joint preservation solutions. However, the volume/mix growth from new product introductions has been tempered by pricing pressure in all our reporting segments.

In 2014, we continued a broader launch of *Persona* The Personalized Knee System. We intend to continue to deploy implant and instrument sets for this knee system to all geographic regions in 2015 and beyond. Our *NexGen* Complete Knee Solution product line is still our leading global knee system in terms of sales. Products driving growth in this category, in addition to *Persona* The Personalized Knee System, included the *Zimmer* Unicompartmental High Flex Knee and our joint preservation solutions.

In Europe, changes in foreign currency exchange rates affected Knee sales in 2014 and 2013 by negative 1 percent and positive 2 percent, respectively. In Asia Pacific, changes in foreign currency exchange rates had negative effects on Knee sales of 5 percent and 9 percent in 2014 and 2013, respectively.

Hips

Hip sales were flat in 2014 after a decline of 1 percent in 2013. Positive volume and mix trends continue to be offset by pricing pressure.

Leading hip stem sales were the *Zimmer* M/L Taper Hip Prosthesis, the *Zimmer* M/L Taper Hip Prosthesis with *Kinectiv* Technology, the *CLS Spotorno* Stem from the *CLS* Hip System, the *Alloclassic Zweymüller* Hip Stem and the *Fitmore* Hip Stem. Products experiencing growth in this category included the *Avenir* Müller Stem, the *Wagner SL Revision* Hip Stem, the *Continuum* Acetabular System, the *Trilogy* IT Acetabular System, the *Allofit* IT *Alloclassic* Acetabular System, *Vivacit-E* Highly Crosslinked Polyethylene Liners and *BIOLOX delta* Heads.

In Europe, changes in foreign currency exchange rates affected Hip sales in 2014 and 2013 by negative 1 percent and positive 2 percent, respectively. In Asia Pacific, changes in foreign currency exchange rates had negative effects on Hip sales of 6 percent and 11 percent in 2014 and 2013, respectively.

Extremities

Extremities sales increased 5 percent in 2014 compared to an 11 percent increase in 2013. The sales increase in both years *Sidus* Stem-Free Shoulder, and a broader product portfolio to compete in the foot and ankle and hand and wrist areas of the Extremities category. The broader portfolio includes the *Zimmer Trabecular Metal* Total Ankle and products from the acquisition of NORMED Medizin-Technik GmbH in June 2013.

Dental

Dental sales increased 1 percent in 2014, which was the same as the prior year sales growth. Increased sales of dental reconstructive implants and digital solutions have been partially offset by decreases in restorative products. Sales were led by the *Tapered Screw-Vent* Implant System. In our Dental product category, in certain markets, especially in our Asia Pacific region, our customers are distributors. The timing of distributor purchases can have a significant influence on sales in those markets in any particular year.

Trauma

Trauma sales were flat in 2014 and increased by 2 percent in 2013. New product launches, especially in our Europe and Asia Pacific reporting segments, positively affected sales in both years. The *Zimmer Natural Nail* System and *Zimmer* Periarticular Locking Plates System led Trauma sales.

Spine

Spine sales increased 2 percent in 2014 after a decline of 3 percent in 2013. In 2014, we continued to focus on and had success in commercializing offerings across our core fusion portfolio and market adjacencies, including minimally invasive surgeries. Solid sales of the *PathFinder NXT* Minimally Invasive Pedicle Screw System and *Trabecular Metal* Technology products were partially offset by a decline in sales of other spine products.

Surgical and other

Surgical and other sales declined by 5 percent in 2014 after an 18 percent sales increase in 2013. The primary cause of the sales fluctuations in this product category was the *Transposal* Fluid Waste Management System. This system is comprised of a capital equipment component that is used with a one-time use disposable manifold component. In 2013, our system benefitted from commercial disruption experienced by a competitive product, increasing demand for the capital equipment component. With that competitive product back on the market in 2014 and since many customers bought our capital equipment component in 2013, sales of the capital equipment component

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reflected growth from our shoulder systems, such as the *Zimmer Trabecular Metal* Reverse Shoulder System and the

decreased significantly in 2014. However, this decrease was partially offset by an increase in sales of the related disposable manifold component. Other products leading sales in this category were *PALACOS* Bone Cement, tourniquets and wound debridement devices.

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The following table presents estimated* 2014 global market size and market share information (dollars in billions):

	Global Market Size	Global Market % Growth**	Zimmer Market Share	Zimmer Market Position
Reconstructive				
Knees	$ 7.6	3 %	26 %	1
Hips	6.5	2	21	2
Extremities	1.9	12	11	6
Total	$ 16.0	4	22	1
Dental	$ 3.4	3	7	5
Trauma	$ 5.9	5	5	4
Spine***	$ 9.0	2	2	8

* Estimates are not precise and are based on competitor annual filings, Wall Street equity research and Company estimates

** Excludes the effect of changes in foreign currency exchange rates on sales growth

*** Spine includes related orthobiologics

Expenses as a Percent of Net Sales

	Year Ended December 31,				
	2014	2013	2012	2014 vs. 2013 Inc (Dec)	2013 vs. 2012 Inc (Dec)
Cost of products sold	26.7%	27.8%	25.2%	(1.1)	2.6
Research and development	4.0	4.4	5.0	(0.4)	(0.6)
Selling, general and administrative	39.0	39.7	40.4	(0.7)	(0.7)
Certain claims	0.5	1.0	0.3	(0.5)	0.7
Goodwill impairment	-	-	2.1	-	(2.1)
Special items	7.6	4.7	3.5	2.9	1.2
Operating margin	22.1	22.4	23.4	(0.3)	(1.0)

Cost of Products Sold

The following table sets forth the factors that contributed to the gross margin changes in each of 2014 and 2013 compared to the prior year:

	Year Ended December 31,	
	2014	2013
Prior year gross margin	72.2 %	74.8 %
Lower average selling prices	(0.6)	(0.4)
Average cost per unit	0.4	(1.2)
Excess and obsolete inventory	0.4	(0.2)

derivatives which qualify as hedges of future cash flows, the effective portion of changes in fair value is temporarily recorded in other comprehensive income and then recognized in cost of products sold when the hedged items affect earnings. Further, we experienced improved product category mix, resulting in lower average costs per unit sold. These favorable items were partially offset by lower average selling prices and the U.S. medical device excise tax. While we began paying the medical device excise tax in 2013, based upon the levels of inventory we were carrying before the excise tax was effective on January 1, 2013, we did not recognize any significant expenses from the excise tax until the fourth quarter of 2013. We are in discussions with the Internal Revenue Service (IRS) as to what an appropriate constructive sales price used to compute our excise tax obligations should be under IRS excise tax regulations and our specific business model. Our ultimate medical device excise tax and liability may differ from the amount we have estimated. Accordingly, the amount we have recognized as expense is an estimate and subject to change.

The decrease in gross margin in 2013 was primarily due to higher average costs per unit sold as a result of changes in product and geographic mix and increased excess and obsolescence charges related to products we intend to discontinue. Additionally, lower average selling prices and certain inventory and manufacturing related charges connected to quality enhancement and remediation efforts reduced gross margin. These negative effects were partially offset by hedge gains recorded in 2013 from our foreign currency hedging program versus hedge losses recorded in 2012.

Operating Expenses

R&D expenses and R&D as a percentage of sales have declined in the last three years. The lower spending reflected a natural decline from certain large projects that achieved commercialization, including *Persona* The Personalized Knee System, and a dedication of resources to our quality and operational excellence initiatives. We expect R&D spending in 2015 to increase and be between 4 and 4.5 percent of sales as we transition our resources towards new projects as our quality and operational excellence initiatives continue to progress.

SG&A expenses have remained relatively consistent while SG&A as a percentage of sales has decreased over the last three years. Improvement in SG&A expenditures as a percentage of sales reflects the effects of our operational excellence initiatives. Although variable expenses naturally increase with higher sales, our SG&A expenses as a percentage of sales has decreased due

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Discontinued products and other certain excess and obsolete inventory charges	0.9	(1.0)
Certain inventory and manufacturing related charges related to quality	0.1	(0.3)
Foreign currency hedges	0.5	0.5
Inventory step-up	0.1	(0.1)
U.S. medical device excise tax	(0.5)	(0.2)
Other	(0.2)	0.3
Current year gross margin	73.3 %	72.2 %

The increase in gross margin percentage in 2014 compared to 2013 was primarily due to significant excess and obsolete inventory charges recorded in 2013 related to products we intend to discontinue. We also recognized higher hedge gains in 2014 from our foreign currency hedging program compared to 2013. Under the hedging program, for

to our operational excellence initiatives which produced lower variable and fixed costs in SG&A as net sales increased. Additionally, selling and distribution expenses are lower in our Europe and Asia Pacific reporting segments compared to our Americas reporting segment. The mix of revenues with high sales growth in Europe and Asia Pacific compared to the Americas helped to lower SG&A as a percentage of sales in 2014 when compared to 2013.

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"Certain claims" expense is for estimated liabilities to *Durom* Cup patients undergoing revision surgeries. We recorded additional expense of $21.5 million in 2014, bringing the total recorded expense to $420.3 million for these claims, excluding a subset of *Durom* Cup claims that were recorded in SG&A. The additional expense recorded in 2014 was the result of new developments related to international claims activity. For more information regarding these claims, see Note 19 to the consolidated financial statements.

In connection with our annual goodwill impairment test performed in the fourth quarter of 2012, we noted that the carrying values of the net assets of our U.S. Spine reporting unit were in excess of the reporting unit' s estimated fair value. As a result, we recorded a goodwill impairment charge of $96.0 million in 2012. We did not record a goodwill impairment charge in 2014 or 2013, as our annual goodwill impairment tests revealed that the carrying values of the net assets of our U.S. Spine reporting unit were less than their estimated fair value. For more information regarding goodwill impairment and the factors that led to the 2012 impairment, see Note 8 to the consolidated financial statements.

"Special items" have increased significantly in the past three years. The increase in 2014 was a result of higher professional fees related to the pending Biomet merger, increased other professional fees, contract labor and dedicated project personnel related to our quality and operational excellence initiatives, increased intangible asset impairments and a $70.0 million accrual for a certain litigation matter. We continue to implement our quality and operational excellence initiatives, which are intended to improve our future operating results by centralizing or outsourcing certain functions and improving quality, distribution, sourcing, manufacturing and our information technology systems. "Special items" expenses include consulting and professional fees, dedicated personnel costs, severance benefits as well as other costs for those programs. In addition to expenses for our quality and operational excellence programs, we recognize expenses related to integration of acquired businesses, impairment of assets, certain R&D agreements, certain litigation settlements, contract termination expenses and other items as "Special items." See Note 2 to the consolidated financial statements for more information regarding "Special items" charges.

Other Expense, Interest Income, Interest Expense, and Income Taxes

Our effective tax rate (ETR) on earnings before income taxes for the years ended December 31, 2014, 2013 and 2012 was 23.8 percent, 22.6 percent and 24.0 percent, respectively. The variation of our ETR has largely been affected by "Special items", "Certain claims", goodwill impairment charges and a $34.3 million benefit in 2012 from the recognition of deferred tax assets related to a legal entity restructuring. Higher "Special items" and "Certain claims" expense favorably affect our ETR because most of these expenses have been incurred within jurisdictions with higher tax rates, resulting in lower taxable income in these higher tax jurisdictions. Goodwill impairment negatively affects our ETR because no tax benefit is recorded on the charge. In 2014, a portion of our "Special items" were for non-deductible expenses incurred related to the pending Biomet merger, which increased our ETR relative to 2013. In 2013, in addition to the effect of "Special items" and "Certain claims", our ETR benefited from the retroactive reinstatement of the R&D tax credit and other tax benefits applicable to us that applied to 2012 and 2013. Due to the timing of the extension and the applicable rules of accounting principles generally accepted in the United States of America (GAAP), we recognized the 2012 benefit in 2013. Despite the $34.3 million benefit in 2012 from the recognition of deferred tax assets related to a legal entity restructuring, the 2012 ETR was higher than 2014 and 2013 due to the goodwill impairment charge and lower "Certain claims" and "Special items" expenses. The items discussed accounted for the majority of the variation in our ETRs in the past three years.

Segment Operating Profit

For our reporting segments, operating profit increased in Europe and Asia Pacific in 2014 compared to 2013, while in the Americas it decreased. The decrease in the Americas was primarily from lower gross profit due to lower sales and the effect of the U.S. medical device excise tax. In Europe, the increase in operating profit was driven by increased sales coupled with controlled operating expenses. Operating expenses increased at a lower percentage compared to sales increases due to our operational excellence initiatives and the nature of fixed versus variable expenses resulting in operating margin expansion in Europe. The increase in operating profit in Asia Pacific was driven by increases in sales from volume and product mix. While changes in foreign currency exchange rates tempered sales growth in Asia Pacific, this decline was largely offset by increased hedge gains recorded in 2014 versus 2013.

Non-GAAP operating performance measures

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Other expense represents debt issuance costs and unused commitment fees recognized for our senior credit facility and bridge credit agreement that we entered into in May 2014 in order to fund the pending Biomet merger.

Interest income and expense, net, was lower in 2014 compared to 2013 and 2012. In the second half of 2013, we entered into additional fixed-to-variable rate interest swaps designated as fair value hedges. In the 2014 periods, the variable rates we paid on the swaps were lower than the fixed rate on the hedged debt and, therefore, interest expense decreased.

We use financial measures that differ from financial measures determined in accordance with GAAP to evaluate our operating performance. These non-GAAP financial measures exclude the impact of inventory step-up, certain inventory and manufacturing related charges connected to quality enhancement and remediation efforts, "Certain claims," goodwill impairment, "Special items," other expenses related to financing obtained for the pending Biomet merger and any related effects on our income tax provision associated with

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these items. We use this information internally and believe it is helpful to investors because it allows more meaningful period-to-period comparisons of our ongoing operating results, it helps to perform trend analysis and to better identify operating trends that may otherwise be masked or distorted by these types of items, and it provides a higher degree of transparency of certain items. Certain of these non-GAAP financial measures are used as metrics for our incentive compensation programs.

Our non-GAAP adjusted net earnings used for internal management purposes for the years ended December 31, 2014, 2013 and 2012 were $1,041.0 million, $988.4 million, and $932.5 million, respectively, and our non-GAAP adjusted diluted earnings per share were $6.06, $5.75, and $5.30, respectively.

The following are reconciliations from our GAAP net earnings and diluted earnings per share to our non-GAAP adjusted net earnings and non-GAAP adjusted diluted earnings per share used for internal management purposes (in millions, except per share amounts).

	Year ended December 31,		
	2014	2013	2012
Net Earnings of Zimmer Holdings, Inc.	$720.1	$761.0	$755.0
Inventory step-up and other inventory and manufacturing related charges	21.2	70.5	4.8
Certain claims	21.5	47.0	15.0
Goodwill impairment	–	–	96.0
Special items	356.5	216.7	155.4
Other expense on Biomet merger financing	39.6	–	–
Taxes on above items and other certain tax adjustments*	(117.9)	(106.8)	(93.7)
Adjusted Net Earnings	$1,041.0	$988.4	$932.5

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* The tax effect is calculated based upon the statutory rates for the jurisdictions where the items were incurred.

	Year ended December 31,		
	2014	2013	2012
Diluted EPS	$4.19	$4.43	$4.29
Inventory step-up and other inventory and manufacturing related charges	0.12	0.41	0.03
Certain claims	0.13	0.27	0.09
Goodwill impairment	–	–	0.54
Special items	2.08	1.26	0.88
Other expense on Biomet merger financing	0.23	–	–

items of operating cash flows reflect a use of $12.6 million of cash in 2014, compared to a use of $84.9 million in 2013.

The increased cash flows provided by operating activities in 2014 were primarily due to improved cash flows generated from receivables collections, especially in Europe, lower funding necessary for our U.S. pension plans, and receipt of insurance proceeds related to *Durom* Cup product liability claims. These favorable items were partially offset by higher tax payments for certain unresolved matters in order to limit the potential impact of IRS interest charges and inventory investments.

At December 31, 2014, we had 64 days of sales outstanding in trade accounts receivable, which was 1 day less than at December 31, 2013. Our days of sales outstanding reflect the reimbursement patterns of the healthcare industry in the markets where we compete. Collection of trade accounts receivable is influenced by insurance reimbursements and government budgets, among other things. Days of sales outstanding are lowest in our Americas reporting segment, as the U.S. healthcare system has a higher percentage of private-pay insurers who generally pay more quickly than government-based healthcare systems. In our Europe and Asia Pacific reporting segments, days of sales outstanding are higher, as healthcare is typically sponsored by governments which tend to pay more slowly. Additionally, there are some seasonal trends in our days of sales outstanding as it usually trends higher in our third quarter due to lower sales volumes and is lower in our fourth quarter when sales volumes are at their highest. Our days of sales outstanding in the past three years have ranged between 64 and 73 days. We were at the low end of this range as of December 31, 2014 due to improved collections in Europe.

At December 31, 2014, we had 337 days of inventory on hand, an increase of 52 days compared to December 31, 2013. In order to maintain high service levels to our hospital customers in numerous geographic regions, we consign inventory to them, including all the various sizes of a particular product, so that our products are available when needed for a surgical procedure. As a result, we have a significant amount of inventory on hand. There are some seasonal trends in our days of inventory on hand, as it usually trends higher in our third quarter due to lower sales volumes and is lower in our fourth quarter when sales volumes are at their highest. Other factors that can affect our days of inventory on hand include when we build inventory for new product launches, or the level of excess and obsolete inventory charges and gains/losses related to foreign currency that is reported in cost of products sold in any particular period. Our days of inventory on hand in the past three years have ranged

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Taxes on above items and other certain tax adjustments*	(0.69)	(0.62)	(0.53)
Adjusted Diluted EPS	$6.06	$5.75	$5.30

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* The tax effect is calculated based upon the statutory rates for the jurisdictions where the items were incurred.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operating activities were $1,052.8 million in 2014, compared to $963.1 million in 2013. The principal source of cash from operating activities was net earnings. Non-cash items included in net earnings accounted for another $346.4 million of operating cash in 2014. All other

between 285 and 356 days. As of December 31, 2014, our days of inventory on hand were near the high end of this range. The higher inventory balance and days of inventory on hand were driven by the ongoing global commercialization of new product offerings, the effects of placing more inventory into distributor and hospital consignment and additional inventory in certain Eastern European markets where we now have a direct sales presence instead of selling to a distributor.

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Cash flows used in investing activities were $469.4 million in 2014, compared to $282.5 million in 2013. Additions to instruments were relatively consistent between 2014 and 2013 as we continued to invest in instruments for significant product launches, such as *Persona* The Personalized Knee System. Spending on other property, plant and equipment increased in 2014 compared to 2013, reflecting cash outlays necessary to complete new product-related investments and to replace older machinery and equipment. We invest some of our cash and cash equivalents in highly-rated debt securities. The purchases and any sales or maturities of these investments are reflected as cash flows from investing activities. The timing of these investments can vary from period to period depending on the maturity of the debt securities and other cash and cash equivalent needs. In the past three years, we have made a number of business acquisitions including ETEX Holdings, Inc., Knee Creations, LLC, NORMED Medizin-Technik GmbH, Dornoch Medical Systems, Inc., and Synvasive Technology, Inc.

Cash flows used in financing activities were $562.4 million in 2014, compared to $467.3 million in 2013. In 2014, we returned cash to our stockholders in the form of cash dividends of $145.5 million and share repurchases of $400.5 million. In association with the debt facilities we entered into for the pending Biomet merger, we incurred $64.1 million of debt issuance costs. In 2014, $250.0 million of our outstanding senior notes matured and were paid. Additionally, financing cash flows continued to benefit from our increased stock price, with many employees exercising stock options.

In 2014, our Board of Directors declared cash dividends of $0.22 per share in each quarter. We expect to continue paying cash dividends on a quarterly basis; however, future dividends are subject to approval of the Board of Directors and may be adjusted as business needs or market conditions change. The 2014 dividend declarations equated to an annualized rate of $0.88 per share, which represented a 10 percent increase over the 2013 annualized rate.

As of December 31, 2014, $599.5 million remained authorized under our $1.0 billion share repurchase program, which has no expiration date. Due to the pending merger with Biomet, we suspended repurchases after the first quarter of 2014. Upon completion of the merger, in the near to medium term we intend to use our cash flows for debt repayment and dividends.

As discussed more completely in Note 15 to our consolidated financial statements, the IRS has issued proposed adjustments for years 2006 through 2009 reallocating profits between certain of our U.S. and foreign subsidiaries. We have disputed these claims from insurance carriers. We have received an initial amount of the insurance proceeds we estimate to recover. We have a long-term receivable of $170.3 million remaining for future expected reimbursements from our insurance carriers.

We expect to fund the $10.35 billion cash portion of the pending Biomet merger with existing cash on hand, as well as proceeds to be obtained from a $3.0 billion 5-year unsecured term loan (Term Loan) and senior notes that we expect to issue. We have also entered into a $7.66 billion bridge credit agreement (Bridge Credit Agreement) that may be used to fund the pending merger if we are unable to issue senior notes. The lenders' commitments under the Bridge Credit Agreement will be reduced dollar-for-dollar by the amount of net cash proceeds we receive from the issuance of the senior notes.

Currently, we have three tranches of senior notes outstanding: $500 million aggregate principal amount of 4.625 percent notes due November 30, 2019, $300 million aggregate principal amount of 3.375 percent notes due November 30, 2021 and $500 million aggregate principal amount of 5.75 percent notes due November 30, 2039. Interest on each series is payable on May 30 and November 30 of each year until maturity.

We may redeem the senior notes at our election in whole or in part at any time prior to maturity at a redemption price equal to the greater of (i) 100 percent of the principal amount of the notes being redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis at the Treasury Rate (as defined in the debt agreement), plus 20 basis points in the case of the 2019 and 2021 notes, and 25 basis points in the case of the 2039 notes. We will also pay the accrued and unpaid interest on the senior notes to the redemption date.

We have a senior credit facility (Senior Credit Facility) that contains: (i) the 5-year unsecured Term Loan in the principal amount of $3.0 billion, and (ii) a 5-year unsecured multicurrency revolving facility (Multicurrency Revolving Facility) in the principal amount of $1.35 billion. The Senior Credit Facility replaces a previous credit agreement that provided for a $1.35 billion revolving credit facility that would have matured in May 2017. The Multicurrency Revolving Facility will mature in May 2019, with two one-year extensions available at our option. Borrowings under the Multicurrency Revolving Facility may be used for general corporate purposes. There were no borrowings outstanding under the Multicurrency Revolving Facility as of December 31, 2014. The availability of the Term Loan is

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proposed adjustments and continue to pursue resolution with the IRS. Although the ultimate timing for resolution of the disputed tax issues is uncertain, future payments may be significant to our operating cash flows.

Also as discussed in Note 19 to our consolidated financial statements, we have recorded a short-term liability of $50.0 million and long-term liability of $307.2 million related to Durom Cup product liability claims. We expect to continue paying these claims over the next few years. We expect to be reimbursed a portion of these payments for product liability

conditioned on, among other things, the consummation of the Biomet merger. The Term Loan will mature five years after the initial borrowing. Borrowings under the Term Loan may only be used by us to fund, in part, the Biomet merger, including the payment of any indebtedness of LVB and its subsidiaries, and to pay all or a portion of the costs incurred by us in connection with the Biomet merger. We must reduce unused commitments under the Term Loan and prepay the borrowings under the Term Loan with any net cash proceeds received from specified asset sales, issuances or sales of equity and incurrences of borrowed

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money indebtedness, subject to certain exceptions. The commitments under the Term Loan automatically terminate on the earliest to occur of (i) the funding and disbursement of Term Loan funds to us, (ii) April 24, 2015, as such date may be extended pursuant to the merger agreement or (iii) termination of the merger agreement.

We and certain of our wholly owned foreign subsidiaries are the borrowers under the Senior Credit Facility. Borrowings under the Senior Credit Facility bear interest at floating rates based upon indices determined by the currency of the borrowings plus an applicable margin determined by reference to our senior unsecured long-term credit rating, or at an alternate base rate, or, in the case of borrowings under the Multicurrency Revolving Facility only, at a fixed-rate determined through a competitive bid process. The Senior Credit Facility contains customary affirmative and negative covenants and events of default for an unsecured financing arrangement, including, among other things, limitations on consolidations, mergers and sales of assets. Financial covenants include a consolidated indebtedness to consolidated EBITDA ratio of no greater than 3.0 to 1.0 in periods prior to any Term Loan funding and no greater than 5.0 to 1.0 in periods after the Term Loan is funded. If our credit rating falls below investment grade, additional restrictions would result, including restrictions on investments and payment of dividends. We were in compliance with all covenants under the Senior Credit Facility as of December 31, 2014.

Commitments under the Senior Credit Facility are subject to certain fees. On the Multicurrency Revolving Facility, we pay a facility fee at a rate determined by reference to our senior unsecured long-term credit rating. On the Term Loan, we pay a fee on the daily actual unused commitment for the period from and including July 23, 2014 through the day the commitments under the Term Loan terminate.

The Bridge Credit Agreement is a 364-day unsecured committed bridge facility in the principal amount of $7.66 billion. Funding of loans under the Bridge Credit Agreement is conditioned on, among other things, the consummation of the Biomet merger. Any loans under the Bridge Credit Agreement will mature 364 days after the funding date of the loans. The Bridge Credit Agreement requires us to reduce unused commitments and prepay the loans with any net cash proceeds received from specified asset sales, issuances or sales of equity and incurrences of borrowed money indebtedness, such as new senior notes we intend to issue, subject to certain exceptions. Commitments under the Bridge Credit Agreement automatically terminate on the earliest to occur of: (i) the funding and applicable margin determined by reference to our senior unsecured long-term credit rating, or at an alternate base rate. The Bridge Credit Agreement contains customary affirmative and negative covenants and events of default for an unsecured financing arrangement, including, among other things, limitations on consolidations, mergers and sales of assets. Financial covenants include a consolidated indebtedness to consolidated EBITDA ratio of no greater than 5.0 to 1.0. We were in compliance with all covenants under the Bridge Credit Agreement as of December 31, 2014. If our credit rating falls below investment grade, additional restrictions would result, including restrictions on investments and payment of dividends.

We will pay a funding fee if we borrow under the Bridge Credit Agreement as well as duration fees based on the outstanding principal amount of the loans in the amount and on the dates specified in the Bridge Credit Agreement. In addition, we pay a fee on the daily actual unused commitment for the period from and including July 23, 2014 through the day the commitments under the Bridge Credit Agreement terminate.

We have a term loan agreement with one of the lenders under the Senior Credit Facility for 11.7 billion Japanese Yen (Japan Term Loan) that will mature on May 31, 2018. Borrowings under the Japan Term Loan bear interest at a fixed rate of 0.61 percent per annum until maturity.

We also have other available uncommitted credit facilities totaling $31.9 million.

We currently have investment grade credit ratings from Standard and Poor’ s Ratings Services (S&P) of A- and Moody’ s Investor Services (Moody’ s) of Baa1. After the announcement of the Biomet merger, S&P placed a CreditWatch with negative implications on our rating and has indicated that it expects to lower our rating to BBB if the merger is completed. Moody’ s placed our rating on review for downgrade and expects to lower our rating to Baa3 if the merger is completed.

We place our cash and cash equivalents in highly-rated financial institutions and limit the amount of credit exposure to any one entity. We invest only in high-quality financial instruments in accordance with our internal investment policy.

As of December 31, 2014, we had short-term and long-term investments in debt securities with a fair value of $868.9 million. These investments are in debt securities of many different issuers and, therefore, we believe we have no significant concentration of risk with a single issuer. All of these debt securities remain highly-rated and we believe the risk of default by the issuers is low.

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disbursement of the loans, (ii) April 24, 2015, as such date may be extended pursuant to the merger agreement, or (iii) termination of the merger agreement. Proceeds of loans under the Bridge Credit Agreement may only be used to fund, in part, the Biomet merger, including the payment of any indebtedness of LVB and its subsidiaries, and to pay all or a portion of the costs incurred by us in connection with the Biomet merger.

Zimmer Holdings is the borrower under the Bridge Credit Agreement. Borrowings under the Bridge Credit Agreement bear interest at floating rates based upon LIBOR plus an

As of December 31, 2014, $1,090.1 million of our cash and cash equivalents and short-term and long-term investments were held in jurisdictions outside of the U.S. and are expected to be indefinitely reinvested for continued use in foreign operations. Repatriation of these assets to the U.S. may have tax consequences. $844.0 million of this amount is denominated in U.S. Dollars and, therefore, bears no foreign currency translation risk. The balance of these assets is denominated in currencies of the various countries where we operate.

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Management believes that cash flows from operations and available borrowings under the Senior Credit Facility or from the public and private debt markets are sufficient to meet our working capital, capital expenditure and debt service needs and to fund our pending merger with Biomet, as well as return cash to stockholders in the form of dividends. Should additional investment opportunities arise, we believe that our earnings, balance sheet and cash flows will allow us to obtain additional capital, if necessary.

CONTRACTUAL OBLIGATIONS

We have entered into contracts with various third parties in the normal course of business that will require future payments. The following table illustrates our contractual obligations (in millions):

Contractual Obligations	Total	2015	2016 and 2017	2018 and 2019	2020 and Thereafter
Long-term debt	$1,402.9	$-	$-	$602.9	$800.0
Interest payments	910.9	64.0	127.3	124.3	595.3
Operating leases	182.9	46.5	63.1	41.0	32.3
Purchase obligations	11.5	8.9	2.6	-	-
Other long-term liabilities	405.1	-	154.5	125.4	125.2
Total contractual obligations	$2,913.3	$119.4	$347.5	$893.6	$1,552.8

$63.3 million of the other long-term liabilities on our balance sheet as of December 31, 2014 are liabilities related to defined benefit pension plans. Defined benefit plan liabilities are based upon the underfunded status of the respective plans; they are not based upon future contributions. Due to uncertainties regarding future plan asset performance, changes in interest rates and our intentions with respect to voluntary contributions, we are unable to reasonably estimate future contributions beyond 2015. Therefore, this table does not include any amounts related to future contributions to our plans. See Note 14 to our consolidated financial statements for further information on our defined benefit plans.

Also included in other long-term liabilities on our balance sheet are liabilities related to unrecognized tax benefits and corresponding interest and penalties thereon. Due to the uncertainties inherent in these liabilities, such as the ultimate timing and resolution of tax audits, we are unable to reasonably estimate the amount or period in which potential tax payments related to these positions will be made. Therefore, this table does not include any obligations related to unrecognized tax benefits.

We have entered into various agreements that may result in future payments dependent upon various events such as the achievement of certain product R&D milestones, sales milestones, or, at our discretion, to maintain exclusive rights to distribute a product. Since there is uncertainty on the timing or whether such payments will have to be made, we have not included them in this table. These payments could range from $0 to $60 million.

CRITICAL ACCOUNTING ESTIMATES

Our financial results are affected by the selection and application of accounting policies and methods. Significant accounting policies which require management' s judgment are discussed below.

Excess Inventory and Instruments - We must determine as of each balance sheet date how much, if any, of our inventory may ultimately prove to be unsaleable or unsaleable at our carrying cost. Similarly, we must also determine if instruments on hand will be put to productive use or remain undeployed as a result of excess supply. Accordingly, inventory and instruments are written down to their net realizable value. To determine the appropriate net realizable value, we evaluate current stock levels in relation to historical and expected patterns of demand for all of our products and instrument systems and components. The basis for the determination is generally the same for all inventory and instrument items and categories except for work-in-process inventory, which is recorded at cost. Obsolete or discontinued items are generally destroyed and completely written off. Management evaluates the need for changes to inventory and instruments net realizable values based on market conditions, competitive offerings and other factors on a regular basis.

Income Taxes - Our income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management' s best assessment of estimated future taxes to be paid. We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgments and estimates are required in determining the consolidated income tax expense.

We estimate income tax expense and income tax liabilities and assets by taxable jurisdiction. Realization of deferred tax assets in each taxable jurisdiction is dependent on our ability to generate future taxable income sufficient to realize the benefits. We evaluate deferred tax assets on an ongoing basis and provide valuation allowances unless we determine it is “more likely than not” that the deferred tax benefit will be realized. Federal income taxes are provided on the portion of the income of foreign subsidiaries that is expected to be remitted to the U.S.

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Additionally, other long-term liabilities on our balance sheet include long-term deferred tax liabilities, primarily related to intangible assets acquired in business combinations and fixed assets. We have excluded these liabilities from this table as well, as they do not represent liabilities that will be settled in cash. See Note 15 to our consolidated financial statements for further information on these tax-related accounts.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our global operations. We are subject to regulatory review or audit in virtually all of those jurisdictions and those reviews and audits may require extended periods of time to resolve. We record our income tax provisions based on our knowledge of all relevant facts and circumstances, including existing tax laws, our experience with previous settlement agreements, the

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status of current examinations and our understanding of how the tax authorities view certain relevant industry and commercial matters.

We recognize tax liabilities in accordance with the Financial Accounting Standards Board' s (FASB) guidance on income taxes and we adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined.

Commitments and Contingencies – Accruals for product liability and other claims are established with the assistance of internal and external legal counsel based on current information and historical settlement information for claims, related legal fees and for claims incurred but not reported. We use an actuarial model to assist management in determining an appropriate level of accruals for product liability claims. Historical patterns of claim loss development over time are statistically analyzed to arrive at factors which are then applied to loss estimates in the actuarial model.

In addition to our general product liability, we have recorded provisions totaling $471.7 million related to the *Durom* Cup, including $21.5 million in 2014. See Note 19 to our consolidated financial statements for further discussion of the *Durom* Cup.

Goodwill and Intangible Assets – We evaluate the carrying value of goodwill and indefinite life intangible assets annually, or whenever events or circumstances indicate the carrying value may not be recoverable. We evaluate the carrying value of finite life intangible assets whenever events or circumstances indicate the carrying value may not be recoverable. Significant assumptions are required to estimate the fair value of goodwill and intangible assets, most notably estimated future cash flows generated by these assets. As such, these fair value measurements use significant unobservable inputs. Changes to these assumptions could require us to record impairment charges on these assets.

In the fourth quarter of 2012, we determined our U.S. Spine reporting unit' s carrying value was in excess of its estimated fair value. Fair value was determined using a weighting of income and market approaches. Fair value under the income approach was determined by discounting to present value the estimated future cash flows of the reporting unit. Fair value under the market approach utilized the guideline public company impairment charges necessary. For our annual impairment test in 2014, the goodwill balance of the U.S. Spine reporting unit was $41.0 million. Due to improved operating performance of our U.S. Spine reporting unit and improving macroenomic conditions, including higher valuation indicators used in our market approach, the U.S. Spine reporting unit' s estimated fair value was in excess of its carrying value of net assets by 24 percent for our 2014 impairment test. Our international Spine goodwill and related net assets are not tested separately for goodwill impairment as they are part of reporting units that contain other product categories.

We have four other reporting units with goodwill assigned to them. Our 2013 annual impairment test indicated the estimated fair value of the U.S. Dental reporting unit was in excess of its carrying value of net assets by 11 percent. For the annual impairment test in 2014, the goodwill balance of the U.S. Dental reporting unit was $169.1 million. In our 2014 annual impairment test, due to improved operating performance and improving macroenomic conditions, including higher valuation indicators used in our market approach, the U.S. Dental reporting unit' s estimated fair value was in excess of its carrying value of net assets by 24 percent.

In 2014, for our three other reporting units' annual impairment test, we performed a qualitative assessment of changes in fair value from the 2013 income approach. A qualitative assessment was performed because the estimated fair value of each of the reporting units was significantly in excess of the carrying value of its net assets in the 2013 impairment test.

Share-based Payment – We measure share-based payment expense at the grant date based on the fair value of the award and recognize expense over the requisite service period. Determining the fair value of share-based awards at the grant date requires judgment, including estimating the expected life of stock options and the expected volatility of our stock. Additionally, we must estimate the amount of share-based awards that are expected to be forfeited. We estimate expected volatility based upon the implied volatility of actively traded options on our stock. The expected life of stock options and estimated forfeitures are based upon our employees' historical exercise and forfeiture behaviors. The assumptions used in determining the grant date fair value and the expected forfeitures represent management' s best estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

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methodology, which uses valuation indicators determined from other businesses that are similar to our U.S. Spine reporting unit.

As a result, we recorded a goodwill impairment charge for the U.S. Spine reporting unit of $96.0 million in 2012. See Note 8 to our consolidated financial statements for further discussion and the factors that contributed to these impairment charges and the factors that could lead to further impairment. In 2014 and 2013, we employed a similar combination of income and market approaches to estimate this reporting unit’ s fair value and determined there were no

See Note 2 to our consolidated financial statements to see how recent accounting pronouncements have affected or may affect our financial position, results of operations or cash flows.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

MARKET RISK

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in foreign currency exchange rates, interest rates and commodity

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prices that could affect our financial condition, results of operations and cash flows. We manage our exposure to these and other market risks through regular operating and financing activities and through the use of derivative financial instruments. We use derivative financial instruments solely as risk management tools and not for speculative investment purposes.

FOREIGN CURRENCY EXCHANGE RISK

We operate on a global basis and are exposed to the risk that our financial condition, results of operations and cash flows could be adversely affected by changes in foreign currency exchange rates. We are primarily exposed to foreign currency exchange rate risk with respect to transactions and net assets denominated in Euros, Swiss Francs, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles and Indian Rupees. We manage the foreign currency exposure centrally, on a combined basis, which allows us to net exposures and to take advantage of any natural offsets. To reduce the uncertainty of foreign currency exchange rate movements on transactions denominated in foreign currencies, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts and options with major financial institutions. These forward contracts and options are designed to hedge anticipated foreign currency transactions, primarily intercompany sale and purchase transactions, for periods consistent with commitments. Realized and unrealized gains and losses on these contracts and options that qualify as cash flow hedges are temporarily recorded in other comprehensive income, then recognized in cost of products sold when the hedged item affects net earnings.

For contracts outstanding at December 31, 2014, we had obligations to purchase U.S. Dollars and sell Euros, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles and Indian Rupees and purchase Swiss Francs and sell U.S. Dollars at set maturity dates ranging from January 2015 through June 2017. The notional amounts of outstanding forward contracts entered into with third parties to purchase U.S. Dollars at December 31, 2014 were $1,289.8 million. The notional amounts of outstanding forward contracts entered into with third parties to purchase Swiss Francs at December 31, 2014 were $306.3 million. The weighted average contract rates outstanding at December 31, 2014 were Euro:USD 1.34, USD:Swiss Franc: 0.91, USD:Japanese Yen 97.30, British Pound:USD 1.62, flow hedges, changes in cash flows attributable to hedged transactions are generally expected to be completely offset by changes in the fair value of hedge instruments. As part of our risk management program, we also perform sensitivity analyses to assess potential changes in revenue, operating results, cash flows and financial position relating to hypothetical movements in currency exchange rates. A sensitivity analysis of changes in the fair value of foreign currency exchange forward contracts outstanding at December 31, 2014 indicated that, if the U.S. Dollar uniformly changed in value by 10 percent relative to the various currencies, with no change in the interest differentials, the fair value of those contracts would increase or decrease earnings before income taxes in periods through June 2017, depending on the direction of the change, by the following average approximate amounts (in millions):

Currency	Average Amount
Euro	$ 53.7
Swiss Franc	31.3
Japanese Yen	27.2
British Pound	15.0
Canadian Dollar	9.6
Australian Dollar	12.8
Korean Won	3.4
Swedish Krona	2.2
Czech Koruna	0.4
Thai Baht	1.0
Taiwan Dollars	2.0
South African Rand	0.5
Russian Rubles	0.6
Indian Rupees	0.6

Any change in the fair value of foreign currency exchange forward contracts as a result of a fluctuation in a currency exchange rate is expected to be largely offset by a change in the value of the hedged transaction. Consequently, foreign currency exchange contracts would not subject us to material risk due to exchange rate movements because gains and losses on these contracts offset gains and losses on the assets, liabilities and transactions being hedged.

We had net assets in legal entities with non-U.S. Dollar functional currencies of $2,113.5 million at December 31, 2014, primarily in Euros, Japanese Yen and Australian Dollars. $1,221.0 million of the net asset exposure at December 31, 2014 related to goodwill recorded in the Europe and Asia Pacific geographic segments.

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USD:Canadian Dollar 1.08, Australian Dollar:USD 0.89, USD:Korean Won 1,115, USD:Swedish Krona 6.74, USD:Czech Koruna 19.98, USD:Thai Baht 33.01, USD:Taiwan Dollar 29.48, USD:South African Rand 11.11, USD:Russian Ruble 37.37 and USD:Indian Ruppee 67.14.

We maintain written policies and procedures governing our risk management activities. Our policy requires that critical terms of hedging instruments be the same as hedged forecasted transactions. On this basis, with respect to cash

We enter into foreign currency forward exchange contracts with terms of one month to manage currency exposures for monetary assets and liabilities denominated in a currency other than an entity' s functional currency. As a result, foreign currency remeasurement gains/losses recognized in earnings are generally offset with gains/losses on the foreign currency forward exchange contracts in the same reporting period.

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COMMODITY PRICE RISK

We purchase raw material commodities such as cobalt chrome, titanium, tantalum, polymer and sterile packaging. We enter into supply contracts generally with terms of 12 to 24 months, where available, on these commodities to alleviate the effect of market fluctuation in prices. As part of our risk management program, we perform sensitivity analyses related to potential commodity price changes. A 10 percent price change across all these commodities would not have a material effect on our consolidated financial position, results of operations or cash flows.

INTEREST RATE RISK

In the normal course of business, we are exposed to market risk from changes in interest rates that could affect our results of operations and financial condition. We manage our exposure to interest rate risks through our regular operations and financing activities.

We invest our cash and cash equivalents primarily in highly-rated corporate commercial paper and bank deposits. We also have short-term and long-term investments in highly-rated corporate debt securities, U.S. government and agency debt securities, U.S. government treasury funds, municipal bonds, foreign government debt securities, commercial paper and certificates of deposit. The primary investment objective is to ensure capital preservation of our invested principal funds. Currently, we do not use derivative financial instruments in our investment portfolio.

We are exposed to interest rate risk on our debt obligations and our cash and cash equivalents.

We have multiple fixed-to-variable interest rate swap agreements that we have designated as fair value hedges of the fixed interest rate obligations on our senior notes due 2019 and 2021. The total notional amounts are $250 million and $300 million for the senior notes due 2019 and 2021, respectively. On the interest rate swap agreements for the senior notes due 2019, we receive a fixed interest rate of 4.625 percent and pay variable interest equal to the three-month LIBOR plus an average of 133 basis points. On the interest rate swap agreements for the senior notes due 2021, we receive a fixed interest rate of 3.375 percent and pay variable interest equal to the three-month LIBOR plus an average of 99 basis points.

The interest rate swap agreements are intended to manage our exposure to interest rate movements by converting fixed-rate debt into variable-rate debt. The objective of the instruments is to The forward starting interest rate swaps mitigate the risk of changes in interest rates prior to completion of the senior notes offering. The total notional amounts of the forward starting interest rate swaps are $1 billion and will settle in March 2015. On the forward starting interest rate swaps, we receive variable interest equal to three-month LIBOR and pay a fixed interest weighted average rate of 3.01 percent. We will defer the effective portion of the forward starting interest rate swaps over the maturity period of the hedged senior notes, which is thirty years, and recognize any ineffective portion immediately in earnings.

Based upon our overall interest rate exposure as of December 31, 2014, a change of 10 percent in interest rates, assuming the principal amount outstanding remains constant, would not have a material effect on net interest expense. This analysis does not consider the effect of the change in the level of overall economic activity that could exist in such an environment.

CREDIT RISK

Financial instruments, which potentially subject us to concentrations of credit risk, are primarily cash and cash equivalents, short-term and long-term investments, derivative instruments, counterparty transactions and accounts receivable.

We place our investments in highly-rated financial institutions or highly-rated debt securities and limit the amount of credit exposure to any one entity. We believe we do not have any significant credit risk on our cash and cash equivalents and investments.

We are exposed to credit loss if the financial institutions or counterparties issuing the debt security fail to perform. However, this loss is limited to the amounts, if any, by which the obligations of the counterparty to the financial instrument contract exceed our obligation. We also minimize exposure to credit risk by dealing with a diversified group of major financial institutions. We manage credit risk by monitoring the financial condition of our counterparties using standard credit guidelines. We do not anticipate any nonperformance by any of the counterparties.

Our concentrations of credit risks with respect to trade accounts receivable is limited due to the large number of customers and their dispersion across a number of geographic areas and by frequent monitoring of the creditworthiness of the customers to whom credit is granted in the normal course of business. Substantially all of our trade receivables are concentrated in the public and private hospital and healthcare industry in the U.S. and internationally or with distributors or

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more closely align interest expense with interest income received on cash and cash equivalents.

These derivative instruments are designated as fair value hedges under GAAP. Changes in the fair value of the derivative instrument are recorded in earnings and are offset by gains or losses on the underlying debt instrument.

In 2014, we entered into forward starting interest rate swaps that we have designated as cash flow hedges of our anticipated issuance of senior notes related to the pending Biomet merger that we anticipate will mature in March 2045.

dealers who operate in international markets and, accordingly, are exposed to their respective business, economic and country specific variables.

Our ability to collect accounts receivable in some countries depends in part upon the financial stability of these hospital and healthcare sectors and the respective countries' national economic and healthcare systems. Most notably, in Europe healthcare is typically sponsored by the government. Since we sell products to public hospitals in those countries,

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we are indirectly exposed to government budget constraints. The ongoing financial uncertainties in the Euro zone impact the indirect credit exposure we have to those governments through their public hospitals. As of December 31, 2014, in Greece, Italy, Portugal and Spain, countries that have been widely recognized as presenting the highest risk, our gross short-term and long-term trade accounts receivable combined were $183.1 million. With allowances for doubtful accounts of $9.4 million recorded in those countries, the net balance was $173.7 million, representing 20 percent of our total consolidated short-term and long-term trade accounts receivable balance, net. Italy and Spain accounted for $164.4 million of that net amount. We are actively monitoring the situations in these countries. We maintain contact with customers in these countries on a regular basis. We continue to receive payments, albeit at a slower rate than in the past. We believe our allowance for doubtful accounts is adequate in these countries, as ultimately we believe the governments in these countries will be able to pay. To the extent the respective governments' ability to fund their public hospital programs deteriorates, we may have to record significant bad debt expenses in the future.

While we are exposed to risks from the broader healthcare industry in Europe and around the world, there is no significant net exposure due to any individual customer. Exposure to credit risk is controlled through credit approvals, credit limits and monitoring procedures and we believe that reserves for losses are adequate.

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Management’ s Report on Internal Control Over Financial Reporting

The management of Zimmer Holdings, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company’ s principal executive and principal financial officers and effected by the company’ s Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that:

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company’ s assets that could have a material effect on the financial statements.

Because of its inherent limitations, the company’ s 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.

The company’ s management assessed the effectiveness of the company’ s internal control over financial reporting as of December 31, 2014. In making this assessment, the company’ s management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework (2013)*.

Based on that assessment, management has concluded that, as of December 31, 2014, the company’ s internal control over financial reporting is effective based on those criteria.

The company’ s independent registered public accounting firm has audited the effectiveness of the company’ s internal control over financial reporting as of December 31, 2014, as stated in its report which appears in Item 8 of this Annual Report on Form 10-K.

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Item 8. Financial Statements and Supplementary Data

Zimmer Holdings, Inc.

Index to Consolidated Financial Statements

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Zimmer Holdings, Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Zimmer Holdings, Inc. and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in *Management’s Report on Internal Control over Financial Reporting* appearing under Part II, Item 7A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company’s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’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 generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company 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 the company’s assets that could have a material effect on the 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chicago, Illinois
February 23, 2015

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CONSOLIDATED STATEMENTS OF EARNINGS

	(in millions, except per share amounts)		
For the Years Ended December 31,	2014	2013	2012
Net Sales	$4,673.3	$4,623.4	$4,471.7
Cost of products sold	1,249.8	1,286.1	1,125.2
Gross Profit	3,423.5	3,337.3	3,346.5
Research and development	188.3	204.2	225.6
Selling, general and administrative	1,822.5	1,833.8	1,807.1
Certain claims (Note 19)	21.5	47.0	15.0
Goodwill impairment (Note 8)	–	–	96.0
Special items (Note 2)	356.5	216.7	155.4
Operating expenses	2,388.8	2,301.7	2,299.1
Operating Profit	1,034.7	1,035.6	1,047.4
Other expense	(39.6)	–	–
Interest income	11.9	15.6	15.6
Interest expense	(63.1)	(70.1)	(72.9)
Earnings before income taxes	943.9	981.1	990.1
Provision for income taxes	224.9	221.9	237.2
Net earnings	719.0	759.2	752.9
Less: Net loss attributable to noncontrolling interest	(1.1)	(1.8)	(2.1)
Net Earnings of Zimmer Holdings, Inc.	$720.1	$761.0	$755.0
Earnings Per Common Share – Basic	$4.26	$4.49	$4.32
Earnings Per Common Share – Diluted	$4.19	$4.43	$4.29
Weighted Average Common Shares Outstanding			
Basic	169.0	169.6	174.9
Diluted	171.7	171.8	176.0
Cash Dividends Declared Per Common Share	$0.88	$0.80	$0.54

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

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31,	2014	2013	2012
	(in millions)		
Net Earnings	$719.0	$759.2	$752.9
Other Comprehensive Income (Loss):			
Foreign currency cumulative translation adjustments	(241.5)	(44.4)	46.1
Unrealized cash flow hedge gains, net of tax	55.9	33.4	10.9
Reclassification adjustments on cash flow hedges, net of tax	(18.9)	(4.4)	3.3
Reclassification adjustments on securities, net of tax	(0.4)	-	-
Unrealized gains/(losses) on securities, net of tax	(0.5)	0.1	0.4
Adjustments to prior service cost and unrecognized actuarial assumptions, net of tax	(75.8)	38.5	11.8
Total Other Comprehensive Income (Loss)	(281.2)	23.2	72.5
Comprehensive Income	437.8	782.4	825.4
Comprehensive Loss Attributable to Noncontrolling Interest	(1.0)	(2.0)	(2.2)
Comprehensive Income Attributable to Zimmer Holdings, Inc.	$438.8	$784.4	$827.6

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

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CONSOLIDATED BALANCE SHEETS

	(in millions)	
As of December 31,	2014	2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$1,083.3	$1,080.6
Short-term investments	612.5	727.0
Accounts receivable, less allowance for doubtful accounts	912.1	936.6
Inventories	1,169.0	1,074.5
Prepaid expenses and other current assets	193.7	107.1
Deferred income taxes	318.4	271.9
Total Current Assets	4,289.0	4,197.7
Property, plant and equipment, net	1,288.8	1,224.7
Goodwill	2,514.2	2,611.2
Intangible assets, net	603.5	707.7
Other assets	939.2	839.3
Total Assets	$9,634.7	$9,580.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$167.1	$146.3
Income taxes	72.4	221.2
Other current liabilities	798.5	664.1
Total Current Liabilities	1,038.0	1,031.6
Other long-term liabilities	648.6	576.6
Long-term debt	1,425.5	1,672.3
Total Liabilities	3,112.1	3,280.5
Commitments and Contingencies (Note 19)		
Stockholders' Equity:		
Common stock, $0.01 par value, one billion shares authorized, 268.4 million (264.3 million in 2013) issued	2.7	2.6
Paid-in capital	4,330.7	4,000.6
Retained earnings	8,285.2	7,712.7
Accumulated other comprehensive income	85.9	367.1
Treasury stock, 98.7 million shares (94.5 million shares in 2013)	(6,183.7)	(5,785.7)
Total Zimmer Holdings, Inc. stockholders' equity	6,520.8	6,297.3
Noncontrolling interest	1.8	2.8
Total Stockholders' Equity	6,522.6	6,300.1
Total Liabilities and Stockholders' Equity	$9,634.7	$9,580.6

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in millions)

	Zimmer Holdings, Inc. Stockholders								
	Common Shares				Accumulated Other	Treasury Shares			Total
	Number	Amount	Paid-in Capital	Retained Earnings	Comprehensive Income	Number	Amount	Noncontrolling Interest	Stockholders' Equity
Balance January 1, 2012	255.9	$ 2.5	$3,399.2	$6,426.8	$ 271.4	(77.9)	$(4,592.7)	$ 7.6	$ 5,514.8
Net earnings	-	-	-	755.0	-	-	-	(2.1)	752.9
Other comprehensive income	-	-	-	-	72.5	-	-	(0.1)	72.4
Cash dividends declared	-	-	-	(93.3)	-	-	-	-	(93.3)
Stock compensation plans, including tax benefits	1.2	0.1	101.4	(2.6)	-	0.1	6.2	-	105.1
Share repurchases	-	-	-	-	-	(7.7)	(485.6)	-	(485.6)
Balance December 31, 2012	257.1	2.6	3,500.6	7,085.9	343.9	(85.5)	(5,072.1)	5.4	5,866.3
Net earnings	-	-	-	761.0	-	-	-	(1.8)	759.2
Other comprehensive income	-	-	-	-	23.2	-	-	(0.2)	23.0
Purchase of additional shares from noncontrolling interest	-	-	(1.1)	-	-	-	-	(0.6)	(1.7)
Cash dividends declared	-	-	-	(135.4)	-	-	-	-	(135.4)
Stock compensation plans, including tax benefits	7.2	-	501.1	1.2	-	0.1	5.4	-	507.7
Share repurchases	-	-	-	-	-	(9.1)	(719.0)	-	(719.0)
Balance December 31, 2013	264.3	2.6	4,000.6	7,712.7	367.1	(94.5)	(5,785.7)	2.8	6,300.1
Net earnings	-	-	-	720.1	-	-	-	(1.1)	719.0
Other comprehensive loss	-	-	-	-	(281.2)	-	-	0.1	(281.1)
Cash dividends declared	-	-	-	(148.6)	-	-	-	-	(148.6)
Stock compensation plans, including tax benefits	4.1	0.1	330.1	1.0	-	-	2.5	-	333.7
Share repurchases	-	-	-	-	-	(4.2)	(400.5)	-	(400.5)
Balance December 31, 2014	268.4	$ 2.7	$4,330.7	$8,285.2	$ 85.9	(98.7)	$(6,183.7)	$ 1.8	$ 6,522.6

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

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)			
For the Years Ended December 31,	2014	2013	2012
Cash flows provided by (used in) operating activities:			
Net earnings	$719.0	$759.2	$752.9
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	375.8	358.5	363.1
Goodwill impairment	-	-	96.0
Share-based compensation	49.4	48.5	55.0
Income tax benefit from stock option exercises	37.2	38.4	11.0
Excess income tax benefit from stock option exercises	(11.1)	(8.6)	(2.7)
Inventory step-up	5.4	8.0	4.8
Deferred income tax provision	(84.2)	(126.2)	(64.8)
Changes in operating assets and liabilities, net of acquired assets and liabilities			
Income taxes payable	(51.9)	96.8	59.2
Receivables	(40.4)	(74.3)	(45.5)
Inventories	(154.1)	(128.4)	(67.5)
Accounts payable and accrued liabilities	120.1	38.3	47.8
Other assets and liabilities	87.6	(47.1)	(57.4)
Net cash provided by operating activities	1,052.8	963.1	1,151.9
Cash flows provided by (used in) investing activities:			
Additions to instruments	(197.4)	(192.9)	(148.9)
Additions to other property, plant and equipment	(144.9)	(100.0)	(114.7)
Purchases of investments	(1,350.9)	(732.7)	(1,130.1)
Sales of investments	1,282.2	830.8	878.5
Business combination investments	(54.3)	(74.2)	(59.0)
Investments in other assets	(4.1)	(13.5)	(17.9)
Net cash used in investing activities	(469.4)	(282.5)	(592.1)
Cash flows provided by (used in) financing activities:			
Payment of senior notes	(250.0)	-	-
Net proceeds (payments) under revolving credit facilities	2.3	(97.5)	(50.1)
Proceeds from term loans	-	-	147.3
Dividends paid to stockholders	(145.5)	(132.4)	(94.4)
Debt issuance costs	(64.1)	-	(3.3)
Equity issuance costs	(0.4)	-	-
Proceeds from employee stock compensation plans	284.7	474.8	46.9
Excess income tax benefit from stock option exercises	11.1	8.6	2.7
Purchase of additional shares from noncontrolling interest	-	(1.8)	-
Repurchase of common stock	(400.5)	(719.0)	(485.6)
Net cash used in financing activities	(562.4)	(467.3)	(436.5)
Effect of exchange rates on cash and cash equivalents	(18.3)	(17.0)	(7.3)
Increase in cash and cash equivalents	2.7	196.3	116.0
Cash and cash equivalents, beginning of year	1,080.6	884.3	768.3
Cash and cash equivalents, end of year	$1,083.3	$1,080.6	$884.3

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business

We design, develop, manufacture and market orthopaedic reconstructive, spinal and trauma devices, biologics, dental implants and related surgical products. We also provide other healthcare related services. Orthopaedic reconstructive devices restore function lost due to disease or trauma in joints such as knees, hips, shoulders and elbows. Dental reconstructive implants restore function and aesthetics in patients who have lost teeth due to trauma or disease. Spinal devices are utilized by orthopaedic surgeons and neurosurgeons in the treatment of degenerative diseases, deformities and trauma in all regions of the spine. Trauma products are devices used primarily to reattach or stabilize damaged bone and tissue to support the body' s natural healing process. Our related surgical products include surgical supplies and instruments designed to aid in orthopaedic surgical procedures and post-operation rehabilitation. We have operations in more than 25 countries and market our products in more than 100 countries. We operate in a single industry but have three reportable geographic segments, the Americas, Europe and Asia Pacific.

The words "we," "us," "our" and similar words refer to Zimmer Holdings, Inc. and its subsidiaries. Zimmer Holdings refers to the parent company only.

On April 24, 2014, we entered into a definitive agreement to merge with LVB, the parent company of Biomet, in a cash and stock transaction valued at approximately $13.35 billion. We will pay $10.35 billion in cash, subject to certain adjustments, and issue 32.7 million shares of our common stock which had a value of approximately $3.0 billion, based on a stock price of $91.73 per share using the five day volume weighted average price immediately preceding the signing of the agreement. In connection with the merger, we will pay off all of LVB' s outstanding funded debt, and the aggregate cash merger consideration will be reduced by such amount. The merger, which is subject to customary closing conditions and regulatory approvals, is expected to close in the first quarter of 2015. The merger will position the combined company as a leader in the $45 billion musculoskeletal industry.

Biomet' s product portfolio includes knee and hip reconstructive products; sports medicine, extremities and trauma products; spine, bone healing and microfixation products; dental reconstructive products; and cement, biologics and other products. The combination will enhance enterprise issued and sold on or prior to the closing date of the merger, we intend to draw on the bridge credit facility to finance, in part, the cash consideration for the merger and to pay fees and expenses incurred in connection with the merger. The commitments of the bridge lenders to provide the bridge loan will be permanently reduced dollar-for-dollar by the amount of net cash proceeds we receive from the issuance of senior unsecured notes. See Note 11 and Item 7 in this Form 10-K for further information regarding these debt instruments.

2. Significant Accounting Policies

Basis of Presentation – The consolidated financial statements include the accounts of Zimmer Holdings and its subsidiaries in which it holds a controlling financial interest. All significant intercompany accounts and transactions are eliminated. Certain amounts in the 2013 and 2012 consolidated financial statements have been reclassified to conform to the 2014 presentation.

Use of Estimates – The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the U.S. which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation – The financial statements of our foreign subsidiaries are translated into U.S. Dollars using period-end exchange rates for assets and liabilities and average exchange rates for operating results. Unrealized translation gains and losses are included in accumulated other comprehensive income in stockholders' equity. When a transaction is denominated in a currency other than the subsidiary' s functional currency, we recognize a transaction gain or loss when the transaction is settled. Foreign currency transaction gains and losses included in net earnings for the years ended December 31, 2014, 2013 and 2012 were not significant.

Revenue Recognition – We sell product through three principal channels: 1) direct to healthcare institutions, referred to as direct channel accounts; 2) through stocking distributors and healthcare dealers; and 3) directly to dental practices and dental laboratories. The direct channel accounts represented approximately 75 percent of our net sales in 2014. Through this channel, inventory is generally consigned to sales agents or customers so that products are available when needed for

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diversification with broader franchises in the Knee, Hip, Surgical, Spine and Dental categories, as well as in the faster-growing Sports Medicine, Extremities and Trauma categories.

We expect to fund the cash portion of the purchase price with existing cash on hand, as well as proceeds obtained from a committed $3.0 billion senior unsecured term loan and up to $7.66 billion in senior unsecured notes we intend to issue. In May 2014, we entered into a $7.66 billion 364-day bridge credit facility. To the extent the senior unsecured notes are not

surgical procedures. No revenue is recognized upon the placement of inventory into consignment as we retain title and maintain the inventory on our balance sheet. Upon implantation, we issue an invoice and revenue is recognized. Pricing for products is generally predetermined by contracts with customers, agents acting on behalf of customer groups or by government regulatory bodies, depending on the market.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Price discounts under group purchasing contracts are generally linked to volume of implant purchases by customer healthcare institutions within a specified group. At negotiated thresholds within a contract buying period, price discounts may increase.

Sales to stocking distributors, healthcare dealers, dental practices and dental laboratories accounted for approximately 25 percent of our net sales in 2014. With these types of sales, revenue is recognized when title to product passes, either upon shipment of the product or in some cases upon implantation of the product. Product is generally sold at contractually fixed prices for specified periods. Payment terms vary by customer, but are typically less than 90 days.

If sales incentives are earned by a customer for purchasing a specified amount of our product, we estimate whether such incentives will be achieved and, if so, recognize these incentives as a reduction in revenue in the same period the underlying revenue transaction is recognized. Occasionally products are returned and, accordingly, we maintain an estimated sales return reserve that is recorded as a reduction in revenue. Product returns were not significant for the years ended December 31, 2014, 2013 and 2012.

Taxes collected from customers and remitted to governmental authorities are presented on a net basis and excluded from revenues.

Shipping and Handling – Amounts billed to customers for shipping and handling of products are reflected in net sales and are not significant. Expenses incurred related to shipping and handling of products are reflected in selling, general and administrative and were $181.9 million, $163.6 million and $139.5 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Research and Development – We expense all research and development costs as incurred. Research and development costs include salaries, prototypes, depreciation of equipment used in research and development, consultant fees and service fees paid to collaborative partners. Where contingent milestone payments are due to third parties under research and development arrangements, the milestone payment obligations are expensed when the milestone results are achieved.

Litigation – We record a liability for contingent losses, including future legal costs, settlements and judgments, when we consider it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Special Items – We recognize expenses resulting directly from our business combinations, employee termination benefits, certain R&D agreements, certain contract terminations, consulting and professional fees and asset impairment or loss on disposal charges connected with global restructuring, operational and quality excellence initiatives, and other items as "Special items" in our consolidated statement of earnings. "Special items" included (in millions):

For the Years Ended December 31,	2014	2013	2012
Impairment/loss on disposal of assets	$32.4	$10.9	$14.6
Consulting and professional fees	176.7	99.1	90.1
Employee severance and retention, including share-based compensation acceleration	0.9	14.2	8.2
Dedicated project personnel	50.8	34.0	15.1
Certain R&D agreements	4.5	0.8	–
Relocated facilities	0.7	3.6	1.8
Distributor acquisitions	0.6	0.4	0.8
Certain litigation matters	70.0	26.9	13.7
Contract terminations	6.2	3.9	6.6
Contingent consideration adjustments	0.6	9.0	(2.8)
Accelerated software amortization	6.0	6.0	4.5
Other	7.1	7.9	2.8
Special items	$356.5	$216.7	$155.4

Impairment/loss on disposal of assets relates to impairment of intangible assets that were acquired in business combinations or impairment of or a loss on the disposal of other assets. This caption also includes the effect of reducing the estimated useful life of certain intangible assets to zero, which resulted in the remaining net book values of those assets being amortized immediately.

Consulting and professional fees relate to third-party consulting, professional fees and contract labor related to our quality and operational excellence initiatives, third-party consulting fees related to certain information system implementations, third-party integration consulting performed in a variety of areas such as tax, compliance, logistics and human resources for our business combinations and pending merger with Biomet, third-party fees related to severance and termination benefits matters and legal fees related to certain litigation matters. Our quality and operational excellence initiatives are company-wide and include improvements in quality, distribution, sourcing, manufacturing and information technology, among other areas.

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In 2014, 2013 and 2012, we eliminated positions as we reduced management layers, restructured certain areas, announced closures of certain facilities, and commenced initiatives to focus on business opportunities that best support our strategic priorities. As a result of these changes in our work force and headcount reductions in connection with acquisitions, we incurred expenses related to severance benefits, redundant salaries as we worked through transition periods, share-based compensation acceleration and other employee termination-related costs. The majority of these termination benefits were provided in accordance with our existing or local government policies and are considered

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ongoing benefits. These costs were accrued when they became probable and estimable and were recorded as part of other current liabilities. The majority of these costs were paid during the year they were incurred.

Dedicated project personnel expenses include the salary, benefits, travel expenses and other costs directly associated with employees who are 100 percent dedicated to our operational and quality excellence initiatives or integration of acquired businesses.

Certain R&D agreements relate to agreements with upfront payments to obtain intellectual property to be used in R&D projects that have no alternative future use in other projects.

Relocated facilities expenses are the moving costs and the lease expenses incurred during the relocation period in connection with relocating certain facilities.

Over the past few years we have acquired a number of U.S. and foreign-based distributors. We have incurred various costs related to the consummation and integration of those businesses.

Certain litigation matters relate to net expenses recognized during the year for the estimated or actual settlement of certain pending litigation and similar claims, including matters where we recognized income from a settlement on more favorable terms than our previous estimate, or we reduced our estimate of a previously recorded contingent liability. These litigation matters have included royalty disputes, patent litigation matters, commercial litigation matters and matters arising from our acquisitions of certain competitive distributorships in prior years.

Contract termination costs relate to terminated agreements in connection with the integration of acquired companies and changes to our distribution model as part of business restructuring and operational excellence initiatives. The terminated contracts primarily relate to sales agents and distribution agreements.

Contingent consideration adjustments represent the changes in the fair value of contingent consideration obligations to be paid to the prior owners of acquired businesses.

Accelerated software amortization is the incremental amortization resulting from a reduction in the estimated life of certain software. Due to an approved plan to replace certain software, the estimated economic useful life of the existing software was decreased to represent the period of time expected to implement replacement software. As a result, the amortization from the shortened life of this software is substantially higher than the previous amortization being recognized.

Investments – We invest our excess cash and cash equivalents in debt securities. Our investments include corporate debt securities, U.S. government and agency debt securities, foreign government debt securities, commercial paper and certificates of deposit, and are classified and accounted for as available-for-sale. Available-for-sale debt securities are recorded at fair value on our consolidated balance sheet. Investments with a contractual maturity of less than one year are classified as short-term investments on our consolidated balance sheet, or in other non-current assets if the contractual maturity is greater than one year. Changes in fair value for available-for-sale securities are recorded, net of taxes, as a component of accumulated other comprehensive loss on our consolidated balance sheet. We review our investments for other-than-temporary impairment at each reporting period. If an unrealized loss for any investment is considered to be other-than-temporary, the loss will be recognized in the consolidated statement of earnings in the period the determination is made. See Note 7 for more information regarding our investments.

Accounts Receivable – Accounts receivable consists of trade and other miscellaneous receivables. We grant credit to customers in the normal course of business and maintain an allowance for doubtful accounts for potential credit losses. We determine the allowance for doubtful accounts by geographic market and take into consideration historical credit experience, creditworthiness of the customer and other pertinent information. We make concerted efforts to collect all accounts receivable, but sometimes we have to write-off the account against the allowance when we determine the account is uncollectible. The allowance for doubtful accounts was $22.3 million and $22.7 million as of December 31, 2014 and 2013, respectively.

Inventories – Inventories are stated at the lower of cost or market, with cost determined on a first-in first-out basis.

Property, Plant and Equipment – Property, plant and equipment is carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful lives of ten to forty years for buildings and improvements and three to eight years for machinery and equipment. Maintenance and repairs are expensed as incurred. We review property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss would be recognized when estimated future undiscounted cash flows relating to the asset are less than its

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Cash and Cash Equivalents - We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying amounts reported in the balance sheet for cash and cash equivalents are valued at cost, which approximates their fair value.

carrying amount. An impairment loss is measured as the amount by which the carrying amount of an asset exceeds its fair value.

Software Costs - We capitalize certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use when both the preliminary project stage is completed and it is probable that the software will be used as intended. Capitalized software costs generally include external direct

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

costs of materials and services utilized in developing or obtaining computer software and compensation and related benefits for employees who are directly associated with the software project. Capitalized software costs are included in property, plant and equipment on our balance sheet and amortized on a straight-line or weighted average estimated user basis when the software is ready for its intended use over the estimated useful lives of the software, which approximate three to fifteen years.

Instruments – Instruments are hand-held devices used by surgeons during total joint replacement and other surgical procedures. Instruments are recognized as long-lived assets and are included in property, plant and equipment. Undeployed instruments are carried at cost or realizable value. Instruments in the field are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on average estimated useful lives, determined principally in reference to associated product life cycles, primarily five years. We review instruments for impairment whenever events or changes in circumstances indicate that the carrying value of an instrument may not be recoverable. Depreciation of instruments is recognized as selling, general and administrative expense.

Goodwill – Goodwill is not amortized but is subject to annual impairment tests. Goodwill has been assigned to reporting units. We perform annual impairment tests by either comparing a reporting unit' s estimated fair value to its carrying amount or doing a qualitative assessment of a reporting unit' s fair value from the last quantitative assessment to determine if there is potential impairment. We may do a qualitative assessment when the results of the previous quantitative test indicated the reporting unit' s estimated fair value was significantly in excess of the carrying value of its net assets and we do not believe there have been significant changes in the reporting unit' s operations that would significantly decrease its estimated fair value or significantly increase its net assets. If a quantitative assessment is performed, the fair value of the reporting unit and the implied fair value of goodwill are determined based upon a discounted cash flow analysis and/or use of a market approach by looking at market values of comparable companies. Significant assumptions are incorporated into our discounted cash flow analyses such as estimated growth rates and risk-adjusted discount rates. We perform this test in the fourth quarter of the year or whenever events or changes in circumstances indicate that the carrying value of the reporting unit' s assets may not be recoverable. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair

Intangible Assets – Intangible assets are initially measured at their fair value. We have determined the fair value of our intangible assets either by the fair value of the consideration exchanged for the intangible asset or the estimated after-tax discounted cash flows expected to be generated from the intangible asset. Intangible assets with an indefinite life, including certain trademarks and trade names, are not amortized. Indefinite life intangible assets are assessed annually to determine whether events and circumstances continue to support an indefinite life. Intangible assets with a finite life, including core and developed technology, certain trademarks and trade names, customer-related intangibles, intellectual property rights and patents and licenses are amortized on a straight-line basis over their estimated useful life, ranging from less than one year to 40 years. Intangible assets with a finite life are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Intangible assets with an indefinite life are tested for impairment annually or whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized if the carrying amount exceeds the estimated fair value of the asset. The amount of the impairment loss to be recorded would be determined based upon the excess of the asset' s carrying value over its fair value. The fair values of indefinite lived intangible assets are determined based upon a discounted cash flow analysis using the relief from royalty method or a qualitative assessment may be performed for any changes to the asset' s fair value from the last quantitative assessment. The relief from royalty method estimates the cost savings associated with owning, rather than licensing, assets. Significant assumptions are incorporated into these discounted cash flow analyses such as estimated growth rates, royalty rates and risk-adjusted discount rates. We may do a qualitative assessment when the results of the previous quantitative test indicated that the asset' s fair value was significantly in excess of its carrying value.

In determining the useful lives of intangible assets, we consider the expected use of the assets and the effects of obsolescence, demand, competition, anticipated technological advances, changes in surgical techniques, market influences and other economic factors. For technology-based intangible assets, we consider the expected life cycles of products, absent unforeseen technological advances, which incorporate the corresponding technology. Trademarks and trade names that do not have a wasting characteristic (i.e., there are no legal, regulatory, contractual, competitive, economic or other factors which limit

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value of the reporting unit goodwill is less than the carrying value of the reporting unit goodwill. During the year ended December 31, 2012, we recorded a goodwill impairment charge of $96.0 million related to our U.S. Spine reporting unit. We did not record a goodwill impairment charge during the years ended December 31, 2014 or 2013. See Notes 8 and 9 for more information regarding goodwill and goodwill impairment.

the useful life) are assigned an indefinite life. Trademarks and trade names that are related to products expected to be phased out are assigned lives consistent with the period in which the products bearing each brand are expected to be sold. For customer relationship intangible assets, we assign useful lives based upon historical levels of customer attrition. Intellectual property rights are assigned useful lives that approximate the contractual life of any related patent or the period for which we maintain exclusivity over the intellectual property.

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Income Taxes – We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We reduce our deferred tax assets by a valuation allowance if it is more likely than not that we will not realize some portion or all of the deferred tax assets. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes. Federal income taxes are provided on the portion of the income of foreign subsidiaries that is expected to be remitted to the U.S.

We operate on a global basis and are subject to numerous and complex tax laws and regulations. Our income tax filings are regularly under audit in multiple federal, state and foreign jurisdictions. Income tax audits may require an extended period of time to reach resolution and may result in significant income tax adjustments when interpretation of tax laws or allocation of company profits is disputed. Because income tax adjustments in certain jurisdictions can be significant, we record accruals representing management' s best estimate of the probable resolution of these matters. To the extent additional information becomes available, such accruals are adjusted to reflect the revised estimated probable outcome.

Derivative Financial Instruments – We measure all derivative instruments at fair value and report them on our consolidated balance sheet as assets or liabilities. We maintain written policies and procedures that permit, under appropriate circumstances and subject to proper authorization, the use of derivative financial instruments solely for hedging purposes. The use of derivative financial instruments for trading or speculative purposes is prohibited by our policy. See Note 13 for more information regarding our derivative and hedging activities.

available-for-sale securities and amortization of prior service costs and unrecognized gains and losses in actuarial assumptions.

Treasury Stock – We account for repurchases of common stock under the cost method and present treasury stock as a reduction of stockholders' equity. We reissue common stock held in treasury only for limited purposes.

Noncontrolling Interest – In 2011, we made an investment in a company in which we acquired a controlling financial interest, but not 100 percent of the equity. In 2013, we purchased additional shares of the company from the minority shareholders. Further information related to the noncontrolling interests of that investment has not been provided as it is not significant to our consolidated financial statements.

Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board issued Accounting Standard Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606). The ASU provides a five-step model for revenue recognition that all industries will apply to recognize revenue when a customer obtains control of a good or service. The ASU will be effective for us beginning January 1, 2017. We are in the initial phases of our adoption plans and, accordingly, we are unable to estimate any effect this may have on our revenue recognition practices.

There are no other recently issued accounting pronouncements that we have not yet adopted that are expected to have a material effect on our financial position, results of operations or cash flows.

3. Share-Based Compensation

Our share-based payments primarily consist of stock options and restricted stock units (RSUs). Share-based compensation expense was as follows (in millions):

For the Years Ended December 31,	2014	2013	2012
Stock options	$24.2	$24.7	$32.4
RSUs	25.2	23.8	22.6
Total expense, pre-tax	49.4	48.5	55.0
Tax benefit related to awards	(15.5)	(15.6)	(16.6)
Total expense, net of tax	$33.9	$32.9	$38.4

Stock Options

We had two equity compensation plans in effect at December 31, 2014: the 2009 Stock Incentive Plan (2009 Plan) and the Stock Plan for Non-Employee Directors. The 2009 Plan succeeded the 2006 Stock Incentive Plan (2006 Plan) and the

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Other Comprehensive Income - Other comprehensive income (OCI) refers to revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income but are excluded from net earnings as these amounts are recorded directly as an adjustment to stockholders' equity. Our OCI is comprised of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges, unrealized gains and losses on

TeamShare Stock Option Plan (TeamShare Plan). No further awards have been granted under the 2006 Plan or under the TeamShare Plan since May 2009, and shares remaining available for grant under those plans have been merged into

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

the 2009 Plan. Vested stock options previously granted under the 2006 Plan, the TeamShare Plan and another prior plan, the 2001 Stock Incentive Plan, remained outstanding as of December 31, 2014. We have reserved the maximum number of shares of common stock available for award under the terms of each of these plans. We have registered 57.9 million shares of common stock under these plans. The 2009 Plan provides for the grant of nonqualified stock options and incentive stock options, long-term performance awards in the form of performance shares or units, restricted stock, RSUs and stock appreciation rights. The Compensation and Management Development Committee of the Board of Directors determines the grant date for annual grants under our equity compensation plans. The date for annual grants under the 2009 Plan to our executive officers is expected to occur in the first quarter of each year following the earnings announcements for the previous quarter and full year. The Stock Plan for Non-Employee Directors provides for awards of stock options, restricted stock and RSUs to non-employee directors. It has been our practice to issue shares of common stock upon exercise of stock options from previously unissued shares, except in limited circumstances where they are issued from treasury stock. The total number of awards which may be granted in a given year and/or over the life of the plan under each of our equity compensation plans is limited. At December 31, 2014, an aggregate of 8.7 million shares were available for future grants and awards under these plans.

Stock options granted to date under our plans vest over four years and have a maximum contractual life of 10 years. As established under our equity compensation plans, vesting may accelerate upon retirement after the first anniversary date of the award if certain criteria are met. We recognize expense related to stock options on a straight-line basis over the requisite service period, less awards expected to be forfeited using estimated forfeiture rates. Due to the accelerated retirement provisions, the requisite service period of our stock options range from one to four years. Stock options are granted with an exercise price equal to the market price of our common stock on the date of grant, except in limited circumstances where local law may dictate otherwise.

A summary of stock option activity for the year ended December 31, 2014 is as follows (options in thousands):

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value (in millions)
Outstanding at January 1, 2014	10,741	$ 70.06		
Options granted	1,193	94.58		
Options exercised	(3,811)	73.55		
Options forfeited	(235)	75.84		
Options expired	(42)	71.25		
Outstanding at December 31, 2014	7,846	$ 71.94	5.5	$ 325.5
Vested or expected to vest as of December 31, 2014	7,485	$ 71.47	5.4	$ 314.0
Exercisable at December 31, 2014	4,927	$ 67.91	3.9	$ 224.2

We use a Black-Scholes option-pricing model to determine the fair value of our stock options. For stock options granted in 2012, expected volatility was derived from the implied volatility of traded options on our stock that were actively traded around the grant date of the stock options with exercise prices similar to the stock options and maturities of over one year. In 2013 and 2014, we used a combination of historical volatility and implied volatility because the traded options that were actively traded historical employee exercise behavior. The risk-free interest rate was determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term approximating the expected life of the options. The dividend yield was determined by using an estimated annual dividend and dividing it by the market price of our stock on the grant date.

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around the grant date of our stock options did not have maturities of over one year. The expected term of the stock options has been derived from

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The following table presents information regarding the weighted average fair value for stock options granted, the assumptions used to determine fair value, and the intrinsic value of options exercised in the indicated year:

For the Years Ended December 31,	2014	2013	2012
Dividend yield	0.9 %	1.1 %	1.1 %
Volatility	25.2 %	24.5 %	25.6 %
Risk-free interest rate	1.8 %	1.1 %	1.5 %
Expected life (years)	5.5	6.1	6.1
Weighted average fair value of options granted	$22.59	$16.33	$15.40
Intrinsic value of options exercised (in millions)	$99.6	$97.9	$17.1

As of December 31, 2014, there was $33.8 million of unrecognized share-based payment expense related to nonvested stock options granted under our plans. That expense is expected to be recognized over a weighted average period of 2.6 years.

RSUs

We have awarded RSUs to our employees. The terms of the awards have been three to four years. Some of the awards have only service conditions while some have performance and market conditions in addition to service conditions. The service condition-only awards vest ratably on the anniversary date of the award. The awards that have performance and market conditions vest all at once on the third anniversary date. Future service conditions may be waived if an employee retires after the first anniversary date of the award, but performance and market conditions continue to apply. Accordingly, the requisite service period used for share-based payment expense on our RSUs range from one to four years.

A summary of nonvested RSU activity for the year ended December 31, 2014 is as follows (RSUs in thousands):

	RSUs	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2014	1,454	$ 67.42
Granted	455	94.48
Vested	(306)	61.46
Forfeited	(128)	72.54
Outstanding at December 31, 2014	1,475	76.60

For the RSUs with service conditions only, the fair value of the awards was determined based upon the fair market value of our

We are required to estimate the number of RSUs that will vest and recognize share-based payment expense on a straight-line basis over the requisite service period. As of December 31, 2014, we estimate that approximately 866,000 outstanding RSUs will vest. If our estimate were to change in the future, the cumulative effect of the change in estimate will be recorded in that period. Based upon the number of RSUs that we expect to vest, the unrecognized share-based payment expense as of December 31, 2014 was $31.7 million and is expected to be recognized over a weighted-average period of 2.2 years. The fair value of RSUs vesting during the years ended December 31, 2014, 2013 and 2012 based upon our stock price on the date of vesting was $29.3 million, $32.5 million and $18.9 million, respectively.

4. Inventories

Inventories consisted of the following (in millions):

As of December 31,	2014	2013
Finished goods	$899.9	$817.0
Work in progress	87.8	77.4
Raw materials	181.3	180.1
Inventories	$1,169.0	$1,074.5

Amounts charged to the consolidated statement of earnings for excess and obsolete inventory in the years ended December 31, 2014, 2013 and 2012 were $51.8 million, $112.0 million and $55.1 million, respectively. The 2013 period was higher due to our decision to discontinue certain products.

5. Property, Plant and Equipment

Property, plant and equipment consisted of the following (in millions):

As of December 31,	2014	2013
Land	$20.4	$21.7
Building and equipment	1,283.4	1,353.1
Capitalized software costs	294.7	272.6
Instruments	1,696.3	1,610.6
Construction in progress	115.8	58.2
	3,410.6	3,316.2
Accumulated depreciation	(2,121.8)	(2,091.5)
Property, plant and equipment, net	$1,288.8	$1,224.7

Depreciation expense was $268.6 million, $262.6 million and $266.0 million for the years ended December 31, 2014, 2013 and 2012, respectively.

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common stock on the date of grant. For the RSUs with market conditions, a Monte Carlo valuation technique was used to simulate the market conditions of the awards. The outcome of the simulation was used to determine the fair value of the awards.

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6. Acquisitions

We made a number of business acquisitions during the years 2014, 2013 and 2012. In October 2014, we acquired ETEX Holdings, Inc. (Etex). The Etex acquisition enhanced our biologics portfolio through the addition of Etex' s bone void filler products. In May 2013, we acquired the business assets of Knee Creations, LLC (Knee Creations). The Knee Creations acquisition enhanced our product portfolio of joint preservation solutions. In June 2013, we acquired NORMED Medizin-Technik GmbH (Normed). The Normed acquisition strengthened our Extremities and Trauma product portfolios and brought new product development capabilities in the foot and ankle and hand and wrist markets. In January 2012, we acquired Synvasive Technology, Inc. (Synvasive). The Synvasive acquisition enhanced our product portfolio through the addition of the *STABLECUT*® surgical saw blades, as well as the *eLIBRA*® Dynamic Knee Balancing System™ for soft tissue balancing. In October 2012, we acquired Dornoch Medical Systems, Inc. (Dornoch). The Dornoch acquisition enhanced our product portfolio through the addition of a medical waste fluid management and disposal technology.

The results of operations of the acquired companies have been included in our consolidated results of operations subsequent to the transaction dates, and the respective assets and liabilities of the acquired companies have been recorded at their estimated fair values in our consolidated statement of financial position as of the transaction dates, with any excess purchase price being recorded as goodwill. Pro forma financial information and other information required by GAAP have not been included as the acquisitions, individually and in the aggregate, did not have a material impact upon our financial position or results of operations.

7. Investments

We invest in short and long-term investments classified as available-for-sale securities. Information regarding our investments is as follows (in millions):

		Gross Unrealized		
	Amortized Cost	Gains	Losses	Fair value
As of December 31, 2014				
Corporate debt securities	$ 516.9	$ 0.1	$ (0.5)	$516.5
U.S. government and agency debt securities	194.3	–	–	194.3
Commercial paper	57.8	–	–	57.8
Certificates of deposit	100.3	–	–	100.3
Total short and long-term investments	$ 869.3	$ 0.1	$ (0.5)	$868.9
As of December 31, 2013				
Corporate debt securities	$ 457.6	$ 0.4	$ (0.1)	$457.9
U.S. government and agency debt securities	211.1	0.1	–	211.2
Foreign government debt securities	3.1	–	–	3.1
Commercial paper	68.3	–	–	68.3
Certificates of deposit	67.2	–	–	67.2
Total short and long-term investments	$ 807.3	$ 0.5	$ (0.1)	$807.7

The amortized cost and fair value of our available-for-sale fixed-maturity securities by contractual maturity are as follows (in millions):

As of December 31, 2014	Amortized Cost	Fair Value
Due in one year or less	$ 612.6	$612.5
Due after one year through two years	256.7	256.4
Total	$ 869.3	$868.9

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8. Fair Value Measurements of Assets and Liabilities

The following financial assets and liabilities are recorded at fair value on a recurring basis (in millions):

	As of December 31, 2014			
		Fair Value Measurements at Reporting Date Using:		
Description	Recorded Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significar Unobservabl Inpu (Level 3
Assets				
Available-for-sale securities				
Corporate debt securities	$516.5	$ –	$ 516.5	$ –
U.S. government and agency debt securities	194.3	–	194.3	–
Commercial paper	57.8	–	57.8	–
Certificates of deposit	100.3	–	100.3	–
Total available-for-sale securities	868.9	–	868.9	–
Derivatives, current and long-term				
Foreign currency forward contracts and options	125.5	–	125.5	–
Interest rate swaps	24.0	–	24.0	–
	$1,018.4	$ –	$ 1,018.4	$ –
Liabilities				
Derivatives, current and long-term				
Foreign currency forward contracts and options	1.7	–	1.7	–

	As of December 31, 2013			
		Fair Value Measurements at Reporting Date Using:		
Description	Recorded Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significar Unobservabl Inpu (Level 3
Assets				
Available-for-sale securities				
Corporate debt securities	$ 457.9	$ –	$ 457.9	$ –
U.S. government and agency debt securities	211.2	–	211.2	–
Foreign government debt securities	3.1	–	3.1	–
Commercial paper	68.3	–	68.3	–
Certificates of deposit	67.2	–	67.2	–
Total available-for-sale securities	807.7	–	807.7	–
Derivatives, current and long-term				
Foreign currency forward contracts and options	68.7	–	68.7	–
Interest rate swaps	16.3	–	16.3	–
	$ 892.7	$ –	$ 892.7	$ –
Liabilities				
Derivatives, current and long-term				
Foreign currency forward contracts and options	20.6	–	20.6	–
Interest rate swaps	7.0	–	7.0	–
	$ 27.6	$ –	$ 27.6	$ –

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Forward starting interest rate swaps	59.3	-	59.3	-
	$61.0	$ -	$ 61.0	$ -

We value our available-for-sale securities using a market approach based on broker prices for identical assets in over-the-counter markets and we perform ongoing assessments of counterparty credit risk.

We value our foreign currency forward contracts and foreign currency options using a market approach based on foreign currency exchange rates obtained from active markets and we perform ongoing assessments of counterparty credit risk.

We value our interest rate swaps using a market approach based on publicly available market yield curves and the terms of our swaps and we perform ongoing assessments of counterparty credit risk.

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The following nonfinancial assets were measured at fair value on a nonrecurring basis (in millions):

		Fair Value Measurements Using:			
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	To Lc
Year Ended December 31, 2014					
Indefinite-lived intangible assets	$34.2	$ -	$ -	$ 34.2	$1
Year Ended December 31, 2013					
Indefinite-lived intangible assets	$21.0	$ -	$ -	$ 21.0	$2
Year Ended December 31, 2012					
Goodwill	$41.0	$ -	$ -	$ 41.0	$9
Indefinite-lived intangible assets	24.2	-	-	24.2	1

We conduct our annual goodwill impairment testing in the fourth quarter of every year or whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. In 2012, it was determined that our U.S. Spine reporting unit' s carrying value was in excess of its fair value. The goodwill for this reporting unit was written down to its implied fair value of $41.0 million, resulting in a $96.0 million non-cash impairment charge. The implied fair value of goodwill equals the estimated fair value of a reporting unit minus the fair value of the reporting unit' s net assets. In determining the implied fair value of the U.S. Spine reporting unit' s goodwill, we used unobservable inputs to estimate the fair value of the reporting unit and its assets and liabilities. Fair value was determined using a weighting of income and market approaches.

Fair value under the income approach was determined by discounting to present value the estimated future cash flows of the reporting unit. Fair value under the market approach utilized the guideline public company methodology, which uses valuation indicators from publicly traded companies that are similar to our U.S. Spine reporting unit and considers control premiums that regarding how the reporting unit could leverage operating expenses as revenue grows and the impact any new products will have on revenues.

Under the guideline public company methodology, we took into consideration specific risk differences between our reporting unit and the comparable companies, such as recent financial performance, size risks and product portfolios, among other considerations. Based upon our reporting unit' s recent financial performance, market share and product portfolio, we valued the reporting unit near the bottom of the valuation indicators of the comparable companies.

The fair value of the reporting unit' s assets and liabilities were determined by using the same methods that are used in business combination purchase accounting.

Factors that contributed to the 2012 impairment of the U.S. Spine reporting unit included broader market issues as well as company specific issues. The U.S. spine market was under pressure due to a constrained economic environment leading to continuing high unemployment and payer pushback on the necessity of certain procedures. Additionally, pricing was declining across the industry. Company specific issues included turnover with our independent sales agents and lack of execution in developing new, competitive products which resulted in a less than optimal product portfolio in our U.S. Spine reporting unit.

Before the economic downturn in 2008, we estimated the U.S. spine market was growing in the low double digits, but declined to flat or in the low single digits in 2012. Previous goodwill impairment tests forecasted some recovery in the market which did not occur. As we completed our annual operating plan in the fourth quarter of 2012, it became clearer that the U.S. spine market recovery would take longer than we planned, including the persistence of significant negative pricing pressures. Additionally, we concluded that new product introductions made in 2012 would not have as significant of a positive effect as we had previously forecasted. As a result, we tempered our expectations of recovery in the U.S. market and for our U.S. Spine reporting unit and recognized an impairment charge.

In our 2013 and 2014 annual goodwill impairment tests of our U.S. Spine reporting unit, we concluded no impairment charge was necessary. In our 2014 annual impairment test, the U.S. Spine reporting unit' s estimated fair value was in excess of its carrying value of net assets by 24 percent.

We have four other reporting units with goodwill assigned to them. We estimate the fair value of those reporting units using the income approach by discounting to present value the

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would result from a sale of the reporting unit and the level of assets in the reporting unit versus the comparable companies.

In estimating the future cash flows of the reporting unit, we utilized a combination of market and company specific inputs that a market participant would use in assessing the fair value of the reporting unit. The primary market input was revenue growth rates. These rates were based upon historical trends and estimated future growth drivers such as an aging global population, obesity and more active lifestyles. Significant company specific inputs included assumptions

estimated future cash flows of the reporting unit or a combination of the income approach and market approach utilizing the guideline public company methodology. Due to challenging market conditions associated with our U.S. Dental reporting unit, our 2013 annual impairment test indicated the estimated fair value of the U.S. Dental reporting unit was in excess of its carrying value of net assets by only 11 percent. For the annual impairment test in 2014, the goodwill balance of

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the U.S. Dental reporting unit was $169.1 million. In our 2014 annual impairment test, due to improved operating performance and improving macroenomic conditions, including higher valuation indicators used in our market approach, the U.S. Dental reporting unit' s estimated fair value was in excess of its carrying value of net assets by 24 percent.

In 2014, for our three other reporting units' annual impairment test, we performed a qualitative assessment of changes in fair value from the 2013 income approach. A qualitative assessment was performed because the estimated fair value of each of the reporting units was significantly in excess of the carrying value of its net assets in the 2013 impairment test.

We will continue to monitor the fair value of our U.S. Spine and U.S. Dental reporting units as well as our other three reporting units in our interim and annual reporting periods. If estimated cash flows for these reporting units decrease, we may be required to record further impairment charges in the future. Factors that could result in our cash flows being lower than our current estimates include: 1) decreased revenues caused by unforeseen changes in the healthcare market, or our inability to generate new product revenue from our research and development activities, and 2) our inability to achieve the estimated operating margins in our forecasts due to unforeseen factors. Additionally, changes in the broader economic environment could cause changes to our estimated discount rates or comparable company valuation indicators, which may impact our estimated fair values.

In 2014, 2013 and 2012, we also recorded $14.2 million, $2.8 million and $11.6 million, respectively, of impairment charges in "Special items" related to certain indefinite lived intangible assets. The impairment was a result of lower future estimated revenues from products using certain trademarks. The lower future estimated revenues resulted from new competitive products in the marketplace, a trend towards newer, less invasive products, a decrease in projected revenues in U.S. Dollar terms due to the strengthening of the U.S. Dollar versus foreign currencies, negative publicity in the marketplace related to certain hip devices and our challenges in the global spine market. Effective in the fourth quarter of 2014 the intangible assets that were impaired have been reclassified as a finite lived intangible asset and will be amortized.

9. Goodwill and Other Intangible Assets

The following table summarizes the changes in the carrying amount of goodwill (in millions):

	Americas	Europe	Asia Pacific	Total
Balance at January 1, 2013				
Goodwill	$1,623.9	$1,128.6	$ 192.3	$2,944.8
Accumulated impairment losses	(373.0)	-	-	(373.0)
	1,250.9	1,128.6	192.3	2,571.8
Acquisitions	11.0	24.0	-	35.0
Currency translation	(5.0)	34.5	(25.1)	4.4
Balance at December 31, 2013				
Goodwill	1,629.9	1,187.1	167.2	2,984.2
Accumulated impairment losses	(373.0)	-	-	(373.0)
	1,256.9	1,187.1	167.2	2,611.2
Acquisitions	40.6	-	-	40.6
Currency translation	(4.3)	(119.4)	(13.9)	(137.6)
Balance at December 31, 2014				
Goodwill	1,666.2	1,067.7	153.3	2,887.2
Accumulated impairment losses	(373.0)	-	-	(373.0)
	$1,293.2	$1,067.7	$ 153.3	$2,514.2

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The components of identifiable intangible assets were as follows (in millions):

	Technology	Intellectual Property Rights	Trademarks and Trade Names	Customer Relationships	Other	Total
As of December 31, 2014:						
Intangible assets subject to amortization:						
Gross carrying amount	$ 727.2	$ 173.4	$ 74.2	$ 213.8	$93.9	$1,282.5
Accumulated amortization	(458.3)	(157.7)	(34.1)	(99.6)	(58.3)	(808.0)
Intangible assets not subject to amortization:						
Gross carrying amount	–	–	129.0	–	–	129.0
Total identifiable intangible assets	$ 268.9	$ 15.7	$ 169.1	$ 114.2	$35.6	$603.5
As of December 31, 2013:						
Intangible assets subject to amortization:						
Gross carrying amount	$ 700.4	$ 173.4	$ 43.3	$ 216.2	$95.1	$1,228.4
Accumulated amortization	(401.4)	(142.5)	(33.9)	(76.4)	(43.9)	(698.1)
Intangible assets not subject to amortization:						
Gross carrying amount	–	–	177.4	–	–	177.4
Total identifiable intangible assets	$ 299.0	$ 30.9	$ 186.8	$ 139.8	$51.2	$707.7

Intangible amortization expense was recorded as follows (in millions):

For the Years Ended December 31,	2014	2013	2012
Cost of products sold	$15.2	$ 18.3	$ 24.0
Selling, general and administrative	92.0	77.6	73.1
Total intangible amortization	$107.2	$ 95.9	$ 97.1

Estimated annual amortization expense based upon intangible assets recognized as of December 31, 2014 for the years ending December 31, 2015 through 2019 is (in millions):

For the Years Ending December 31,	
2015	$88.5
2016	81.6
2017	66.2
2018	50.9
2019	36.3

10. Other Current and Long-term Liabilities

Other current and long-term liabilities consisted of the following (in millions):

As of December 31,	2014	2013
Other current liabilities:		
License and service agreements	$100.2	$109.2
Certain claims accrual (Note 19)	50.0	50.0
Litigation settlement accrual (Note 19)	70.0	–
Forward starting interest rate swaps	59.3	–
Salaries, wages and benefits	167.7	153.9
Accrued liabilities	351.3	351.0
Total other current liabilities	$798.5	$664.1
Other long-term liabilities:		
Long-term income tax payable	$181.7	$115.0
Certain claims accrual (Note 19)	307.2	329.0
Other long-term liabilities	159.7	132.6
Total other long-term liabilities	$648.6	$576.6

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11. Debt

Our debt consisted of the following (in millions):

As of December 31,	2014	2013
Long-term debt		
Senior Notes due 2014	$-	$250.0
Senior Notes due 2019	500.0	500.0
Senior Notes due 2021	300.0	300.0
Senior Notes due 2039	500.0	500.0
Term Loan	98.0	112.4
Other long-term debt	4.9	2.1
Debt discount	(1.4)	(1.5)
Adjustment related to interest rate swaps	24.0	9.3
Total long-term debt	$1,425.5	$1,672.3

In May 2014, we entered into a new credit agreement (Senior Credit Facility). The Senior Credit Facility contains: (i) a 5-year unsecured term loan facility in the principal amount of $3.0 billion (Term Loan), and (ii) a 5-year unsecured multicurrency revolving facility in the principal amount of $1.35 billion (Multicurrency Revolving Facility). The Senior Credit Facility replaced a previous agreement that provided for a $1.35 billion revolving credit facility that would have matured in May 2017. The Multicurrency Revolving Facility will mature in May 2019, with two one-year extensions available at our option. Borrowings under the Multicurrency Revolving Facility may be used for general corporate purposes. The availability of the Term Loan is conditioned on, among other things, the consummation of the Biomet merger. The Term Loan requires us to reduce unused commitments and prepay the borrowings under the Term Loan with any net cash proceeds received from specified asset sales, issuances or sales of equity and incurrences of borrowed money indebtedness, subject to certain exceptions. Commitments under the Term Loan automatically terminate on the earliest to occur of: (i) the funding and disbursement of the Term Loan funds to us, (ii) April 24, 2015, as such date may be extended pursuant to the merger agreement, or (iii) termination of the merger agreement. The Term Loan will mature five years after the initial borrowing. Borrowings under the Term Loan may only be used by us to fund, in part, the Biomet merger, including the payment of any indebtedness of LVB and its subsidiaries, and to pay all or a portion of the costs incurred by us in connection with the Biomet merger. There were no borrowings outstanding under the Senior Credit Facility at December 31, 2014.

requires us to reduce unused commitments and prepay the loans with any net cash proceeds received from specified asset sales, issuances or sales of equity and incurrences of borrowed money indebtedness, such as new senior notes we intend to issue, subject to certain exceptions. Commitments under the Bridge Credit Agreement automatically terminate on the earliest to occur of: (i) the funding and disbursement of the loans, (ii) April 24, 2015, as such date may be extended pursuant to the merger agreement, or (iii) termination of the merger agreement. Proceeds of loans under the Bridge Credit Agreement may only be used to fund, in part, the Biomet merger, including the payment of any indebtedness of LVB and its subsidiaries, and to pay all or a portion of the costs incurred by us in connection with the Biomet merger.

We have a term loan agreement (Japan Term Loan) with one of the lenders under the Senior Credit Facility for 11.7 billion Japanese Yen that will mature on May 31, 2018. Borrowings under the Japan Term Loan bear interest at a fixed rate of 0.61 percent per annum until maturity. The estimated fair value of the Japan Term Loan as of December 31, 2014, based upon publicly available market yield curves and the terms of the debt (Level 2), was $97.6 million.

We and certain of our wholly owned foreign subsidiaries are the borrowers under the Senior Credit Facility. Borrowings under the Senior Credit Facility bear interest at floating rates based upon indices determined by the currency of the borrowings plus an applicable margin determined by reference to our senior unsecured long-term credit rating, or at an alternate base rate, or, in the case of borrowings under the Multicurrency Revolving Facility only, at a fixed-rate determined through a competitive bid process. The Senior Credit Facility contains customary affirmative and negative covenants and events of default for an unsecured financing arrangement, including, among other things, limitations on consolidations, mergers and sales of assets. Financial covenants include a consolidated indebtedness to consolidated EBITDA ratio of no greater than 3.0 to 1.0 in periods prior to any Term Loan funding and no greater than 5.0 to 1.0 in periods after the Term Loan is funded. If our credit rating falls below investment grade, additional restrictions would result, including restrictions on investments and payment of dividends. We were in compliance with all covenants under the Senior Credit Facility as of December 31, 2014.

Commitments under the Senior Credit Facility are subject to certain fees. On the Multicurrency Revolving Facility, we pay a facility fee at a rate determined by reference to our senior

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In May 2014, we also entered into a 364-Day Credit Agreement (Bridge Credit Agreement). The Bridge Credit Agreement is a 364-day unsecured committed bridge facility in the principal amount of $7.66 billion. Funding of loans under the Bridge Credit Agreement is conditioned on, among other things, the consummation of the Biomet merger. Any loans under the Bridge Credit Agreement will mature 364 days after the funding date of the loans. The Bridge Credit Agreement unsecured long-term credit rating. On the Term Loan, we pay a fee on the daily actual unused commitment for the period from and including July 23, 2014 through the day the commitments under the Term Loan terminate.

Zimmer Holdings is the borrower under the Bridge Credit Agreement. Borrowings under the Bridge Credit Agreement bear interest at floating rates based upon LIBOR plus an applicable margin determined by reference to our senior

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unsecured long-term credit rating, or at an alternate base rate. The Bridge Credit Agreement contains customary affirmative and negative covenants and events of default for an unsecured financing arrangement, including, among other things, limitations on consolidations, mergers and sales of assets. Financial covenants include a consolidated indebtedness to consolidated EBITDA ratio of no greater than 5.0 to 1.0. We were in compliance with all covenants under the Bridge Credit Agreement as of December 31, 2014. If our credit rating falls below investment grade, additional restrictions would result, including restrictions on investments and payment of dividends.

We will pay a funding fee if we borrow under the Bridge Credit Agreement as well as duration fees based on the outstanding principal amount of the loans in the amount and on the dates specified in the Bridge Credit Agreement. In addition, we pay a fee on the daily actual unused commitment for the period from and including July 23, 2014 through the day the commitments under the Bridge Credit Agreement terminate.

In association with the Senior Credit Facility and Bridge Credit Agreement, we incurred debt issuance costs paid to the lenders. These debt issuance costs, to the extent paid, were recognized as financing cash flows on our consolidated statement of cash flows. For the debt issuance costs related to the Bridge Credit Agreement, we are recognizing expense on a straight-line basis over the estimated commitment period, which is one year. If we borrow under the Bridge Credit Agreement in the future, any remaining unamortized debt issuance costs will be recognized as interest expense over the period debt is outstanding under the Bridge Credit Agreement. The related expense for the Bridge Credit Agreement debt issuance costs and the Bridge Credit Agreement and Term Loan unused commitment fees has been presented as “Other expense” on our consolidated statement of earnings since we have not borrowed against these agreements. The debt issuance costs related to the Term Loan portion of the Senior Credit Facility will be recognized as interest expense under the effective interest rate method once we borrow on the Term Loan. The debt issuance costs related to the Multicurrency Revolving Facility are being recognized as expense on a straight-line basis over the 5-year commitment period of the facility.

We have three tranches of senior notes outstanding: $500 million aggregate principal amount of 4.625 percent notes due November 30, 2019, $300 million aggregate principal amount of 3.375 percent notes due November 30, 2021 and $500 million aggregate principal amount of 5.75 percent notes due November 30, 2039. Interest on each series is payable on May 30

We may redeem the senior notes at our election in whole or in part at any time prior to maturity at a redemption price equal to the greater of 1) 100 percent of the principal amount of the notes being redeemed; or 2) the sum of the present values of the remaining scheduled payments of principal and interest (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis at the Treasury Rate (as defined in the debt agreement), plus 20 basis points in the case of the 2019 notes and 2021 notes, and 25 basis points in the case of the 2039 notes. We would also pay the accrued and unpaid interest on the Senior Notes to the redemption date.

We have entered into interest rate swap agreements which we designated as fair value hedges of underlying fixed-rate obligations on our senior notes due 2019 and 2021. See Note 13 for additional information regarding the interest rate swap agreements.

We also have available uncommitted credit facilities totaling $31.9 million.

At December 31, 2014 and 2013, the weighted average interest rate for our long-term borrowings was 3.5 percent and 3.3 percent, respectively. We paid $67.5 million, $68.1 million and $67.8 million in interest during 2014, 2013 and 2012, respectively.

12. Accumulated Other Comprehensive Income

OCI refers to certain gains and losses that under GAAP are included in comprehensive income but are excluded from net earnings as these amounts are initially recorded as an adjustment to stockholders’ equity. Amounts in OCI may be reclassified to net earnings upon the occurrence of certain events.

Our OCI is comprised of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges, unrealized gains and losses on available-for-sale securities, and amortization of prior service costs and unrecognized gains and losses in actuarial assumptions on our defined benefit plans. Foreign currency translation adjustments are reclassified to net earnings upon sale or upon a complete or substantially complete liquidation of an investment in a foreign entity. Unrealized gains and losses on cash flow hedges are reclassified to net earnings when the hedged item affects net earnings. Unrealized gains and losses on available-for-sale securities are reclassified to net earnings if we sell the security before maturity or if the unrealized loss is considered to be other-than-temporary.

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and November 30 of each year until maturity. The estimated fair value of our senior notes as of December 31, 2014, based on quoted prices for the specific securities from transactions in over-the-counter markets (Level 2), was $1,460.2 million.

Amounts related to defined benefit plans that are in OCI are reclassified over the service periods of employees in the plan. The reclassification amounts are allocated to all employees in the plans and, therefore, the reclassified amounts may become part of inventory to the extent they are considered direct labor costs. See Note 14 for more information on our defined benefit plans.

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The following table shows the changes in the components of OCI, net of tax (in millions):

	Foreign Currency Translation	Cash Flow Hedges	Unrealized Gains on Securities	Defined Benefit Plan Items
Balance December 31, 2013	$ 401.1	$33.1	$ 0.5	$(67.6)
OCI before reclassifications	(241.5)	55.9	(0.5)	(80.0)
Reclassifications	-	(18.9)	(0.4)	4.2
Balance December 31, 2014	$ 159.6	$70.1	$ (0.4)	$(143.4)

The following table shows the reclassification adjustments from OCI (in millions):

	Amount of Gain / (Loss) Reclassified from OCI			
	For the Years Ended December 31,			
Component of OCI	2014	2013	2012	Location on Statement of Earnings
Cash flow hedges				
Foreign exchange forward contracts	$ 33.3	$ 8.0	$ (12.0)	Cost of products sold
Foreign exchange options	-	(0.2)	(0.4)	Cost of products sold
Cross-currency interest rate swaps	-	-	0.2	Interest expense
	33.3	7.8	(12.2)	Total before tax
	14.4	3.4	(8.9)	Provision for income taxes
	$ 18.9	$ 4.4	$ (3.3)	Net of tax
Investments	$ 0.4	$ -	$ -	Interest income
Realized gains on securities	-	-	-	Provision for income taxes
	$ 0.4	$ -	$ -	Net of tax
Defined benefit plans				
Prior service cost	$ 3.9	$ 3.9	$ 2.9	*
Unrecognized actuarial (loss)	(11.1)	(16.6)	(13.3)	*
	(7.2)	(12.7)	(10.4)	Total before tax
	(3.0)	(4.8)	(3.9)	Provision for income taxes
	$ (4.2)	$ (7.9)	$ (6.5)	Net of tax
Total reclassifications	$ 15.1	$ (3.5)	$ (9.8)	Net of tax

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* These OCI components are included in the computation of net periodic pension expense (see Note 14).

The following table shows the tax effects on each component of OCI recognized in our consolidated statements of comprehensive income (in millions):

	Before Tax			Tax			Net of Tax		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012	2014	2013	2012
Foreign currency cumulative translation adjustments	$(241.5)	$(44.4)	$46.1	$-	$-	$-	$(241.5)	$(44.4)	$46.1
Unrealized cash flow hedge gains	60.5	63.6	15.2	4.6	30.2	4.3	55.9	33.4	10.9
Reclassification adjustments on foreign currency hedges	(33.3)	(7.8)	12.2	(14.4)	(3.4)	8.9	(18.9)	(4.4)	3.3
Reclassification adjustments on securities	(0.4)	-	-	-	-	-	(0.4)	-	-

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Unrealized gains/(losses) on securities	(0.5)	0.1	0.4	–	–	–	(0.5)	0.1	0.4
Adjustments to prior service cost and unrecognized actuarial assumptions	(104.8)	50.3	20.3	(29.0)	11.8	8.5	(75.8)	38.5	11.8
Total Other Comprehensive Gain/(Loss)	$(320.0)	$61.8	$94.2	$(38.8)	$38.6	$21.7	$(281.2)	$23.2	$72.5

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13. Derivative Instruments and Hedging Activities

We are exposed to certain market risks relating to our ongoing business operations, including foreign currency exchange rate risk, commodity price risk, interest rate risk and credit risk. We manage our exposure to these and other market risks through regular operating and financing activities. Currently, the only risks that we manage through the use of derivative instruments are interest rate risk and foreign currency exchange rate risk.

Interest Rate Risk

Derivatives Designated as Fair Value Hedges

We use interest rate derivative instruments to manage our exposure to interest rate movements by converting fixed-rate debt into variable-rate debt. Under these agreements, we agree to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The objective of the instruments is to more closely align interest expense with interest income received on cash and cash equivalents. These derivative instruments are designated as fair value hedges under GAAP. Changes in the fair value of the derivative instrument are recorded in current earnings and are offset by gains or losses on the underlying debt instrument.

We have multiple fixed-to-variable interest rate swap agreements that we have designated as fair value hedges of the fixed interest rate obligations on our senior notes due 2019 and 2021. The total notional amounts are $250 million and $300 million for the senior notes due 2019 and 2021, respectively. On the interest rate swap agreements for the senior notes due 2019, we receive a fixed interest rate of 4.625 percent and pay variable interest equal to the three-month LIBOR plus an average of 133 basis points. On the interest rate swap agreements for the senior notes due 2021, we receive a fixed interest rate of 3.375 percent and pay variable interest equal to the three-month LIBOR plus an average of 99 basis points.

Derivatives Designated as Cash Flow Hedges

In 2014, we entered into forward starting interest rate swaps that we have designated as cash flow hedges of our anticipated issuance of senior notes related to the pending Biomet merger that we anticipate will mature in March 2045. The forward starting interest rate swaps mitigate the risk of changes in interest rates prior to completion of the senior notes offering. The total notional amounts of the forward starting interest rate swaps are

Foreign Currency Exchange Rate Risk

We operate on a global basis and are exposed to the risk that our financial condition, results of operations and cash flows could be adversely affected by changes in foreign currency exchange rates. To reduce the potential effects of foreign currency exchange rate movements on net earnings, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts and options with major financial institutions. We are primarily exposed to foreign currency exchange rate risk with respect to transactions and net assets denominated in Euros, Swiss Francs, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles and Indian Rupees. We do not use derivative financial instruments for trading or speculative purposes.

Derivatives Designated as Cash Flow Hedges

Our revenues are generated in various currencies throughout the world. However, a significant amount of our inventory is produced in U.S. Dollars. Therefore, movements in foreign currency exchange rates may have different proportional effects on our revenues compared to our cost of products sold. To minimize the effects of foreign currency exchange rate movements on cash flows, we hedge intercompany sales of inventory expected to occur within the next 30 months with foreign currency exchange forward contracts and options. We designate these derivative instruments as cash flow hedges.

We perform quarterly assessments of hedge effectiveness by verifying and documenting the critical terms of the hedge instrument and that forecasted transactions have not changed significantly. We also assess on a quarterly basis whether there have been adverse developments regarding the risk of a counterparty default. For derivatives which qualify as hedges of future cash flows, the effective portion of changes in fair value is temporarily recorded in other comprehensive income and then recognized in cost of products sold when the hedged item affects net earnings. The ineffective portion of a derivative’ s change in fair value, if any, is immediately reported in cost of products sold.

For foreign currency exchange forward contracts and options outstanding at December 31, 2014, we had obligations to purchase U.S. Dollars and sell Euros, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won,

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$1 billion and will settle in March 2015. On the forward starting interest rate swaps, we receive variable interest equal to three-month LIBOR and pay a fixed interest weighted average rate of 3.01 percent. We will defer the effective portion of the forward starting interest rate swaps over the maturity period of the hedged senior notes, which is thirty years, and recognize any ineffective portion immediately in earnings.

Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles and Indian Rupees and obligations to purchase Swiss Francs and sell U.S. Dollars. These derivatives mature at dates ranging from January 2015 through June 2017. As of December 31, 2014, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase U.S. Dollars were $1,289.8 million. As of December 31, 2014, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase Swiss Francs were $306.3 million.

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Derivatives Not Designated as Hedging Instruments

We enter into foreign currency forward exchange contracts with terms of one month to manage currency exposures for monetary assets and liabilities denominated in a currency other than an entity' s functional currency. As a result, any foreign currency remeasurement gains/losses recognized in earnings are generally offset with gains/losses on the foreign currency forward exchange contracts in the same reporting period. These offsetting gains/losses are recorded in cost of products sold as the underlying assets and liabilities exposed to remeasurement include inventory-related transactions. These contracts are settled on the last day of each reporting period. Therefore, there is no outstanding balance related to these contracts recorded on the balance sheet as of the end of the reporting period. The notional amounts of these contracts are typically in a range of $1.2 billion to $1.7 billion per quarter.

Foreign Currency Exchange and Interest Rate Risk

Derivatives Designated as Cash Flow Hedges

In 2011, our subsidiary in Japan, with a functional currency of Japanese Yen, borrowed variable-rate debt of $143.0 million denominated in U.S. Dollars under our previous credit facility. To manage the foreign currency exchange risk associated with remeasuring the debt to Japanese Yen and the interest rate risk associated with the variable-rate debt, we entered into multiple cross-currency interest rate swap agreements with a total notional amount of 11,798 million Japanese Yen. We designated these swaps as cash flow hedges of the foreign currency exchange and interest rate risks. The effective portion of changes in fair value of the cross-currency interest rate swaps was temporarily recorded in other comprehensive income and then recognized in interest expense when the hedged item affected net earnings. The cross-currency interest rate swap agreements matured in 2012 and we paid off the subsidiary' s U.S. Dollar debt with Japanese Yen debt borrowed under our previous credit facility.

Income Statement Presentation

Derivatives Designated as Fair Value Hedges

Derivative instruments designated as fair value hedges had the following effects on our consolidated statements of earnings (in millions):

		Gain / (Loss) on Instrument			Gain / (Loss) on Hedged Item		
		Year Ended December 31,			Year Ended December 31,		
Derivative Instrument	Location on Statement of Earnings	2014	2013	2012	2014	2013	2012
Interest rate swaps	Interest expense	$14.7	$(24.6)	$6.1	$(14.7)	$24.6	$(6.1)

We had no ineffective fair value hedging instruments nor any amounts excluded from the assessment of hedge effectiveness during the years ended December 31, 2014, 2013 and 2012.

Derivatives Designated as Cash Flow Hedges

Derivative instruments designated as cash flow hedges had the following effects, before taxes, on OCI and net earnings on our consolidated statements of earnings, consolidated statements of comprehensive income and consolidated balance sheets (in millions):

	Amount of Gain / (Loss) Recognized in OCI				Amount of Gain / (Loss) Reclassified from OCI		
	Year Ended December 31,				Year Ended December 31,		
Derivative Instrument	2014	2013	2012	Location on Statement of Earnings	2014	2013	2012
Foreign exchange forward contracts	$119.8	$63.9	$16.3	Cost of products sold	$33.3	$8.0	$(12.0)

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Foreign exchange options	–	(0.3)	(1.1)	Cost of products sold	–	(0.2)	(0.4)
Forward starting interest rate swaps	(59.3)	–	–	Interest expense	–	–	–
Cross-currency interest rate swaps	–	–	–	Interest expense	–	–	0.2
	$60.5	$63.6	$15.2		$33.3	$7.8	$(12.2)

The net amount recognized in earnings during the years ended December 31, 2014, 2013 and 2012 due to ineffectiveness and amounts excluded from the assessment of hedge effectiveness were not significant.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

The fair value of outstanding derivative instruments designated as cash flow hedges and recorded on the balance sheet at December 31, 2014, together with settled derivatives where the hedged item has not yet affected earnings, was a net unrealized gain of $87.9 million, or $70.0 million after taxes, which is deferred in accumulated other comprehensive income. Of the net unrealized gain, $89.5 million, or $66.0 million after taxes, is expected to be reclassified to earnings in cost of products sold and a loss of $0.7 million, or $0.5 million after taxes, is expected to be reclassified to earnings in interest expense over the next twelve months.

Derivatives Not Designated as Hedging Instruments

The following gains/(losses) from these derivative instruments were recognized on our consolidated statements of earnings (in millions):

		Year Ended December 31,		
Derivative Instrument	Location on Statement of Earnings	2014	2013	2012
Foreign exchange forward contracts	Cost of products sold	$15.3	$ -	$(2.0)

This impact does not include any offsetting gains/losses recognized in earnings as a result of foreign currency remeasurement of monetary assets and liabilities denominated in a currency other than an entity' s functional currency.

Balance Sheet Presentation

As of December 31, 2014 and December 31, 2013, all derivative instruments designated as fair value hedges and cash flow hedges are recorded at fair value on the balance sheet. On our consolidated balance sheets, we recognize individual forward contracts and options with the same counterparty on a net asset/liability basis if we have a master netting agreement with the counterparty. Under these master netting agreements, we are able to settle derivative instrument assets and liabilities with the same counterparty in a single transaction, instead of settling each derivative instrument separately. We have master netting agreements with all of our counterparties. The fair value of derivative instruments on a gross basis is as follows (in millions):

	As of December 31, 2014		As of December 31, 2013	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Asset Derivatives				
Foreign exchange forward contracts	Other current assets	$98.7	Other current assets	$60.2
Foreign exchange forward contracts	Other assets	53.1	Other assets	30.2
Interest rate swaps	Other assets	24.0	Other assets	16.3
Total asset derivatives		$175.8		$106.7
Liability Derivatives				
Foreign exchange forward contracts	Other current liabilities	$16.4	Other current liabilities	$26.4
Forward starting interest rate swaps	Other current liabilities	59.3	Other current liabilities	-
Foreign exchange forward contracts	Other long-term liabilities	11.6	Other current liabilities	15.9
Interest rate swaps	Other long-term liabilities	-	Other long-term liabilities	7.0
Total liability derivatives		$87.3		$49.3

The table below presents the effects of our master netting agreements on our consolidated balance sheets (in millions):

		As of December 31, 2014			As of December 31, 2013		
Description	Location	Gross Amount	Offset	Net Amount in Balance Sheet	Gross Amount	Offset	Net Amount in Balance Sheet

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Asset Derivatives							
Cash flow hedges	Other current assets	$ 98.7	$ 15.9	$ 82.8	$ 60.2	$ 13.5	$ 46.7
Cash flow hedges	Other assets	53.1	10.4	42.7	30.2	8.2	22.0
Liability Derivatives							
Cash flow hedges	Other current liabilities	16.4	15.9	0.5	26.4	13.5	12.9
Cash flow hedges	Other long-term liabilities	11.6	10.4	1.2	15.9	8.2	7.7

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14. Retirement Benefit Plans

We have defined benefit pension plans covering certain U.S. and Puerto Rico employees. The employees who are not participating in the defined benefit plans receive additional benefits under our defined contribution plans. Plan benefits are primarily based on years of credited service and the participant' s average eligible compensation. In addition to the U.S. and Puerto Rico defined benefit pension plans, we sponsor various foreign pension arrangements, including retirement and termination benefit plans required by local law or coordinated with government sponsored plans.

We use a December 31 measurement date for our benefit plans.

Defined Benefit Plans

The components of net pension expense for our defined benefit retirement plans were as follows (in millions):

	U.S. and Puerto Rico			Foreign		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012
Service cost	$10.9	$11.9	$11.4	$14.7	$16.1	$15.0
Interest cost	15.5	13.2	13.3	9.2	5.6	6.1
Expected return on plan assets	(30.8)	(28.7)	(25.5)	(11.0)	(6.7)	(7.6)
Settlement	-	-	0.7	-	-	-
Amortization of prior service cost	(2.6)	(2.6)	(2.0)	(1.3)	(1.3)	(0.9)
Amortization of unrecognized actuarial loss	10.6	14.8	11.4	0.5	1.8	1.9
Net periodic benefit cost	$3.6	$8.6	$9.3	$12.1	$15.5	$14.5

The weighted average actuarial assumptions used to determine net pension expense for our defined benefit retirement plans were as follows:

	U.S. and Puerto Rico			Foreign		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012
Discount rate	4.98%	4.32%	4.97%	2.46%	2.13%	2.58%
Rate of compensation increase	3.29%	3.29%	3.81%	1.48%	2.29%	2.77%
Expected long-term rate of return on plan assets	7.75%	7.75%	7.75%	2.88%	2.74%	3.51%

The expected long-term rate of return on plan assets is based on the historical and estimated future rates of return on the different asset classes held in the plans. The expected long-term rate of return is the weighted average of the target asset allocation of each individual asset class. We believe that historical asset results approximate expected market returns applicable to the funding of a long-term benefit obligation.

Discount rates were determined for each of our defined benefit retirement plans at their measurement date to reflect the yield of a portfolio of high quality bonds matched against the timing and amounts of projected future benefit payments.

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Changes in projected benefit obligations and plan assets were (in millions):

	U.S. and Puerto Rico		Foreign	
For the Years Ended December 31,	2014	2013	2014	2013
Projected benefit obligation – beginning of year	$316.7	$314.3	$371.5	$259.4
Service cost	10.9	11.9	14.7	16.1
Interest cost	15.5	13.2	9.2	5.6
Plan amendments	–	–	(7.0)	118.9
Employee contributions	–	–	18.5	15.9
Benefits paid	(10.0)	(10.4)	(22.6)	(29.4)
Actuarial (gain) loss	53.5	(12.3)	77.9	(17.7)
Expenses paid	–	–	(0.2)	(0.2)
Translation (gain) loss	–	–	(38.3)	2.9
Projected benefit obligation – end of year	$386.6	$316.7	$423.7	$371.5
Plan assets at fair market value – beginning of year	$398.6	$363.0	$372.3	$231.6
Actual return on plan assets	10.9	25.2	38.0	9.7
Employer contributions	2.7	20.8	14.7	15.0
Employee contributions	–	–	18.5	15.9
Plan amendments	–	–	–	126.7
Benefits paid	(10.0)	(10.4)	(22.6)	(29.4)
Expenses paid	–	–	(0.2)	(0.2)
Translation gain (loss)	–	–	(35.3)	3.0
Plan assets at fair market value – end of year	$402.2	$398.6	$385.4	$372.3
Funded status	$15.6	$81.9	$(38.3)	$0.8
Amounts recognized in consolidated balance sheet:				
Prepaid pension	$29.4	$92.7	$12.4	$12.1
Short-term accrued benefit liability	(0.7)	(0.7)	(0.5)	–
Long-term accrued benefit liability	(13.1)	(10.1)	(50.2)	(11.3)
Net amount recognized	$15.6	$81.9	$(38.3)	$0.8
Amounts recognized in accumulated other comprehensive income:				
Unrecognized prior service cost	$(9.4)	$(12.0)	$(12.8)	$(8.3)
Unrecognized actuarial loss	176.1	113.3	68.7	15.5
Total amount recognized	$166.7	$101.3	$55.9	$7.2

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We estimate the following amounts recorded as part of accumulated other comprehensive income will be recognized as part of our net pension expense during 2015 (in millions):

	U.S. and Puerto Rico	Foreign
Unrecognized prior service cost	$ (2.6)	$ (1.9)
Unrecognized actuarial loss	18.3	2.7
	$ 15.7	$ 0.8

The weighted average actuarial assumptions used to determine the projected benefit obligation for our defined benefit retirement plans were as follows:

	U.S. and Puerto Rico			Foreign		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012
Discount rate	4.10%	4.98%	4.32%	1.38%	2.45%	2.15%
Rate of compensation increase	3.29%	3.29%	3.29%	1.43%	1.52%	2.75%

Plans with projected benefit obligations in excess of plan assets were as follows (in millions):

	U.S. and Puerto Rico		Foreign	
As of December 31,	2014	2013	2014	2013
Projected benefit obligation	$54.6	$10.8	$365.2	$318.1
Plan assets at fair market value	40.8	-	315.0	307.4

Total accumulated benefit obligations and plans with accumulated benefit obligations in excess of plan assets were as follows (in millions):

	U.S. and Puerto Rico		Foreign	
As of December 31,	2014	2013	2014	2013
Total accumulated benefit obligations	$337.5	$273.8	$413.1	$362.1
Plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligation	32.8	8.8	358.6	308.9
Plan assets at fair market value	22.0	-	315.0	303.7

The benefits expected to be paid out in each of the next five years and for the five years combined thereafter are as follows (in millions):

For the Years Ending December 31,	U.S. and Puerto Rico	Foreign
2015	$ 12.3	$ 17.0
2016	13.3	16.5
2017	15.0	16.9
2018	16.5	17.0
2019	18.4	17.9
2020-2024	113.2	89.1

The U.S. and Puerto Rico defined benefit retirement plans' overall investment strategy is to maximize total returns by emphasizing long-term growth of capital while mitigating risk. for debt securities and 20 to 25 percent in non-traditional investments. The plans strive to have sufficiently diversified assets so that adverse or unexpected results from one asset class will not have an unduly detrimental impact on the entire portfolio. We regularly review the investments in the plans and we may rebalance them from time-to-time based upon the target asset allocation of the plans.

For the U.S. and Puerto Rico plans, we maintain an investment policy statement that guides the investment allocation in the plans. The investment policy statement describes the target asset allocation positions described above. Our benefits committee, along with our investment advisor, monitor compliance with and administer the investment policy statement and the plans' assets and oversee the general investment strategy and objectives of the plans. Our benefits committee generally

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We have established target ranges of assets held by the plans of 40 to 45 percent for equity securities, 30 to 35 percent

meets quarterly to review performance and to ensure that the current investment allocation is within the parameters of the investment policy statement.

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The investment strategies of foreign based plans vary according to the plan provisions and local laws. The majority of the assets in foreign based plans are located in Switzerland-based plans. These assets are held in trusts and are commingled with the assets of other Swiss companies with representatives of all the companies making the investment decisions. The overall strategy is to maximize total returns while avoiding risk. The trustees of the assets have established target ranges of assets held by the plans of 30 to 50 percent in debt securities, 20 to 37 percent in equity securities, 15 to 24 percent in real estate, 3 to 15 percent in cash funds and 0 to 12 percent in other funds.

The fair value of our U.S. and Puerto Rico pension plan assets by asset category was as follows (in millions):

	As of December 31, 2014			
		Fair Value Measurements at Reporting Date Usi		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Sig Unobs (L
Cash and cash equivalents	$1.4	$ 1.4	$ -	$
Equity securities:				
U.S. large-cap	83.7	-	83.7	
U.S. small-cap	23.0	-	23.0	
International	83.0	-	83.0	
Real estate	49.1	-	49.1	
Commodity-linked mutual funds	36.0	-	36.0	
Intermediate fixed income securities	126.0	-	126.0	
Total	$402.2	$ 1.4	$ 400.8	$

	As of December 31, 2013			
		Fair Value Measurements at Reporting Date Usi		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Sig Unobs (L

The fair value of our foreign pension plan assets was as follows (in millions):

	As of December 31, 2014			
		Fair Value Measurements at Reporting Date Us		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Signi Unobser I (Lev
Cash and cash equivalents	$31.0	$ 31.0	$ -	$ -
Equity securities:				
Energy	4.7	4.7	-	-
Materials	7.1	7.1	-	-
Industrials	7.5	7.5	-	-
Consumer discretionary	6.5	6.5	-	-
Consumer staples	7.5	7.5	-	-
Healthcare	6.8	6.8	-	-
Financials	16.3	16.3	-	-
Information technology	4.9	4.9	-	-
Telecommunication services	2.0	2.0	-	-
Utilities	3.4	3.4	-	-
Other	36.7	34.5	2.2	-
Fixed income securities:				
Government bonds	72.5	-	72.5	-
Corporate bonds	58.9	-	58.9	-
Asset-backed securities	22.0	-	22.0	-
Other debt	1.7	-	1.7	-
Other types of investments:				
Mortgage loans	9.2	-	9.2	-
Insurance contracts	6.1	-	6.1	-
Other investments	12.0	-	12.0	-
Real estate	68.6	-	-	68.6
Total	$385.4	$ 132.2	$ 184.6	$ 68.6

	As of December 31, 2013			
		Fair Value Measurements at Reporting Date Us		
Asset Category	Total	Quoted Prices in Active Markets for	Significant Other Observable	Signi Unobser I

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Cash and cash equivalents	$0.8	$ 0.8	$ –	$
Equity securities:				
U.S. large-cap	79.6	–	79.6	
U.S. small-cap	22.3	–	22.3	
International	87.7	–	87.7	
Real estate	43.4	–	43.4	
Commodity-linked mutual funds	42.1	–	42.1	
Intermediate fixed income securities	122.7	–	122.7	
Total	$398.6	$ 0.8	$ 397.8	$

		Identical Assets (Level 1)	Inputs (Level 2)	(Lev
Cash and cash equivalents	$13.9	$ 13.9	$ –	$ –
Equity securities:				
Energy	4.7	4.7	–	–
Materials	5.7	5.7	–	–
Industrials	7.6	7.6	–	–
Consumer discretionary	5.2	5.2	–	–
Consumer staples	6.8	6.8	–	–
Healthcare	9.7	9.7	–	–
Financials	15.8	15.8	–	–
Information technology	5.8	5.8	–	–
Telecommunication services	2.6	2.6	–	–
Utilities	3.4	3.4	–	–
Other	35.7	33.2	2.5	–
Fixed income securities:				
Government bonds	64.4	–	64.4	–
Corporate bonds	65.9	–	65.9	–
Asset-backed securities	24.0	–	24.0	–
Other debt	2.8	–	2.8	–
Other types of investments:				
Mortgage loans	9.0	–	9.0	–
Insurance contracts	6.4	–	6.4	–
Other investments	14.7	–	14.7	–
Real estate	68.2	–	–	68.2
Total	$372.3	$ 114.4	$ 189.7	$ 68.2

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As of December 31, 2014 and 2013, our defined benefit pension plans' assets did not hold any direct investment in Zimmer Holdings common stock.

Equity securities are valued using a market approach, based on quoted prices for the specific security from transactions in active exchange markets (Level 1), or in some cases where we are invested in mutual or collective funds, based upon the net asset value per unit of the fund which is determined from quoted market prices of the underlying securities in the fund' s portfolio (Level 2). Fixed income securities are valued using a market approach, based upon quoted prices for the specific security or from institutional bid evaluations. Some fixed income securities are in funds with a net asset value per unit which is determined using similar techniques for the underlying securities in the fund' s portfolio. Real estate is valued by discounting to present value the cash flows expected to be generated by the specific properties.

The following table provides a reconciliation of the beginning and ending balances of our foreign pension plan assets measured at fair value that used significant unobservable inputs (Level 3) (in millions):

	December 31, 2014
Beginning Balance	$ 68.2
Gains on assets sold	0.3
Change in fair value of assets	1.7
Net purchases and sales	4.8
Translation loss	(6.4)
Ending Balance	$ 68.6

We expect that we will have no legally required minimum funding requirements in 2015 for the qualified U.S. and Puerto Rico defined benefit retirement plans, nor do we expect to voluntarily contribute to these plans during 2015. Contributions to foreign defined benefit plans are estimated to be approximately $14.0 million in 2015. We do not expect the assets in any of our plans to be returned to us in the next year.

Defined Contribution Plans

We also sponsor defined contribution plans for substantially all of the U.S. and Puerto Rico employees and certain employees in other countries. The benefits offered under these plans are reflective of local customs and practices in the countries concerned. We expensed $32.8 million, $29.6 million and $26.5 million related to these plans for the years ended December 31, 2014, 2013 and 2012, respectively.

15. Income Taxes

The components of earnings before income taxes and the income taxes paid consisted of the following (in millions):

For the Years Ended December 31,	2014	2013	2012
United States operations	$395.6	$400.7	$409.9
Foreign operations	548.3	580.4	580.2
Total	$943.9	$981.1	$990.1

The provision for income taxes consisted of (in millions):

Current:			
Federal	$177.6	$199.0	$179.8
State	16.3	20.6	13.8
Foreign	115.2	128.5	108.4
	309.1	348.1	302.0
Deferred:			
Federal	(56.9)	(87.7)	(58.8)
State	(6.6)	(8.5)	0.7
Foreign	(20.7)	(30.0)	(6.7)
	(84.2)	(126.2)	(64.8)
Provision for income taxes	$224.9	$221.9	$237.2
Income taxes paid	$340.1	$272.3	$227.6

A reconciliation of the U.S. statutory income tax rate to our effective tax rate is as follows:

For the Years Ended December 31,	2014	2013	2012
U.S. statutory income tax rate	35.0 %	35.0 %	35.0 %
State taxes, net of federal deduction	0.7	0.8	1.0
Tax impact of foreign operations, including foreign tax credits	(11.3)	(12.2)	(10.4)
Tax impact of certain significant transactions	1.4	1.6	(3.5)
Tax benefit relating to U.S. manufacturer' s deduction and export sales	(1.9)	(1.8)	(1.9)
R&D credit	(0.2)	(0.6)	-
Goodwill impairment	-	-	3.4
Other	0.1	(0.2)	0.4
Effective income tax rate	23.8 %	22.6 %	24.0 %

Our operations in Puerto Rico, Switzerland and the State of Indiana benefit from various tax incentive grants. Unless these grants are extended, they will expire between fiscal years 2015 and 2026.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities

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for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are

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recorded to reduce deferred income tax assets when it is more likely than not that an income tax benefit will not be realized.

The components of deferred taxes consisted of the following (in millions):

As of December, 31	2014	2013
Deferred tax assets:		
Inventory	$275.1	$271.1
Net operating loss carryover	116.9	26.4
Tax credit carryover	185.5	187.1
Capital loss carryover	7.4	7.8
Accrued liabilities	106.7	72.0
Share-based compensation	59.9	74.6
Unremitted earnings of foreign subsidiaries	32.3	25.6
Other	50.3	11.2
Total deferred tax assets	834.1	675.8
Less: Valuation allowances	(122.8)	(42.7)
Total deferred tax assets after valuation	711.3	633.1
Deferred tax liabilities:		
Fixed assets	$(104.3)	$(97.7)
Intangible assets	(95.9)	(106.4)
Other	-	(1.2)
Total deferred tax liabilities	(200.2)	(205.3)
Total net deferred tax assets	$511.1	$427.8

During the first quarter of 2014, we established a $70.5 million deferred tax asset (and offsetting valuation allowance) for indefinite lived net operating loss carryforwards in a Luxembourg domiciled holding company. These losses primarily relate to interest deductions on intercompany debt and were generated in periods prior to 2014. Previously, we were unable to realize a tax benefit for the losses due to the absence of current and future operating income within the Luxembourg subsidiary.

The net operating loss carryovers are available to reduce future federal, state and foreign taxable earnings. At December 31, 2014, $47.8 million of these net operating loss carryovers generally expire within a period of 1 to 20 years and $69.1 million have an indefinite life. Valuation allowances for net operating loss carryovers have been established in the amount of $99.0 million and $17.3 million at December 31, 2014 and 2013, respectively. The tax credit carryovers are available to offset future federal, state and foreign tax liabilities. At December 31, 2014, these tax credit carryovers generally expire within a period of 1 to 10 years. We have established valuation allowances for certain tax credit carryovers in the amount of $11.5 million and December 31, 2014 and 2013, respectively. The remaining valuation allowances of $4.9 million and $2.7 million at December 31, 2014 and 2013, respectively, relate primarily to potential capital losses.

At December 31, 2014, we had an aggregate of approximately $3,204.0 million of unremitted earnings of foreign subsidiaries that have been, or are intended to be, indefinitely reinvested for continued use in foreign operations. If the total undistributed earnings of foreign subsidiaries were remitted, a significant amount of the additional tax would be offset by the allowable foreign tax credits. It is not practical for us to determine the additional tax related to remitting these earnings.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in millions):

For the Years Ended December 31,	2014	2013	2012
Balance at January 1	$304.3	$285.5	$158.4
Increases related to prior periods	0.9	16.5	118.7
Decreases related to prior periods	(3.8)	(17.3)	(8.9)
Increases related to current period	17.3	22.5	19.1
Decreases related to settlements with taxing authorities	(3.0)	(2.9)	(0.6)
Decreases related to lapse of statute of limitations	(1.7)	-	(1.2)
Balance at December 31	$314.0	$304.3	$285.5
Amounts impacting effective tax rate, if recognized balance at December 31	$203.0	$186.3	$159.0

We recognize accrued interest and penalties, related to unrecognized tax benefits, as income tax expense. During 2014, we accrued interest and penalties of $5.7 million, and as of December 31, 2014, had recognized a liability for interest and penalties of $47.8 million.

During 2013, we accrued interest and penalties of $8.2 million, and as of December 31, 2013, had recognized a liability for interest and penalties of $42.1 million. During 2012, we accrued interest and penalties of $23.2 million, and as of December 31, 2012, had recognized a liability for interest and penalties of $33.9 million.

We operate on a global basis and are subject to numerous and complex tax laws and regulations. Our income tax filings are regularly under audit in multiple federal, state and foreign jurisdictions. Income tax audits may require an extended period of time to reach resolution and may result in significant income tax adjustments when interpretation of tax laws or allocation of

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$14.9 million at December 31, 2014 and 2013, respectively. The capital loss carryover is also available to reduce future federal capital gains. At December 31, 2014, these capital loss carryovers generally expire within a period of 2 to 4 years. We have established valuation allowances for certain capital loss carryovers in the amount of $7.4 million and $7.8 million at

company profits is disputed. The net amount of tax liability for unrecognized tax benefits may change within the next twelve months due to changes in audit status, expiration of statutes of limitations, settlements of tax assessments and other events which could impact our determination of unrecognized tax benefits. Currently, we cannot reasonably estimate the amount by which our unrecognized tax benefits will change.

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During the second quarter of 2014, the IRS began the audit of our U.S. federal returns for the years 2010 through 2012. During the second quarter of 2011, the IRS concluded its examination of our U.S. federal returns for years 2005 through 2007 and during the fourth quarter of 2013, the IRS concluded its examination of our U.S. federal returns for years 2008 through 2009. For years 2006 through 2009, the IRS has proposed adjustments reallocating profits between certain of our U.S. and foreign subsidiaries. During the second quarter of 2014, the IRS issued a corrected Revenue Agent Report for years 2008 through 2009, assessing a penalty with respect to a 2008 uncertain tax position. We have disputed these proposed adjustments and continue to pursue resolution with the IRS. During the second quarter of 2014, the IRS issued a statutory notice of deficiency for the years 2005 through 2007. We are contesting this deficiency notice and we filed a petition with the U.S. Tax Court during the third quarter of 2014. Although the ultimate timing for resolution of the disputed tax issues is uncertain, we may resolve certain tax matters with the IRS within the next twelve months and pay amounts for other unresolved tax matters in order to limit the potential impact of IRS interest charges. Final resolution of these matters could have a material impact on our income tax expense, results of operations and cash flows for future periods.

State income tax returns are generally subject to examination for a period of 3 to 5 years after filing of the respective return. The state impact of any federal changes generally remains subject to examination by various states for a period of up to one year after formal notification to the states. We have various state income tax returns in the process of examination, administrative appeals or litigation.

Our tax returns are currently under examination in various foreign jurisdictions. Foreign jurisdictions have statutes of limitations generally ranging from 3 to 5 years. Years still open to examination by foreign tax authorities in major jurisdictions include: Australia (2010 onward), Canada (2008 onward), France (2011 onward), Germany (2009 onward), Ireland (2010 onward), Italy (2010 onward), Japan (2010 onward), Korea (2010 onward), Puerto Rico (2008 onward), Switzerland (2013 onward), and the United Kingdom (2013 onward).

16. Capital Stock and Earnings per Share

We are authorized to issue 250 million shares of preferred stock, none of which were issued or outstanding as of December 31, 2014.

a reconciliation of weighted average shares for the basic and diluted share computations (in millions):

For the Years Ended December 31,	2014	2013	2012
Weighted average shares outstanding for basic net earnings per share	169.0	169.6	174.9
Effect of dilutive stock options and other equity awards	2.7	2.2	1.1
Weighted average shares outstanding for diluted net earnings per share	171.7	171.8	176.0

For the year ended December 31, 2014, all outstanding options to purchase shares of common stock were included in the computation of diluted earnings per share as the exercise prices of all options were less than the average market price of the common stock. For the years ended December 31, 2013 and 2012, an average of 3.1 million and 11.9 million options, respectively, were not included.

During 2014, we repurchased 4.2 million shares of our common stock at an average price of $94.57 per share for a total cash outlay of $400.5 million, including commissions.

17. Segment Data

We design, develop, manufacture and market orthopaedic reconstructive implants, biologics, dental implants, spinal implants, trauma products and related surgical products which include surgical supplies and instruments designed to aid in surgical procedures and post-operation rehabilitation. We also provide other healthcare-related services. We manage operations through three major geographic segments – the Americas, which is comprised principally of the U.S. and includes other North, Central and South American markets; Europe, which is comprised principally of Europe and includes the Middle East and African markets; and Asia Pacific, which is comprised primarily of Japan and includes other Asian and Pacific markets. This structure is the basis for our reportable segment information discussed below. Management evaluates reportable segment performance based upon segment operating profit exclusive of operating expenses pertaining to inventory step-up and certain other inventory and manufacturing related charges, "Certain claims," goodwill impairment, "Special items," and global operations and corporate functions. Global operations and corporate functions include research, development engineering, medical education, brand management, corporate legal, finance, and human resource functions, U.S., Puerto Rico and Ireland-

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The numerator for both basic and diluted earnings per share is net earnings available to common stockholders. The denominator for basic earnings per share is the weighted average number of common shares outstanding during the period. The denominator for diluted earnings per share is weighted average shares outstanding adjusted for the effect of dilutive stock options and other equity awards. The following is

based manufacturing operations and logistics and intangible asset amortization resulting from business combination accounting and share-based payment expense. Intercompany transactions have been eliminated from segment operating profit. Management reviews accounts receivable, inventory, property, plant and equipment, goodwill and intangible assets by reportable segment exclusive of U.S., Puerto Rico and Ireland-based manufacturing operations and logistics and corporate assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Net sales and other information by segment is as follows (in millions):

	Americas	Europe	Asia Pacific	Global Operations and Corporate Functions	Total
As of and for the Year Ended December 31, 2014					
Net sales	$2,594.2	$1,269.5	$809.6	$-	$4,673.3
Depreciation and amortization	79.6	72.0	31.7	192.5	375.8
Segment operating profit	1,288.4	398.6	351.0	(604.1)	1,433.9
Inventory step-up and certain other inventory and manufacturing related charges					(21.2)
Certain claims					(21.5)
Special items					(356.5)
Operating profit					1,034.7
Long-lived assets	877.6	301.4	109.8	-	1,288.8
Total assets	2,856.9	2,113.1	530.3	4,134.4	9,634.7
Additions to instruments	0.2	17.0	6.0	174.2	197.4
Additions to other property, plant and equipment	9.8	14.1	9.1	111.9	144.9
As of and for the Year Ended December 31, 2013					
Net sales	$2,619.8	$1,212.6	$791.0	$-	$4,623.4
Depreciation and amortization	70.9	72.6	30.7	184.3	358.5
Segment operating profit	1,302.6	359.7	342.3	(634.8)	1,369.8
Inventory step-up and certain other inventory and manufacturing related charges					(70.5)
Certain claims					(47.0)
Special items					(216.7)
Operating profit					1,035.6
Long-lived assets	810.8	306.3	107.6	-	1,224.7
Total assets	2,814.9	2,343.8	541.9	3,880.0	9,580.6
Additions to instruments	0.2	14.8	6.5	171.4	192.9
Additions to other property, plant and equipment	9.0	10.3	7.6	73.1	100.0
As of and for the Year Ended December 31, 2012					
Net sales	$2,476.3	$1,177.4	$818.0	$-	$4,471.7
Depreciation and amortization	73.7	73.6	36.3	179.5	363.1
Segment operating profit	1,256.3	369.1	311.1	(617.9)	1,318.6
Inventory step-up and certain other inventory and manufacturing related charges					(4.8)
Certain claims					(15.0)
Goodwill impairment					(96.0)
Special items					(155.4)
Operating profit					1,047.4
Long-lived assets	776.0	326.1	108.6	-	1,210.7
Total assets	2,690.6	2,308.0	578.3	3,435.5	9,012.4

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Additions to instruments	-	14.0	7.1	127.8	148.9
Additions to other property, plant and equipment	0.7	21.9	6.4	85.7	114.7

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The Americas long-lived tangible assets are located primarily in the U.S. $198.7 million of Europe long-lived tangible assets as of December 31, 2014 are located in Switzerland.

For segment reporting purposes, deployed instruments are included in the measurement of reportable segment assets while undeployed instruments at U.S., Puerto Rico and Ireland-based manufacturing operations and logistics are included in global operations and corporate functions. The majority of instruments are purchased by U.S., Puerto Rico and Ireland-based manufacturing operations and logistics and are deployed to the reportable segments as needed for the business. Therefore, the reportable segment assets include deployed instruments even though that reportable segment may not report the instrument addition.

U.S. sales were $2,397.9 million, $2,418.2 million and $2,280.7 million for the years ended December 31, 2014, 2013 and 2012, respectively. Sales within any other individual country were less than 10 percent of our consolidated sales. Sales are attributable to a country based upon the customer’ s country of domicile.

Net sales by product category are as follows (in millions):

For the Years Ended December 31,	2014	2013	2012
Reconstructive			
Knees	$1,965.8	$1,909.9	$1,833.8
Hips	1,326.4	1,330.5	1,342.0
Extremities	204.3	193.8	173.8
	3,496.5	3,434.2	3,349.6
Dental	242.8	239.3	237.7
Trauma	316.7	315.6	307.9
Spine	207.2	202.3	208.9
Surgical and other	410.1	432.0	367.6
Total	$4,673.3	$4,623.4	$4,471.7

18. Leases

Total rent expense for the years ended December 31, 2014, 2013 and 2012 aggregated $48.4 million, $49.2 million and $46.3 million, respectively.

Future minimum rental commitments under non-cancelable operating leases in effect as of December 31, 2014 were (in millions):

For the Years Ending December 31,	
2015	$46.5
2016	36.1
2017	27.0
2018	21.4
2019	19.6
Thereafter	32.3

19. Commitments and Contingencies

Product Liability-Related Claims

We are subject to product liability claims arising in the ordinary course of our business. We establish standard accruals for product liability claims in conjunction with outside counsel based on current information and historical settlement information for open claims, related legal fees and claims incurred but not reported. These standard product liability accruals are recognized in selling, general and administrative expense. We may also establish provisions for certain product liability claims outside of the standard accruals that are recorded separately on our statement of earnings, such as the provision for claims related to the *Durom* Cup discussed below. We maintain insurance, subject to self-insured retention requirements, for losses from these and other claims.

On July 22, 2008, we temporarily suspended marketing and distribution of the *Durom* Cup in the U.S. Subsequently, a number of product liability lawsuits were filed against us in various U.S. and foreign jurisdictions. The plaintiffs seek damages for personal injury, and they generally allege that the *Durom* Cup contains defects that result in complications and premature revision of the device. We have settled some of these claims and others are still pending. The majority of the pending U.S. lawsuits are currently in a federal Multidistrict Litigation (MDL) in the District of New Jersey (*In Re: Zimmer Durom Hip Cup Products Liability Litigation*). Multi-plaintiff state court cases are pending in St. Clair County, Illinois (*Santas, et al. v.*

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Zimmer, Inc., et al.) and Los Angeles County, California (*McAllister, et al. v. Zimmer, Inc., et al.*). As of December 31, 2014, case specific discovery in these lawsuits was on-going. The initial trial in Santas took place in November 2014 and initial trials in *McAllister* and the MDL are expected to commence in the second quarter of 2015. Other lawsuits are pending in various jurisdictions, and additional claims may be asserted in the future.

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Since 2008, we have recognized expense of $471.7 million for *Durom* Cup-related claims, including $21.5 million, $47.0 million and $15.0 million during the years ended December 31, 2014, 2013 and 2012, respectively.

We maintain insurance for product liability claims, subject to self-insurance retention requirements. In 2008, we notified our insurance carriers of potential claims related to the *Durom* Cup. As of December 31, 2014, we have exhausted our self-insured retention under our insurance program and have a claim for insurance proceeds for ultimate losses which exceed the self-insured retention amount, subject to a 20 percent co-payment requirement and a cap. We believe our contracts with the insurance carriers are enforceable for these claims and, therefore, it is probable that we will recover some amount from our insurance carriers. We have received an initial amount of the insurance proceeds we estimate to recover and expect to receive more in the near future. We have a $170.3 million receivable in "Other assets" remaining on our consolidated balance sheet as of December 31, 2014 for estimated insurance recoveries. As is customary in this process, our insurance carriers have reserved all rights under their respective policies and could still ultimately deny coverage for some or all of our insurance claims.

Our estimate as of December 31, 2014 of the remaining liability for all *Durom* Cup-related claims is $357.2 million, of which $50.0 million is classified as short-term in "Other current liabilities" and $307.2 million is classified as long-term in "Other long-term liabilities" on our consolidated balance sheet. We expect to pay the majority of the *Durom* Cup-related claims within the next few years.

Our understanding of clinical outcomes with the *Durom* Cup and other large diameter hip cups continues to evolve. We rely on significant estimates in determining the provisions for *Durom* Cup-related claims, including our estimate of the number of claims that we will receive and the average amount we will pay per claim. The actual number of claims and the actual amount we pay per claim may differ from our estimates. Among other factors, since our understanding of the clinical outcomes is still evolving, we cannot reasonably estimate the possible loss or range of loss that may result from *Durom* Cup-related claims in excess of the losses we have accrued.

On August 20, 2008, Margo and Daniel Polett filed an action against us and an unrelated third party, Public Communications, Inc. (PCI), in the Court of Common Pleas, Philadelphia, Pennsylvania seeking an unspecified amount of damages for injuries and loss of consortium allegedly suffered by Mrs. Polett any portion of the damages apportioned to PCI that it does not pay. On December 2, 2010, we and PCI filed a Motion for Post-Trial Relief seeking a judgment notwithstanding the verdict, a new trial or a remittitur. On June 10, 2011, the trial court entered an order denying our Motion for Post-Trial Relief and affirming the jury verdict in full and entered judgment for $20.3 million against us and PCI. On June 29, 2011, we filed a Notice of Appeal to the Superior Court of Pennsylvania and posted a bond for the verdict amount plus interest. Oral argument before the appellate court in Philadelphia, Pennsylvania was held on March 13, 2012. On March 1, 2013, the Superior Court of Pennsylvania vacated the $27.6 million judgment and remanded the case for a new trial. On March 15, 2013, plaintiffs filed a motion for re-argument *en banc*, and on March 28, 2013, we filed our response in opposition. On May 9, 2013, the Superior Court of Pennsylvania granted plaintiffs' motion for re-argument *en banc*. Oral argument (re-argument *en banc*) before the Superior Court of Pennsylvania was held on October 16, 2013. On December 20, 2013, the Court issued its opinion again vacating the trial court judgment and remanding the case for a new trial. On January 21, 2014, plaintiffs filed a petition for allowance of appeal in the Supreme Court of Pennsylvania, which was granted on May 21, 2014. Oral argument before the Supreme Court of Pennsylvania took place on October 8, 2014. Although we are defending this lawsuit vigorously, its ultimate resolution is uncertain.

Following a wide-spread advertising campaign conducted by certain law firms beginning in 2010, a number of product liability lawsuits have been filed against us in various jurisdictions. The plaintiffs seek damages for personal injury, alleging that certain products within the *NexGen* Knee System suffer from defects that cause them to loosen prematurely. The majority of the cases are currently pending in a federal Multidistrict Litigation in the Northern District of Illinois (*In Re: Zimmer NexGen Knee Implant Products Liability Litigation*). Other cases are pending in other state and federal courts, and additional lawsuits may be filed. As of December 31, 2014, discovery in these lawsuits was on-going. Bellwether trials are expected to commence in the third quarter of 2015. We have not accrued an estimated loss relating to these lawsuits because we believe the plaintiffs' allegations are not consistent with the record of clinical success for these products. As a result, we do not believe that it is probable that we have incurred a liability, and we cannot reasonably estimate any loss that might eventually

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and her spouse, respectively. The complaint alleged that defendants were negligent in connection with Mrs. Polett' s participation in a promotional video featuring one of our knee products. The case was tried in November 2010 and the jury returned a verdict in favor of plaintiffs. The jury awarded $27.6 million in compensatory damages and apportioned fault 30 percent to plaintiffs, 34 percent to us and 36 percent to PCI. Under applicable law, we may be liable for

be incurred. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain.

Intellectual Property-Related Claims

On December 10, 2010, Stryker Corporation and related entities (Stryker) filed suit against us in the U.S. District Court for the Western District of Michigan, alleging that certain of our *Pulsavac* Plus Wound Debridement Products infringe three U.S. patents assigned to Stryker. The case was tried beginning

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on January 15, 2013, and on February 5, 2013, the jury found that we infringed certain claims of the subject patents. The jury awarded $70.0 million in monetary damages for lost profits. The jury also found that we willfully infringed the subject patents. We filed multiple post-trial motions, including a motion seeking a new trial. On August 7, 2013, the trial court issued a ruling denying all of our motions and awarded treble damages and attorneys' fees to Stryker. We filed a notice of appeal to the Court of Appeals for the Federal Circuit to seek reversal of both the jury' s verdict and the trial court' s rulings on our post-trial motions. Oral argument before the Federal Circuit took place on September 8, 2014. On December 19, 2014, the Federal Circuit issued a decision affirming the $70.0 million lost profits award but reversed the willfulness finding, vacating the treble damages award and vacating and remanding the attorneys' fees award. We accrued an estimated loss of $70.0 million related to this matter in the year ended December 31, 2014. On January 20, 2015, Stryker filed a motion with the Federal Circuit for a rehearing en banc. Although we are defending this lawsuit vigorously, its ultimate resolution is uncertain.

Shareholder Derivative Action

On June 16, 2014, a shareholder derivative action, *Hays v. Dvorak et al.*, was filed in the Court of Chancery of the State of Delaware. The plaintiff sought to maintain the action purportedly on our behalf against certain of our current and former directors and two non-director executive officers. The plaintiff alleged, among other things, breaches of fiduciary duties, abuse of control, unjust enrichment and gross mismanagement by the named defendants based on the trial court' s ruling in the patent infringement lawsuit brought by Stryker described above relating to certain of our *Pulsavac* Plus Wound Debridement Products. The plaintiff did not seek damages from us, but instead requested damages of an unspecified amount on our behalf. The plaintiff also sought equitable relief to remedy the individual defendants' alleged misconduct, attorneys' fees, costs and other relief. On August 18, 2014, we filed a motion to stay or dismiss the complaint, and the individual defendants filed a joinder motion. On December 15, 2014, the Delaware Court of Chancery granted our motion to stay pending a ruling from the Federal Circuit on the appeal in the Stryker patent infringement case. The Federal Circuit issued a ruling on December 19, 2014, as described above. On February 6, 2015, all claims pending in this shareholder derivative action were dismissed without prejudice pursuant to a stipulation of dismissal.

Regulatory Matters

In September 2012, we received a warning letter from the FDA citing concerns relating to certain manufacturing and validation processes pertaining to *Trilogy* Acetabular System products manufactured at our Ponce, Puerto Rico manufacturing facility. We have provided detailed responses to the FDA as to our corrective actions and will continue to work expeditiously to address the issues identified by the FDA during inspections in Ponce. As of December 31, 2014, the warning letter remains pending. Until the violations are corrected, we may be subject to additional regulatory action by the FDA, including seizure, injunction and/or civil monetary penalties. Additionally, requests for Certificates to Foreign Governments related to products manufactured at the Ponce facility may not be granted and premarket approval applications for Class III devices to which the quality system regulation deviations are reasonably related will not be approved until the violations have been corrected. In addition to responding to the warning letter described above, we are in the process of addressing various FDA Form 483 inspectional observations at certain of our manufacturing facilities. The ultimate outcome of these matters is presently uncertain.

20. Quarterly Financial Information (Unaudited)

(in millions, except per share data)

	2014 Quarter Ended				2013 Quarter Ended			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Net sales	$1,161.5	$1,182.9	$1,106.0	$1,222.9	$1,138.9	$1,169.5	$1,074.3	$1,240.7
Gross profit	856.1	849.7	807.7	910.0	846.0	845.9	745.5	899.9
Net earnings of Zimmer Holdings, Inc.	221.5	176.5	165.5	156.6	218.6	152.1	154.4	235.9
Earnings per common share								

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Basic	1.31	1.05	0.98	0.92	1.30	0.90	0.91	1.38
Diluted	1.29	1.03	0.96	0.91	1.28	0.89	0.90	1.36

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

None.

Item 9A. Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission' s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Because of inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of disclosure controls and procedures are met.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective at a reasonable assurance level.

Item 9B. Other Information

During the fourth quarter of 2014, the Audit Committee of our Board of Directors approved the engagement of PricewaterhouseCoopers LLP, our independent registered public accounting firm, to perform certain non-audit services related to certain tax matters. This disclosure is made pursuant to Section 10A(i)(2) of the Exchange Act.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item is incorporated by reference from our definitive Proxy Statement for the annual meeting of stockholders to be held on May 5, 2015 (the "2015 Proxy Statement").

We have adopted the Zimmer Code of Ethics for Chief Executive Officer and Senior Financial Officers (the "finance code of ethics"), a code of ethics that applies to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Corporate Controller, and other finance organization senior employees. The finance code of ethics is publicly available in the Investor Relations section of our website, which may be accessed from our homepage at www.zimmer.com or directly at http://investor.zimmer.com. If we make any substantive amendments to the finance code of ethics or grant any waiver, including any implicit waiver, from a provision of the code to our Chief Executive Officer, Chief Financial Officer, or Chief Accounting Officer and Corporate Controller, we will disclose the nature of that amendment in the Investor Relations section of our website.

Item 11. Executive Compensation

Information required by this item is incorporated by reference from our 2015 Proxy Statement.

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

Information required by this item is incorporated by reference from our 2015 Proxy Statement.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information required by this item is incorporated by reference from our 2015 Proxy Statement.

Item 14. Principal Accounting Fees and Services

Information required by this item is incorporated by reference from of our 2015 Proxy Statement.

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PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) 1. Financial Statements

The following consolidated financial statements of Zimmer Holdings, Inc. and its subsidiaries are set forth in Part II, Item 8.

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Earnings for the Years Ended December 31, 2014, 2013 and 2012

Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2014, 2013 and 2012

Consolidated Balance Sheets as of December 31, 2014 and 2013

Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2014, 2013 and 2012

Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013 and 2012

Notes to Consolidated Financial Statements

2. Financial Statement Schedules

Schedule II. Valuation and Qualifying Accounts

Other financial statement schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.

3. Exhibits

A list of exhibits required to be filed as part of this report is set forth in the Index to Exhibits, which immediately precedes such exhibits and is incorporated herein by reference.

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SIGNATURES

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

ZIMMER HOLDINGS, INC.

By: /S/ DAVID C. DVORAK
David C. Dvorak
President and Chief Executive Officer

Dated: February 23, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/S/ DAVID C. DVORAK David C. Dvorak	President, Chief Executive Officer and Director (Principal Executive Officer)	February 23, 2015
/S/ JAMES T. CRINES James T. Crines	Executive Vice President, Finance and Chief Financial Officer (Principal Financial Officer)	February 23, 2015
/S/ DEREK M. DAVIS Derek M. Davis	Vice President, Finance, and Corporate Controller and Chief Accounting Officer (Principal Accounting Officer)	February 23, 2015
/S/ CHRISTOPHER B. BEGLEY Christopher B. Begley	Director	February 23, 2015
/S/ BETSY J. BERNARD Betsy J. Bernard	Director	February 23, 2015
/S/ PAUL M. BISARO Paul M. Bisaro	Director	February 23, 2015
Gail K. Boudreaux	Director	February 23, 2015
Michael J. Farrell	Director	February 23, 2015
/S/ LARRY C. GLASSCOCK Larry C. Glasscock	Director	February 23, 2015
/S/ ROBERT A. HAGEMANN Robert A. Hagemann	Director	February 23, 2015
/S/ ARTHUR J. HIGGINS	Director	February 23, 2015

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Arthur J. Higgins		
/S/ CECIL B. PICKETT, PH.D.	Director	February 23, 2015
Cecil B. Pickett, Ph.D.		

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INDEX TO EXHIBITS

Exhibit No	Description
2.1	Agreement and Plan of Merger, dated as of April 24, 2014, by and among Zimmer Holdings, Inc., Owl Merger Sub, Inc. and LVB Acquisition, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant' s Current Report on Form 8-K filed April 30, 2014)
3.1	Restated Certificate of Incorporation of Zimmer Holdings, Inc. dated May 13, 2008 (incorporated by reference to Exhibit 3.1 to the Registrant' s Quarterly Report on Form 10-Q filed August 5, 2008)
3.2	Restated By-Laws of Zimmer Holdings, Inc. effective December 13, 2013 (incorporated by reference to Exhibit 3.1 to the Registrant' s Current Report on Form 8-K filed December 19, 2013)
4.1	Specimen Common Stock certificate (incorporated by reference to Exhibit 4.1 to the Registrant' s Quarterly Report on Form 10-Q filed November 6, 2012)
4.2	Indenture dated as of November 17, 2009 between Zimmer Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to the form filed as Exhibit 4.8 to the Registrant' s Registration Statement on Form S-3 filed November 12, 2009)
4.3	First Supplemental Indenture to the Indenture dated as of November 17, 2009 between Zimmer Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Registrant' s Current Report on Form 8-K filed November 17, 2009)
4.4	Form of 4.625% Note due 2019 (incorporated by reference to Exhibit 4.3 above)
4.5	Form of 5.750% Note due 2039 (incorporated by reference to Exhibit 4.3 above)
4.6	Second Supplemental Indenture dated as of November 10, 2011, to the Indenture dated as of November 17, 2009 between Zimmer Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant' s Current Report on Form 8-K filed November 10, 2011)
4.7	Form of 1.400% Note due 2014 (incorporated by reference to Exhibit 4.6 above)
4.8	Form of 3.375% Note due 2021 (incorporated by reference to Exhibit 4.6 above)
4.9	Stockholders Agreement, dated as of April 24, 2014, by and among Zimmer Holdings, Inc., LVB Acquisition Holding, LLC, and the other signatories thereto (incorporated by reference to Exhibit 4.1 to the Registrant' s Current Report on Form 8-K filed April 30, 2014)
10.1*	Zimmer Holdings, Inc. 2001 Stock Incentive Plan (incorporated by reference to Appendix B to the Registrant' s definitive Proxy Statement on Schedule 14A filed March 24, 2003)
10.2*	First Amendment to the Zimmer Holdings, Inc. 2001 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant' s Current Report on Form 8-K filed December 15, 2005)
10.3*	Zimmer Holdings, Inc. 2006 Stock Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to the Registrant' s Current Report on Form 8-K filed December 13, 2006)
10.4*	Zimmer Holdings, Inc. Executive Performance Incentive Plan, as amended May 7, 2013 (incorporated by reference to Exhibit 10.1 to the Registrant' s Current Report on Form 8-K filed May 13, 2013)
10.5*	Restated Zimmer, Inc. Long-Term Disability Income Plan for Highly Compensated Employees (incorporated by reference to Exhibit 10.9 to the Registrant' s Annual Report on Form 10-K filed February 28, 2007)
10.6*	Change in Control Severance Agreement with David C. Dvorak (incorporated by reference to Exhibit 10.10 to the Registrant' s Annual Report on Form 10-K filed February 28, 2009)
10.7*	Change in Control Severance Agreement with Katarzyna Mazur-Hofsaess (incorporated by reference to Exhibit 10.3 to the Registrant' s Quarterly Report on Form 10-Q filed August 7, 2013)
10.8*	Form of Change in Control Severance Agreement with James T. Crines (incorporated by reference to Exhibit 10.12 to the Registrant' s Annual Report on Form 10-K filed February 28, 2009)
10.9*	Form of Change in Control Severance Agreement with Chad F. Phipps (incorporated by reference to Exhibit 10.13 to the Registrant' s Annual Report on Form 10-K filed February 28, 2009)

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10.10*	Form of Change in Control Severance Agreement with Joseph A. Cucolo (incorporated by reference to Exhibit 10.1 to the Registrant’ s Quarterly Report on Form 10-Q filed May 5, 2010)
10.11*	Change in Control Severance Agreement with Stephen Hong Liang, Ooi (incorporated by reference to Exhibit 10.21 to the Registrant’ s Annual Report on Form 10-K filed March 12, 2003)
10.12*	Change in Control Severance Agreement with Derek M. Davis (incorporated by reference to Exhibit 10.14 to the Registrant’ s Annual Report on Form 10-K filed February 28, 2009)

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Exhibit No	Description
10.13*	Restated Benefit Equalization Plan of Zimmer Holdings, Inc. and Its Subsidiary or Affiliated Corporations Participating in the Zimmer Holdings, Inc. Savings and Investment Program (incorporated by reference to Exhibit 10.16 to the Registrant' s Annual Report on Form 10-K filed February 28, 2009)
10.14*	Restated Benefit Equalization Plan of Zimmer Holdings, Inc. and Its Subsidiary or Affiliated Corporations Participating in the Zimmer Holdings, Inc. Retirement Income Plan or the Zimmer Puerto Rico Retirement Income Plan (incorporated by reference to Exhibit 10.17 to the Registrant' s Annual Report on Form 10-K filed February 28, 2009)
10.15*	Form of Confidentiality, Non-Competition and Non-Solicitation Agreement with U.S.-Based Executive Officers (incorporated by reference to Exhibit 10.2 to the Registrant' s Quarterly Report on Form 10-Q filed November 6, 2012)
10.16*	Non-Disclosure, Non-Competition and Non-Solicitation Employment Agreement with Stephen Hong Liang, Ooi (incorporated by reference to Exhibit 10.2 to the Registrant' s Current Report on Form 8-K filed March 27, 2006)
10.17*	Confidentiality, Non-Competition and Non-Solicitation Agreement with Katarzyna Mazur-Hofsaess (incorporated by reference to Exhibit 10.4 to the Registrant' s Quarterly Report on Form 10-Q filed August 7, 2013)
10.18*	Form of Nonqualified Stock Option Award Letter under the Zimmer Holdings, Inc. 2001 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the Registrant' s Current Report on Form 8-K filed January 11, 2006)
10.19*	Zimmer Holdings, Inc. Stock Plan for Non-Employee Directors, as amended (incorporated by reference to Appendix C to the Registrant' s Definitive Proxy Statement filed March 20, 2009)
10.20*	Form of Nonqualified Stock Option Award Letter under the Zimmer Holdings, Inc. Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.2 to the Registrant' s Current Report on Form 8-K filed April 5, 2005)
10.21*	Form of Restricted Stock Unit Award Letter under the Zimmer Holdings, Inc. Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to the Registrant' s Current Report on Form 8-K filed February 21, 2006)
10.22*	Form of Nonqualified Stock Option Award Letter under the Zimmer Holdings, Inc. 2006 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant' s Current Report on Form 8-K filed December 13, 2006)
10.23*	Form of Nonqualified Stock Option Award Letter for Non-U.S. Employees under the Zimmer Holdings, Inc. 2006 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the Registrant' s Current Report on Form 8-K filed December 13, 2006)
10.24*	Restated Zimmer Holdings, Inc. Deferred Compensation Plan for Non-Employee Directors (incorporated by reference to Appendix D to the Registrant' s Definitive Proxy Statement filed March 20, 2009)
10.25*	Zimmer Holdings, Inc. 2009 Stock Incentive Plan, as amended May 7, 2013 (incorporated by reference to Exhibit 10.2 to the Registrant' s Current Report on Form 8-K filed May 13, 2013)
10.26*	Form of Nonqualified Stock Option Award Letter under the Zimmer Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant' s Quarterly Report on Form 10-Q filed May 5, 2011)
10.27*	Form of Nonqualified Stock Option Award Letter for Non-U.S. Employees under the Zimmer Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Registrant' s Quarterly Report on Form 10-Q filed May 5, 2011)
10.28*	Form of Performance-Based Restricted Stock Unit Award Letter (one-year performance period) under the Zimmer Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the Registrant' s Quarterly Report on Form 10-Q filed May 5, 2011)
10.29*	Form of Performance-Based Restricted Stock Unit Award Letter for Non-U.S. Employees (one-year performance period) under the Zimmer Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.4 to the Registrant' s Quarterly Report on Form 10-Q filed May 5, 2011)
10.30*	Form of Restricted Stock Unit Award Letter (two-year vesting) under the Zimmer Holdings, Inc. 2009 Stock Incentive Plan
10.31*	Form of Performance-Based Restricted Stock Unit Award Letter (three-year performance period) under the Zimmer Holdings, Inc. 2009 Stock Incentive Plan

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10.32*	Form of Indemnification Agreement with Non-Employee Directors and Officers (incorporated by reference to Exhibit 10.1 to the Registrant’ s Current Report on Form 8-K filed July 31, 2008)
10.33	$1,350,000,000 Credit Agreement dated as of May 9, 2012 (incorporated by reference to Exhibit 10.1 to the Registrant’ s Current Report on Form 8-K filed May 15, 2012)
10.34	Amendment No. 1 dated as of December 13, 2013 to the Credit Agreement dated as of May 9, 2012 (incorporated by reference to Exhibit 10.1 to the Registrant’ s Current Report on Form 8-K filed on December 19, 2013)

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Exhibit No	Description
10.35	Term Loan Agreement ¥11,700,000,000 dated as of May 24, 2012 (incorporated by reference to Exhibit 10.1 to the Registrant' s Current Report on Form 8-K filed May 31, 2012)
10.36	Letter of Guarantee dated as of May 24, 2012 (incorporated by reference to Exhibit 10.2 to the Registrant' s Current Report on Form 8-K filed May 31, 2012)
10.37	First Amendment, dated October 31, 2014, to the ¥11,700,000,000 Term Loan Agreement dated as of May 24, 2012 (incorporated by reference to Exhibit 10.1 to the Registrant' s Current Report on Form 8-K filed November 5, 2014)
10.38	Voting Agreement, dated as of April 24, 2014, by and among Zimmer Holdings, Inc., LVB Acquisition Holding, LLC and the other signatories thereto (incorporated by reference to Exhibit 10.1 to the Registrant' s Current Report on Form 8-K filed April 30, 2014)
10.39	Commitment Letter, dated as of April 24, 2014, by and among Credit Suisse Securities (USA) LLC, Credit Suisse AG and Zimmer Holdings, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant' s Current Report on Form 8-K filed April 30, 2014)
10.40	364-Day Credit Agreement, dated as of May 29, 2014, among Zimmer Holdings, Inc., Credit Suisse AG, Cayman Islands Branch, as Administrative Agent, and the lenders named therein (incorporated by reference to Exhibit 10.1 to the Registrant' s Current Report on Form 8-K filed June 4, 2014)
10.41	Credit Agreement, dated as of May 29, 2014, among Zimmer Holdings, Inc., Zimmer K.K., Zimmer Investment Luxembourg SARL, the borrowing subsidiaries referred to therein, JPMorgan Chase Bank, N.A., as General Administrative Agent, JPMorgan Chase Bank, N.A., Tokyo Branch, as Japanese Administrative Agent, J. P. Morgan Europe Limited, as European Administrative Agent, and the lenders named therein (incorporated by reference to Exhibit 10.2 to the Registrant' s Current Report on Form 8-K filed June 4, 2014)
21	List of Subsidiaries of Zimmer Holdings, Inc.
23	Consent of PricewaterhouseCoopers LLP
31.1	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 of the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 of the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

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* Management contract or compensatory plan or arrangement

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SCHEDULE II

ZIMMER HOLDINGS, INC.
VALUATION AND QUALIFYING ACCOUNTS

(in millions)

Description	Balance at Beginning of Period	Additions Charged (Credited) to Expense	Deductions to Reserve	Effects of Foreign Currency	Acquired Allowances	Balance at End of Period
Allowance for Doubtful Accounts:						
Year Ended December 31, 2012	17.2	7.1	(1.8)	-	0.3	22.8
Year Ended December 31, 2013	22.8	1.9	(1.5)	(0.5)	-	22.7
Year Ended December 31, 2014	22.7	2.0	(1.4)	(1.0)	-	22.3
Deferred Tax Asset Valuation Allowances:						
Year End December 31, 2012	40.3	(0.9)	(0.3)	-	2.2	41.3
Year End December 31, 2013	41.3	1.5	(0.1)	-	-	42.7
Year End December 31, 2014	42.7	74.7	(9.2)	-	14.6	122.8

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Exhibit 10.30

ZIMMER HOLDINGS, INC.

2009 STOCK INCENTIVE PLAN RESTRICTED STOCK UNIT AWARD

AWARD RECIPIENT:

NUMBER OF RSUs SUBJECT TO THIS AWARD:

To encourage your continued employment with Zimmer Holdings, Inc. (the "Company") or its Affiliates, you have been granted this restricted stock unit ("RSU") award ("Award") pursuant to the Company' s 2009 Stock Incentive Plan ("Plan"). Each RSU represents an unfunded, unsecured promise by the Company to deliver one share of Common Stock ("Share") to you, subject to the fulfillment of the vesting requirements set forth in this agreement ("Agreement") and all other restrictions, terms and conditions contained in this Agreement and in the Plan. Except as may be required by law, you are not required to make any payment (other than payments for Tax-Related Items pursuant to Section 7 hereof) or provide any consideration other than the rendering of future services to the Company or its Affiliates. Capitalized terms that are not defined in this Agreement have the meanings given to them in the Plan.

1. Grant Date , 20 (the "Grant Date").

2. Number of RSUs Subject to this Award The number of RSUs subject to this Award is shown above and is posted to your online Zimmer - Computershare account.

3. Vesting Schedule An RSU granted in this Award shall be subject to the restrictions and conditions set forth herein during the period from the Grant Date until such RSU becomes vested and nonforfeitable (the "Restriction Period"). Except as otherwise set forth in Section 6 below, 100% of the RSUs granted in this Award shall become vested and nonforfeitable on the second anniversary of the Grant Date provided that you have been continuously employed by the Company or an Affiliate since the Grant Date.

4. Stockholder Rights You will have none of the rights of a holder of Common Stock (including any voting rights, rights with respect to cash dividends paid by the Company on its Common Stock or any other rights whatsoever) until the Award is settled by the issuance of Shares to you.

5. Conversion of RSUs and Issuance of Shares Subject to the terms and conditions of this Agreement and the Plan, the Company will transfer Shares to you within 60 days after the lapse of the Restriction Period for those RSUs. No fractional Shares will be issued under this Agreement. The Company will not be required to issue or deliver any Shares prior to (a) the admission of such Shares to listing on any stock exchange on which the stock may then be listed, (b) the completion of any

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registration or other qualification of such Shares under any state or federal law or rulings or regulations of any governmental regulatory body, or (c) the obtaining of any consent or approval or other clearance from any governmental agency, which the Company shall, in its sole discretion, determine to be necessary or advisable. The Company reserves the right to determine the manner in which the Shares are delivered to you, including but not limited to delivery by direct registration with the Company' s transfer agent.

6. Termination of Employment

(a) For all purposes of this Agreement, the term "Employment Termination Date" shall mean the earlier of (i) the date, as determined by the Company, that you are no longer actively employed by the Company or an Affiliate of the Company, and in the case of an involuntary termination, such date shall not be extended by any notice period mandated under local law (*e.g.*, active employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); or (ii) the date, as determined by the Company, that your employer is no longer an Affiliate of the Company.

(b) (i) A transfer of your employment from the Company to an Affiliate, or vice versa, or from one Affiliate to another, (ii) a leave of absence, duly authorized in writing by the Company, for military service or sickness or for any other purpose approved by the Company if the period of such leave does not exceed ninety (90) days, and (iii) a leave of

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absence in excess of ninety (90) days, duly authorized in writing by the Company, provided your right to reemployment is guaranteed either by a statute or by contract, shall not be deemed a termination of employment. However, your failure to return to the employ of the Company at the end of an approved leave of absence shall be deemed a termination. During a leave of absence as defined in (ii) or (iii), you will be considered to have been continuously employed by the Company.

(c) Except as set forth below, if your Employment Termination Date occurs before all of the RSUs have become vested, the RSUs that are not already vested as of your Employment Termination Date shall be forfeited and immediately cancelled.

(d) If after you have been continuously employed by the Company or its Affiliates for one year or more from the Grant Date, you terminate employment on account of death, the restrictions with respect to all unvested RSUs granted in this Award shall be waived and the RSUs will be deemed fully vested as of your Employment Termination Date.

(e) In the event of your death prior to the delivery of Shares issuable pursuant to RSUs under this Agreement, such Shares shall be delivered to the duly appointed legal representative of your estate or to the proper legatees or distributees thereof, upon presentation of documentation satisfactory to the Committee.

7. <u>Responsibility for Taxes</u>

(a) You acknowledge that, regardless of any action taken by the Company or, if different, your actual employer (the “Employer”), the ultimate liability for all income tax (including federal, state and local taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you or deemed by the Company or the Employer to be an appropriate charge to you even if legally applicable to the Company or the Employer (“Tax-Related Items”) is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the Award, the vesting or settlement of the RSUs, the conversion of the RSUs into Shares, the subsequent sale of any Shares acquired at vesting or the receipt of any dividends; and (ii) do not commit to, and are under no obligation to, structure the terms or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company or the Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to pay, or make adequate arrangements

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satisfactory to the Company or to the Employer (in their sole discretion) to satisfy all Tax-Related Items. In this regard and, if permissible under local law, you authorize the Company and/or the Employer, at their discretion, to satisfy the obligations with respect to all Tax-Related Items in one or a combination of the following: (i) requiring you to pay an amount necessary to pay the Tax-Related Items directly to the Company (or the Employer) in the form of cash, check or other cash equivalent;
(ii) withholding such amount from wages or other cash compensation payable to you by the Company and/or the Employer; (iii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization or such other authorization, without further consent, as you may be required to provide to the Company or Computershare (or any other designated broker)); or (iv) withholding in Shares to be issued upon settlement of the RSUs.

(c) Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case you will receive a refund of any over-withheld amount in cash and will have no entitlement to the Shares, and you agree that the amount withheld may exceed your actual liability. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

(d) Finally, you agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

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8. __Nature of Grant__ In accepting the RSUs, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;

(b) the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, or benefits in lieu of RSUs even if RSUs have been awarded in the past;

(c) all decisions with respect to future RSU or other awards, if any, will be at the sole discretion of the Company;

(d) the Award and your participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any Affiliate of the Company and shall not interfere with the ability of the Company, the Employer or any Affiliate of the Company, as applicable to terminate your employment or service relationship (if any);

(e) your participation in the Plan is voluntary;

(f) the Award and the Shares subject to the RSUs are not intended to replace any pension rights or compensation;

(g) the Award and the Shares subject to the RSUs, and the income and value of same are not part of normal or expected compensation for purposes of calculation of any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;

(h) the future value of the Shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages arises from forfeiture of RSUs resulting from termination of your employment or other service relationship with the Company or the Employer (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any) and in consideration of the Award to which you are not otherwise entitled, you irrevocably agree never to institute any claim against the Company, any of its Affiliates or the Employer, waive your ability, if any, to bring such claim, and release the Company and its Affiliates and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents necessary to request dismissal or withdrawal of such claim;

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(j) unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares of the Company; and

(k) the following provisions apply only if you are providing services outside the United States: (i) the Award and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose; and (ii) you acknowledge and agree that neither the Company, the Employer nor any Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

9. No Advice Regarding Grant The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

10. Data Privacy ***You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other RSU Award materials by and among, as applicable, the Employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.***

You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other stock-based awards, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

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You understand that Data will be transferred to Computershare or such other stock plan service provider as may be selected by the Company to assist the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than your country of residence. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, Computershare and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative.

Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you RSUs or any other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

11. Change in Control Under certain circumstances, if your employment with the Company or its Affiliates terminates during the three year period following a Change in Control of the Company, this Award may be deemed vested. Please refer to the Plan for more information.

12. Changes in Capitalization If prior to the expiration of the Restriction Period changes occur in the outstanding Common Stock by reason of stock dividends, recapitalization, mergers, consolidations, stock splits, combinations or exchanges of Shares and the like, the number and class of Shares subject to this Award will be appropriately adjusted by the Committee, whose determination will be conclusive. If as a result of any adjustment under this paragraph you should become entitled to a fractional Share of stock, you will have the right only to the adjusted number of full Shares and

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no payment or other adjustment will be made with respect to the fractional Share so disregarded.

13. Notice Until you are advised otherwise by the Committee, all notices and other correspondence with respect to this Award will be effective upon receipt at the following address: Zimmer Holdings, Inc., ATTN: Employee Stock Services, 345 East Main Street, Post Office Box 708, Warsaw, Indiana 46581-0708, U.S.A.

14. No Additional Rights Except as explicitly provided in this Agreement, this Agreement will not confer any rights upon you, including any right with respect to continuation of employment by the Company or any of its Affiliates or any right to future awards under the Plan. In no event shall the value, at any time, of this Agreement, the Shares covered by this Agreement or any other benefit provided under this Agreement be included as compensation or earnings for purposes of any other compensation, retirement, or benefit plan offered to employees of the Company or its Affiliates unless otherwise specifically provided for in such plan.

15. Breach of Restrictive Covenants As a condition of receiving this Award, you have entered into a non-disclosure, non-solicitation and/or non-competition agreement with the Company or its Affiliates. The Company may, at its discretion, require execution of a restated non-disclosure, non-solicitation and/or non-competition agreement as a condition of receiving the Award. Should you decline to sign such a restated agreement as required by the Company and, therefore, forego receiving the Award, your most recently signed non-disclosure, non-solicitation and/or non-competition agreement shall remain in full force and effect. You understand and agree that if you violate any provision of any such agreement that remains in effect at the time of the violation, the Committee may require you to forfeit your right to any unvested portion of the Award and, to the extent that any portion of the Award has previously vested, the Committee may require you to return to the Company the Shares covered by the Award or any cash proceeds you received upon the sale of such Shares.

16. Consent to Electronic Delivery The Company may, in its sole discretion, decide to deliver any documents related to current or future

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participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

17. Code Section 409A Compliance To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. The RSUs granted in this Award are intended to be short-term deferrals exempt from Section 409A, but in the event that any portion of this Award constitutes deferred compensation within the meaning of Section 409A, then the issuance of Shares covered by an RSU award shall conform to the Section 409A standards, including, without limitation, the requirement that no payment on account of separation from service will be made to any specified employee (within the meaning of Section 409A) until six months after the separation from service occurs, and the prohibition against acceleration of payment, which means that the Committee does not have the authority to accelerate settlement of this Award in the event that any portion of it constitutes deferred compensation within the meaning of Section 409A. Any provision of the Plan or this Agreement that would cause this Award to fail to satisfy any applicable requirement of Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.

18. Construction and Interpretation The Board of Directors of the Company (the "Board") and the Committee shall have full authority and discretion, subject only to the express terms of the Plan, to decide all matters relating to the administration and interpretation of the Plan and this Agreement and all such Board and Committee determinations shall be final, conclusive, and binding upon you and all interested parties. The terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, as amended from time to time, which shall be controlling. This Agreement and the Plan contain the entire understanding of the parties and this Agreement may not be modified or amended except in writing duly signed by the parties. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other party to this Agreement. The various provisions of this Agreement are severable and in the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. This Agreement will be binding upon and inure to the benefit of the successors, assigns, and heirs of the respective parties.

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The validity and construction of this Agreement shall be governed by the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. For purposes of litigating any dispute arising under this Agreement, the parties hereby submit and consent to the jurisdiction of the State of Indiana, agree that such litigation shall be conducted in the courts of Kosciusko County Indiana, or the federal courts for the United States for the Northern District of Indiana, where this grant is made and/or to be performed.

If you have received this Agreement or any other document related to the Plan translated into a language other than English and if meaning of the translated version is different from the English version, the English version will control.

19. Insider Trading/Market Abuse Laws: You acknowledge that, depending on your country, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares (*e.g.*, RSUs) under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

20. Foreign Asset/Account Reporting: Please be aware that your country may have certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You acknowledge that it is your responsibility to be compliant with such regulations, and you are advised to speak to your personal advisor on this matter.

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21. Compliance with Laws and Regulations Notwithstanding any other provisions of this Agreement, you understand that the Company will not be obligated to issue any Shares pursuant to the vesting of the RSUs if the issuance of such Shares shall constitute a violation by you or the Company of any provision of law or regulation of any governmental authority. Any determination by the Company in this regard shall be final, binding and conclusive.

22. Addendum Your Award shall be subject to any special provisions set forth in the Addendum to this Agreement for your country, if any. If you relocate to one of the countries included in the Addendum during the Restriction Period, the special provisions for such country shall apply to you, to the extent the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. The Addendum, if any, constitutes part of this Agreement.

23. Imposition of Other Requirements The Company reserves the right to impose other requirements on your participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. Recoupment Any benefits you may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder; (ii) similar rules under the laws of any other jurisdiction; and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to you.

ZIMMER HOLDINGS, INC.

By:

Chad F. Phipps
Senior Vice President,
General Counsel and Secretary

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Exhibit 10.31

ZIMMER HOLDINGS, INC.

2009 STOCK INCENTIVE PLAN
THREE-YEAR PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD

To encourage your continued employment with Zimmer Holdings, Inc. (the "Company") or its Affiliates, you have been granted this restricted stock unit ("RSU") award ("Award") pursuant to the Company' s 2009 Stock Incentive Plan ("Plan"). Each RSU represents an unfunded, unsecured promise by the Company to deliver one share of Common Stock ("Share") to you, subject to the fulfillment of the vesting requirements set forth in this agreement and in Annex A to this agreement (collectively, the "Agreement") and all other restrictions, terms and conditions contained in this Agreement and in the Plan. Except as may be required by law, you are not required to make any payment (other than payments for Tax-Related Items pursuant to Section 7 hereof) or provide any consideration other than the rendering of future services to the Company or its Affiliates. Capitalized terms that are not defined in this Agreement have the meanings given to them in the Plan.

1. **Grant Date** ______ __, 20____ (the "Grant Date").

2. **Number of RSUs Subject to this Award** The number of RSUs subject to this Award was communicated to you separately and is posted to your online Zimmer - Computershare account ("Computershare Account"). Through the Determination Date, the number of RSUs posted to your Computershare Account is the maximum number of RSUs subject to this Award. The target number of RSUs is approximately one-half (1/2) of the maximum number. As soon as administratively feasible following the Determination Date, the number of RSUs posted to your Computershare Account will be adjusted to reflect the actual number of RSUs earned as determined by the Committee.

3. **Vesting Schedule** No RSUs will be earned unless and until the Committee determines the extent to which the performance criteria set forth in Annex A have been met with respect to the three-year period beginning January 1, 2015 and ending December 31, 2017 (the "Performance Period"). As soon as practicable following the availability of audited results of the Company for the fiscal year ended December 31, 2017, the Committee will determine whether and the extent to which the performance criteria in Annex A have been satisfied and the number of RSUs earned ("Earned RSUs"). The date on which the Committee makes its determination is referred to in this Agreement as the "Determination Date". Except as otherwise set forth in Section 6 below, the Earned RSUs will become vested and nonforfeitable on the later of the (i) Determination Date, or (ii) the third anniversary of the Grant Date (the "Scheduled Vest Date") provided that you have been continuously employed by the Company or its Affiliates since the Grant Date. The period from

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the Grant Date until the Scheduled Vest Date is referred to in this Agreement as the "Restriction Period".

4. **Stockholder Rights** You will have none of the rights of a holder of Common Stock (including any voting rights, rights with respect to cash dividends paid by the Company on its Common Stock or any other rights whatsoever) until the Award is settled by the issuance of Shares to you.

5. **Conversion of Earned RSUs and Issuance of Shares** Subject to the terms and conditions of this Agreement and the Plan, the Company will transfer Shares to you within 60 days after the lapse of the Restriction Period for Earned RSUs. No fractional Shares will be issued under this Agreement. The Company will not be required to issue or deliver any Shares prior to (a) the admission of such Shares to listing on any stock exchange on which the stock may then be listed, (b) the completion of any registration or other qualification of such Shares under any state or federal law or rulings or regulations of any governmental regulatory body, or (c) the obtaining of any consent or approval or other clearance from any governmental agency, which the Company shall, in its sole discretion, determine to be necessary or advisable. The Company reserves the right to determine the manner in which the Shares are delivered to you, including but not limited to delivery by direct registration with the Company' s transfer agent.

6. **Termination of Employment**

(a) For all purposes of this Agreement, the term "Employment Termination Date" shall mean the earlier of (i) the date, as determined by the Company, that you are no longer actively employed by the Company or an Affiliate of the Company, and in the case of an involuntary termination, such date shall not be extended by any notice period mandated under local law (*e.g.*, active employment would not include any contractual notice period or any period of

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"garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); or (ii) the date, as determined by the Company, that your employer is no longer an Affiliate of the Company.

(b) (i) A transfer of your employment from the Company to an Affiliate, or vice versa, or from one Affiliate to another, (ii) a leave of absence, duly authorized in writing by the Company, for military service or sickness or for any other purpose approved by the Company if the period of such leave does not exceed ninety (90) days, and (iii) a leave of absence in excess of ninety (90) days, duly authorized in writing by the Company, provided your right to reemployment is guaranteed either by a statute or by contract, shall not be deemed a termination of employment. However, your failure to return to the employ of the Company at the end of an approved leave of absence shall be deemed a termination. During a leave of absence as defined in (ii) or (iii), you will be considered to have been continuously employed by the Company.

(c) Except as set forth below, if your Employment Termination Date occurs before the Scheduled Vest Date, the entire Award as of your Employment Termination Date shall be forfeited and immediately cancelled.

(d) If after you have been continuously employed by the Company or its Affiliates for one year or more from the Grant Date, you terminate employment on account of Retirement or death, all time-based restrictions imposed under this Award will lapse as of your Employment Termination Date, but this Award will continue to be subject to the satisfaction of the performance criteria set forth in Annex A; the number of Earned RSUs, if any, as determined by the Committee will vest and become nonforfeitable on the Determination Date (subject to any applicable requirements described in the definition of "Retirement" in the Plan).

(e) In the event of your death prior to the delivery of Shares issuable pursuant to Earned RSUs under this Agreement, such Shares shall be delivered to the duly appointed legal representative of your estate or to the proper legatees or distributees thereof, upon presentation of documentation satisfactory to the Committee.

7. <u>Responsibility for Taxes</u>

(a) You acknowledge that, regardless of any action taken by the Company or, if different, your actual employer (the "Employer"), the ultimate liability for all income tax (including federal, state and local taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you or deemed by the Company or the Employer to be an appropriate charge to you even if legally applicable to the Company or the Employer ("Tax-Related Items") is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in

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connection with any aspect of the RSUs, including the grant of the Award, the vesting or settlement of the RSUs, the conversion of the RSUs into Shares, the subsequent sale of any Shares acquired at vesting or the receipt of any dividends; and (ii) do not commit to, and are under no obligation to, structure the terms or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company or the Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to pay, or make adequate arrangements satisfactory to the Company or to the Employer (in their sole discretion) to satisfy all Tax-Related Items. In this regard and, if permissible under local law, you authorize the Company and/or the Employer, at their discretion, to satisfy the obligations with respect to all Tax-Related Items in one or a combination of the following: (i) requiring you to pay an amount necessary to pay the Tax-Related Items directly to the Company (or the Employer) in the form of cash, check or other cash equivalent; (ii) withholding such amount from wages or other cash compensation payable to you by the Company and/or the Employer; (iii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization or such other authorization, without further consent, as you may be required to provide to the Company or Computershare (or any other designated broker)); or (iv) withholding in Shares to be issued upon settlement of the RSUs.

(c) Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum

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applicable rates, in which case you will receive a refund of any over-withheld amount in cash and will have no entitlement to the Shares, and you agree that the amount withheld may exceed your actual liability. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

(d) Finally, you agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

8. **<u>Nature of Grant</u>** In accepting the RSUs, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, as provided in the Plan;

(b) the Award is voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, or benefits in lieu of RSUs even if RSUs have been awarded in the past;

(c) all decisions with respect to future RSU or other awards, if any, will be at the sole discretion of the Company;

(d) the Award and your participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any Affiliate of the Company and shall not interfere with the ability of the Company, the Employer or any Affiliate of the Company, as applicable to terminate your employment or service relationship (if any);

(e) your participation in the Plan is voluntary;

(f) the Award and the Shares subject to the RSUs are not intended to replace any pension rights or compensation;

(g) the Award and the Shares subject to the RSUs, and the income and value of same are not part of normal or expected compensation for purposes of calculation of any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;

(h) the future value of the Shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages arises from forfeiture of RSUs resulting from termination of your employment or other service relationship with the Company or the Employer (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the

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jurisdiction where you are employed or the terms of your employment agreement, if any) and in consideration of the Award to which you are not otherwise entitled, you irrevocably agree never to institute any claim against the Company, any of its Affiliates or the Employer, waive your ability, if any, to bring such claim, and release the Company and its Affiliates and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, you shall be deemed irrevocably to have agreed not to pursue such claim and agreed to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(j) unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares of the Company; and

(k) the following provisions apply only if you are providing services outside the United States: (i) the Award and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose; (ii) neither the Company, the Employer nor any Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

9. **No Advice Regarding Grant** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

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10. **Data Privacy** ***You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other RSU Award materials by and among, as applicable, the Employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.***

You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number (e.g. resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other stock-based awards, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

You understand that Data will be transferred to Computershare or such other stock plan service provider as may be selected by the Company to assist the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than your country of residence. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, Computershare and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative.

Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Employer will not be adversely affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you RSUs or any other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

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11. **Change in Control** Under certain circumstances, if your employment with the Company or its Affiliates terminates during the three year period following a Change in Control of the Company, this Award may be deemed vested. Please refer to the Plan for more information.

12. **Changes in Capitalization** If prior to the expiration of the Restriction Period changes occur in the outstanding Common Stock by reason of stock dividends, recapitalization, mergers, consolidations, stock splits, combinations or exchanges of Shares and the like, the number and class of Shares subject to this Award will be appropriately adjusted by the Committee, whose determination will be conclusive. If as a result of any adjustment under this paragraph you should become entitled to a fractional Share of stock, you will have the right only to the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Share so disregarded.

13. **Notice** Until you are advised otherwise by the Committee, all notices and other correspondence with respect to this Award will be effective upon receipt at the following address: Zimmer Holdings, Inc., ATTN: Employee Stock Services, 345 East Main Street, Post Office Box 708, Warsaw, Indiana 46581-0708, U.S.A.

14. **No Additional Rights** Except as explicitly provided in this Agreement, this Agreement will not confer any rights upon you, including any right with respect to continuation of employment by the Company or any of its Affiliates or any right to future awards under the Plan. In no event shall the value, at any time, of this Agreement, the Shares covered by this Agreement or any other benefit provided under

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this Agreement be included as compensation or earnings for purposes of any other compensation, retirement, or benefit plan offered to employees of the Company or its Affiliates unless otherwise specifically provided for in such plan.

15. **Breach of Restrictive Covenants** As a condition of receiving this Award, you have entered into a non-disclosure, non-solicitation and/or non-competition agreement with the Company or its Affiliates. The Company may, at its discretion, require execution of a restated non-disclosure, non-solicitation and/or non-competition agreement as a condition of receiving the Award. Should you decline to sign such a restated agreement as required by the Company and, therefore, forego receiving the Award, your most recently signed non-disclosure, non-solicitation and/or non-competition agreement shall remain in full force and effect. You understand and agree that if you violate any provision of any such agreement that remains in effect at the time of the violation, the Committee may require you to forfeit your right to any unvested portion of the Award and, to the extent that any portion of the Award has previously vested, the Committee may require you to return to the Company the Shares covered by the Award or any cash proceeds you received upon the sale of such Shares.

16. **Consent to Electronic Delivery** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

17. **Code Section 409A Compliance** To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. The RSUs granted in this Award are intended to be short-term deferrals exempt from Section 409A, but in the event that any portion of this Award constitutes deferred compensation within the meaning of Section 409A, then the issuance of Shares covered by an RSU award shall conform to the Section 409A standards, including, without limitation, the requirement that no payment on account of separation from service will be made to any specified employee (within the meaning of Section 409A) until six months after the separation from service occurs, and the prohibition against acceleration of payment, which means that the Committee does not have the authority to accelerate settlement of this Award in the event that any portion of it constitutes deferred compensation within the meaning of Section 409A. Any provision of the Plan or this Agreement that would cause this Award to fail to satisfy any applicable requirement of Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.

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18. **Construction and Interpretation** The Board of Directors of the Company (the “Board”) and the Committee shall have full authority and discretion, subject only to the express terms of the Plan, to decide all matters relating to the administration and interpretation of the Plan and this Agreement and all such Board and Committee determinations shall be final, conclusive, and binding upon you and all interested parties. The terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, as amended from time to time, which shall be controlling. This Agreement and the Plan contain the entire understanding of the parties and this Agreement may not be modified or amended except in writing duly signed by the parties. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other party to this Agreement. The various provisions of this Agreement are severable and in the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. This Agreement will be binding upon and inure to the benefit of the successors, assigns, and heirs of the respective parties.

The validity and construction of this Agreement shall be governed by the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. For purposes of litigating any dispute arising under this Agreement, the parties hereby submit and consent to the jurisdiction of the State of Indiana, agree that such litigation shall be conducted in the courts of Kosciusko County Indiana, or the federal courts for the United States for the Northern District of Indiana, where this grant is made and/or to be performed.

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If you have received this Agreement or any other document related to the Plan translated into a language other than English and if meaning of the translated version is different from the English version, the English version will control.

19. **Insider Trading/Market Abuse Laws** You acknowledge that, depending on your country, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares or rights to Shares (*e.g.*, RSUs) under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws in your country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you are advised to speak to your personal advisor on this matter.

20. **Foreign Asset/Account Reporting** Please be aware that your country may have certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You acknowledge that it is your responsibility to be compliant with such regulations, and you are advised to speak to your personal advisor on this matter.

21. **Compliance with Laws and Regulations** Notwithstanding any other provisions of this Agreement, you understand that the Company will not be obligated to issue any Shares pursuant to the vesting of the RSUs if the issuance of such Shares shall constitute a violation by you or the Company of any provision of law or regulation of any governmental authority. Any determination by the Company in this regard shall be final, binding and conclusive.

22. **Addendum** Your Award shall be subject to any special provisions set forth in the Addendum to this Agreement for your country, if any. If you relocate to one of the countries included in the Addendum during the Restriction Period, the special provisions for such country shall apply to you, to the extent the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. The Addendum, if any, constitutes part of this Agreement.

23. **Imposition of Other Requirements** The Company reserves the right to impose other requirements on your participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. **Recoupment** Any benefits you may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national

ZIMMER HOLDINGS, INC.

By:

Chad F. Phipps
Senior Vice President,
General Counsel and Secretary

securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder; (ii) similar rules under the laws of any other jurisdiction; and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to you.

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ANNEX A

PERFORMANCE CRITERIA

The number of RSUs that may be earned with respect to the Award shall be determined based upon the Company' s internal total shareholder return ("iTSR") for the Performance Period, subject to modification based on the Company' s iTSR performance relative to the S&P 500 Healthcare Index (the "relative TSR modifier"). The number of Earned RSUs expressed as a percentage of the target number of RSUs shall be determined by reference to the following payout matrix:

Actual Performance as a Percentage of Targeted Performance(1)	iTSR for the Performance Period	Percentage of Target Award Earned(1), (2)
Less than 50.00%	Less than __%	None
Minimum 50.00%	__%	50.00%
Target 100.00%	__%	100.00%
Maximum 158.33%	__%	200.00%

---

(1) Linear interpolations between specified percentages.

(2) Subject to modification based on the Company' s iTSR performance as compared to the relative TSR modifier.

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Exhibit 21

SUBSIDIARIES OF ZIMMER HOLDINGS, INC.

Name	Jurisdiction
Zimmer, Inc.	Delaware
Zimmer US, Inc.	Delaware
Zimmer CEP USA Holding Co.	Delaware
Zimmer Production, Inc.	Delaware
Zimmer Spine, Inc.	Delaware
Zimmer Luxembourg SARL	Luxembourg
Zimmer Investment Luxembourg SARL	Luxembourg
Zimmer Switzerland Holdings Ltd.	Switzerland
Zimmer GmbH	Switzerland
Zimmer Germany GmbH	Germany
Zimmer K.K.	Japan
Zimmer Orthopedics Manufacturing Limited	Ireland
Zimmer Manufacturing B.V.	Netherlands

Omits the names of subsidiaries which when considered in the aggregate would not constitute a "significant subsidiary" as of the end of the year covered by this report.

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Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-65934, 333-65936, 333-65938, 333-101243, 333-101265, 333-125667, 333-131164, 333-140939, 333-155757, 333-165078, 333-172463, 333-179700, 333-186951 and 333-194269), in the Registration Statement on Form S-3 (No. 333-184791) and in the Registration Statement on Form S-4 (No. 333-198380) of Zimmer Holdings, Inc. of our report dated February 23, 2015 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chicago, IL
February 23, 2015

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EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David C. Dvorak, certify that:

1. I have reviewed this Annual Report on Form 10-K of Zimmer Holdings, Inc.;
2. Based on my knowledge, 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 such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and
5. The registrant' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of registrant' s board of directors:
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: Date: February 23, 2015

David C. Dvorak
President and Chief Executive Officer

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EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James T. Crines, certify that:

1. I have reviewed this Annual Report on Form 10-K of Zimmer Holdings, Inc.;
2. Based on my knowledge, 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 such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’ s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’ s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’ s internal control over financial reporting that occurred during the registrant’ s most recent fiscal quarter (the registrant’ s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’ s internal control over financial reporting; and
5. The registrant’ s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’ s auditors and the audit committee of registrant’ s board of directors:
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’ s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’ s internal control over financial reporting.

Date: February 23, 2015

James T. Crines

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Executive Vice President, Finance and Chief Financial Officer

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Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Zimmer Holdings, Inc. (the "Company") on Form 10-K for the period ending December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

David C. Dvorak
President and Chief Executive Officer
February 23, 2015

James T. Crines
Executive Vice President, Finance and Chief Financial Officer
February 23, 2015

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Accumulated Other Comprehensive Income (Tables)

12 Months Ended

Dec. 31, 2014

Equity [Abstract]

Changes in Components of Other Comprehensive Income, Net of Tax

The following table shows the changes in the components of OCI, net of tax (in millions):

	Foreign Currency Translation	Cash Flow Hedges	Unrealized Gains on Securities	Defined Benefit Plan Items
Balance December 31, 2013	$ 401.1	$33.1	$ 0.5	$(67.6)
OCI before reclassifications	(241.5)	55.9	(0.5)	(80.0)
Reclassifications	–	(18.9)	(0.4)	4.2
Balance December 31, 2014	$ 159.6	$70.1	$ (0.4)	$(143.4)

Reclassification Adjustments from Accumulated Other Comprehensive Income

The following table shows the reclassification adjustments from OCI (in millions):

	Amount of Gain / (Loss) Reclassified from OCI For the Years Ended December 31,			
Component of OCI	2014	2013	2012	Location on Statement of Earnings
Cash flow hedges				
Foreign exchange forward contracts	$ 33.3	$ 8.0	$ (12.0)	Cost of products sold
Foreign exchange options	–	(0.2)	(0.4)	Cost of products sold
Cross-currency interest rate swaps	–	–	0.2	Interest expense
	33.3	7.8	(12.2)	Total before tax
	14.4	3.4	(8.9)	Provision for income taxes
	$ 18.9	$ 4.4	$ (3.3)	Net of tax
Investments	$ 0.4	$ –	$ –	Interest income
Realized gains on securities	–	–	–	Provision for income taxes
	$ 0.4	$ –	$ –	Net of tax
Defined benefit plans				
Prior service cost	$ 3.9	$ 3.9	$ 2.9	*
Unrecognized actuarial (loss)	(11.1)	(16.6)	(13.3)	*
	(7.2)	(12.7)	(10.4)	Total before tax
	(3.0)	(4.8)	(3.9)	Provision for income taxes
	$ (4.2)	$ (7.9)	$ (6.5)	Net of tax

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Total reclassifications	$ 15.1	$ (3.5)	$ (9.8)	Net of tax

* These OCI components are included in the computation of net periodic pension expense (see Note 14).

Tax Effects on Each Component of Other Comprehensive Income Recognized in Statements of Comprehensive Income

The following table shows the tax effects on each component of OCI recognized in our consolidated statements of comprehensive income (in millions):

	Before Tax			Tax			Net of Tax		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012	2014	2013	2012
Foreign currency cumulative translation adjustments	$(241.5)	$(44.4)	$46.1	$–	$–	$–	$(241.5)	$(44.4)	$46.1
Unrealized cash flow hedge gains	60.5	63.6	15.2	4.6	30.2	4.3	55.9	33.4	10.9
Reclassification adjustments on foreign currency hedges	(33.3)	(7.8)	12.2	(14.4)	(3.4)	8.9	(18.9)	(4.4)	3.3
Reclassification adjustments on securities	(0.4)	–	–	–	–	–	(0.4)	–	–
Unrealized gains/(losses) on securities	(0.5)	0.1	0.4	–	–	–	(0.5)	0.1	0.4
Adjustments to prior service cost and unrecognized actuarial assumptions	(104.8)	50.3	20.3	(29.0)	11.8	8.5	(75.8)	38.5	11.8
Total Other Comprehensive Gain/(Loss)	$(320.0)	$61.8	$94.2	$(38.8)	$38.6	$21.7	$(281.2)	$23.2	$72.5

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Share-Based Compensation - Summary of Nonvested RSU Activity (Detail) (USD $) In Thousands, except Per Share data, unless otherwise specified	12 Months Ended Dec. 31, 2014
Disclosure of Compensation Related Costs, Share-based Payments [Abstract]	
RSUs, Outstanding Beginning Balance	1,454
RSUs, Granted	455
RSUs, Vested	(306)
RSUs, Forfeited	(128)
RSUs, Outstanding Ending Balance	1,475
Weighted Average Grant Date Fair Value, Outstanding Beginning Balance	$ 67.42
Weighted Average Grant Date Fair Value, Granted	$ 94.48
Weighted Average Grant Date Fair Value, Vested	$ 61.46
Weighted Average Grant Date Fair Value, Forfeited	$ 72.54
Weighted Average Grant Date Fair Value, Outstanding Ending Balance	$ 76.60

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Significant Accounting Policies - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Business And Significant Accounting Policies [Line Items]			
Percentage of sales through direct channel	75.00%		
Percentage of sales through indirect channel	25.00%		
Period terms for payment	90 days		
Expenses incurred related to shipping and handling of products	$ 181.9	$ 163.6	$ 139.5
Allowance for doubtful accounts	22.3	22.7	
Goodwill impairment charge	$ 0	$ 0	$ 96.0
Instruments [Member]			
Business And Significant Accounting Policies [Line Items]			
Average estimated useful life	5 years		
Minimum [Member]			
Business And Significant Accounting Policies [Line Items]			
Useful life of finite lived intangibles	1 year		
Minimum [Member] | Building and Building Improvements [Member]			
Business And Significant Accounting Policies [Line Items]			
Average estimated useful life	10 years		
Minimum [Member] | Machinery and Equipment [Member]			
Business And Significant Accounting Policies [Line Items]			
Average estimated useful life	3 years		
Minimum [Member] | Capitalized Software Costs [Member]			
Business And Significant Accounting Policies [Line Items]			
Average estimated useful life	3 years		
Maximum [Member]			
Business And Significant Accounting Policies [Line Items]			
Useful life of finite lived intangibles	40 years		
Maximum [Member] | Building and Building Improvements [Member]			
Business And Significant Accounting Policies [Line Items]			
Average estimated useful life	40 years		
Maximum [Member] | Machinery and Equipment [Member]			
Business And Significant Accounting Policies [Line Items]			
Average estimated useful life	8 years		
Maximum [Member] | Capitalized Software Costs [Member]			
Business And Significant Accounting Policies [Line Items]			
Average estimated useful life	15 years		

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Debt - Additional Information (Detail)	12 Months Ended							12 Months Ended					12 Months Ended				12 Months Ended		12 Months Ended	
	Dec. 31, 2014 USD ($)	Dec. 31, 2013 USD ($)	Dec. 31, 2012 USD ($)	Dec. 31, 2014 Senior Credit Facility [Member]	Dec. 31, 2014 Prior Term Loan [Member] Ratio	Dec. 31, 2014 After Term Loan [Member] Ratio	Dec. 31, 2014 Term Loan [Member] Senior Credit Facility [Member]	May 31, 2014 Term Loan [Member] Senior Credit Facility [Member] USD ($)	Dec. 31, 2014 Multicurrency Revolving Facility [Member]	Dec. 31, 2014 Multicurrency Revolving Facility [Member] Senior Credit Facility [Member]	May 31, 2014 Multicurrency Revolving Facility [Member] Senior Credit Facility [Member] USD ($)	Dec. 31, 2014 Bridge Credit Agreement [Member] USD ($)	Dec. 31, 2014 Japan Term Loan [Member] USD ($)	Dec. 31, 2014 Japan Term Loan [Member] JPY (¥)	Dec. 31, 2014 Senior Notes Due 2019 [Member] USD ($)	Dec. 31, 2013 Senior Notes Due 2019 [Member] USD ($)	Dec. 31, 2014 Senior Notes Due 2021 [Member] USD ($)	Dec. 31, 2013 Senior Notes Due 2021 [Member] USD ($)	Dec. 31, 2014 Senior Notes Due 2039 [Member] USD ($)	Dec. 31, 2013 Senior Notes Due 2039 [Member] USD ($)
Debt Instrument [Line Items]																				
Unsecured term loan, term							5 years			5 years		364 days								
Principal amount, term loan description				The Senior Credit Facility contains (i) a 5-year unsecured term loan facility in the principal amount of $3.0 billion (Term Loan)								The Bridge Credit Agreement is a 364-day unsecured committed bridge facility in the principal amount of $7.66 billion.								
Principal amount, unsecured credit facility											$ 1,350,000,000	$ 7,660,000,000								
Credit facility, maturity date				May 31, 2017						May 31, 2019		Apr. 24, 2015								
Principal amount, unsecured credit facility								3,000,000,000												
Outstanding Senior Credit Facility	0																			
Term Loan	98,000,000	112,400,000												11,700,000,000						
Interest rate on Senior Notes and term loan													0.61%	0.61%	4.625%		3.375%		5.75%	
Due date of senior notes													May 31, 2018	May 31, 2018	Nov. 30, 2019		Nov. 30, 2021		Nov. 30, 2039	
Estimated fair value of senior notes and term loan	1,460,200,000												97,600,000							
Maximum Leverage Ratio					3.0	5.0														
Leverage ratio description under line of credit facility on financial covenants				Financial covenants include a consolidated indebtedness to consolidated EBITDA ratio of no greater than 3.0 to 1.0 in periods prior to any Term Loan funding and no greater than 5.0 to 1.0 in periods after the Term Loan is funded.																
Debt issuance costs commitment period									5 years			1 year								
Aggregate Principal Amount of Senior Notes															500,000,000	500,000,000	300,000,000	300,000,000	500,000,000	500,000,000
Interest payable	Interest on each series is payable on May 30 and November 30 of each year until maturity.																			
Debt instruments redemption terms	Redemption price equal to the greater of 1) 100 percent of the principal amount of the notes being redeemed; or 2) the sum of the present values of the remaining scheduled payments of principal and interest (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis at the Treasury Rate (as defined in the debt agreement), plus 20 basis points in the case of the 2019 Notes and 2021 Notes, and 25 basis points in the case of the 2039 Notes. We would also pay the accrued and unpaid interest on the Senior Notes to the																			

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	redemption date.		
Available uncommitted credit facilities, Net	31,900,000		
Weighted average interest rate for all borrowings, long-term debt	3.50%	3.30%	
Interest paid on Debt	$ 67,500,000	$ 68,100,000	$ 67,800,000

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Inventories - Summary of Inventories (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Inventory Disclosure [Abstract]		
Finished goods	$ 899.9	$ 817.0
Work in progress	87.8	77.4
Raw materials	181.3	180.1
Inventories	$ 1,169.0	$ 1,074.5

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Derivative Instruments and Hedging Activities - Fair Value of Derivative Instruments on Gross Basis (Detail) (Designated as Hedging Instrument [Member], USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Derivatives, Fair Value [Line Items]		
Derivative Assets	$ 175.8	$ 106.7
Derivative Liabilities	87.3	49.3
Foreign Exchange Forward Contracts [Member] | Other Current Assets [Member]		
Derivatives, Fair Value [Line Items]		
Derivative Assets	98.7	60.2
Foreign Exchange Forward Contracts [Member] | Other Assets [Member]		
Derivatives, Fair Value [Line Items]		
Derivative Assets	53.1	30.2
Foreign Exchange Forward Contracts [Member] | Other Current Liabilities [Member]		
Derivatives, Fair Value [Line Items]		
Derivative Liabilities	16.4	26.4
Foreign Exchange Forward Contracts [Member] | Other Long-term Liabilities [Member]		
Derivatives, Fair Value [Line Items]		
Derivative Liabilities	11.6	15.9
Interest Rate Swaps [Member] | Other Assets [Member]		
Derivatives, Fair Value [Line Items]		
Derivative Assets	24.0	16.3
Interest Rate Swaps [Member] | Other Long-term Liabilities [Member]		
Derivatives, Fair Value [Line Items]		
Derivative Liabilities		7.0
Forward Starting Interest Rate Swaps [Member] | Other Current Liabilities [Member]		
Derivatives, Fair Value [Line Items]		
Derivative Liabilities	$ 59.3	

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Segment Data - Summary of Net Sales by Product Category (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended								12 Months Ended		
	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Revenue from External Customer [Line Items]											
Net Sales	$ 1,222.9	$ 1,106.0	$ 1,182.9	$ 1,161.5	$ 1,240.7	$ 1,074.3	$ 1,169.5	$ 1,138.9	$ 4,673.3	$ 4,623.4	$ 4,471.7
Knees [Member]											
Revenue from External Customer [Line Items]											
Net Sales									1,965.8	1,909.9	1,833.8
Hips [Member]											
Revenue from External Customer [Line Items]											
Net Sales									1,326.4	1,330.5	1,342.0
Extremities [Member]											
Revenue from External Customer [Line Items]											
Net Sales									204.3	193.8	173.8
Reconstructive [Member]											
Revenue from External Customer [Line Items]											
Net Sales									3,496.5	3,434.2	3,349.6
Dental [Member]											
Revenue from External Customer [Line Items]											
Net Sales									242.8	239.3	237.7
Trauma [Member]											
Revenue from External Customer [Line Items]											
Net Sales									316.7	315.6	307.9
Spine [Member]											
Revenue from External Customer [Line Items]											
Net Sales									207.2	202.3	208.9
Surgical and other [Member]											
Revenue from External Customer [Line Items]											
Net Sales									$ 410.1	$ 432.0	$ 367.6

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Quarterly Financial Information (Unaudited) (Tables)	12 Months Ended Dec. 31, 2014
Quarterly Financial Information Disclosure [Abstract]	
Quarterly Financial Information (Unaudited)	(in millions, except per share data)

	2014 Quarter Ended				2013 Quarter Ended			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Net sales	$1,161.5	$1,182.9	$1,106.0	$1,222.9	$1,138.9	$1,169.5	$1,074.3	$1,240.7
Gross profit	856.1	849.7	807.7	910.0	846.0	845.9	745.5	899.9
Net earnings of Zimmer Holdings, Inc.	221.5	176.5	165.5	156.6	218.6	152.1	154.4	235.9
Earnings per common share								
Basic	1.31	1.05	0.98	0.92	1.30	0.90	0.91	1.38
Diluted	1.29	1.03	0.96	0.91	1.28	0.89	0.90	1.36

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Property, Plant and Equipment (Tables)	12 Months Ended Dec. 31, 2014
Property, Plant and Equipment [Abstract]	
Summary of Property, Plant and Equipment	Property, plant and equipment consisted of the following (in millions):

As of December 31,	2014	2013
Land	$20.4	$21.7
Building and equipment	1,283.4	1,353.1
Capitalized software costs	294.7	272.6
Instruments	1,696.3	1,610.6
Construction in progress	115.8	58.2
	3,410.6	3,316.2
Accumulated depreciation	(2,121.8)	(2,091.5)
Property, plant and equipment, net	$1,288.8	$1,224.7

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Derivative Instruments and Hedging Activities - Schedule of Effects of Master Netting Agreements on Condensed Consolidated Balance Sheets (Detail) (Cash Flow Hedges [Member], USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Other Current Assets [Member]		
Derivatives And Hedging Activities [Line Items]		
Gross Amount	$ 98.7	$ 60.2
Offset	15.9	13.5
Net Amount in Balance Sheet	82.8	46.7
Other Assets [Member]		
Derivatives And Hedging Activities [Line Items]		
Gross Amount	53.1	30.2
Offset	10.4	8.2
Net Amount in Balance Sheet	42.7	22.0
Other Current Liabilities [Member]		
Derivatives And Hedging Activities [Line Items]		
Gross Amount	16.4	26.4
Offset	15.9	13.5
Net Amount in Balance Sheet	0.5	12.9
Other Long-term Liabilities [Member]		
Derivatives And Hedging Activities [Line Items]		
Gross Amount	11.6	15.9
Offset	10.4	8.2
Net Amount in Balance Sheet	$ 1.2	$ 7.7

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Accumulated Other Comprehensive Income - Tax Effects on Each Component of Other Comprehensive Income Recognized in Statements of Comprehensive Income (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Statement of Comprehensive Income [Abstract]			
Foreign currency cumulative translation adjustments, Before Tax	$ (241.5)	$ (44.4)	$ 46.1
Unrealized cash flow hedge gains, Before Tax	60.5	63.6	15.2
Reclassification adjustments on foreign currency hedges, Before Tax	(33.3)	(7.8)	12.2
Reclassification adjustments on securities, Before Tax	(0.4)		
Unrealized gains/(losses) on securities, Before Tax	(0.5)	0.1	0.4
Adjustments to prior service cost and unrecognized actuarial assumptions, Before Tax	(104.8)	50.3	20.3
Total Other Comprehensive Gain/(Loss), Before Tax	(320.0)	61.8	94.2
Foreign currency cumulative translation adjustments, Tax	0	0	0
Unrealized cash flow hedge gains, Tax	4.6	30.2	4.3
Reclassification adjustments on foreign currency hedges, Tax	(14.4)	(3.4)	8.9
Reclassification adjustments on securities, Tax	0	0	0
Unrealized gains/(losses) on securities, Tax	0	0	0
Adjustments to prior service cost and unrecognized actuarial assumptions, Tax	(29.0)	11.8	8.5
Total Other Comprehensive Gain/(Loss), Tax	(38.8)	38.6	21.7
Foreign currency cumulative translation adjustments, net of tax	(241.5)	(44.4)	46.1
Unrealized cash flow hedge gains, net of tax	55.9	33.4	10.9
Reclassification adjustments on foreign currency hedges, net of tax	(18.9)	(4.4)	3.3
Reclassification adjustments on securities, net of tax	(0.4)		
Unrealized gains/(losses) on securities, net of tax	(0.5)	0.1	0.4
Adjustments to prior service cost and unrecognized actuarial assumptions, net of tax	(75.8)	38.5	11.8
Total Other Comprehensive Gain/(Loss), net of tax	$ (281.2)	$ 23.2	$ 72.5

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Retirement Benefit Plans - Total Accumulated Benefit Obligations and Plans with Accumulated Benefit Obligations in Excess of Plan Assets (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
U.S. and Puerto Rico [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Total accumulated benefit obligations	$ 337.5	$ 273.8
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligation	32.8	8.8
Plan assets at fair market value	22.0	
Foreign-based Defined Benefit Plans [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Total accumulated benefit obligations	413.1	362.1
Plans with accumulated benefit obligations in excess of plan assets:		
Accumulated benefit obligation	358.6	308.9
Plan assets at fair market value	$ 315.0	$ 303.7

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Property, Plant and Equipment - Summary of Property, Plant and Equipment (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Property, Plant and Equipment [Line Items]			
Property, plant and equipment, Gross	$ 3,410.6	$ 3,316.2	
Accumulated depreciation	(2,121.8)	(2,091.5)	
Property, plant and equipment, net	1,288.8	1,224.7	1,210.7
Land [Member]			
Property, Plant and Equipment [Line Items]			
Property, plant and equipment, Gross	20.4	21.7	
Building And Equipment [Member]			
Property, Plant and Equipment [Line Items]			
Property, plant and equipment, Gross	1,283.4	1,353.1	
Capitalized Software Costs [Member]			
Property, Plant and Equipment [Line Items]			
Property, plant and equipment, Gross	294.7	272.6	
Instruments [Member]			
Property, Plant and Equipment [Line Items]			
Property, plant and equipment, Gross	1,696.3	1,610.6	
Construction in Progress [Member]			
Property, Plant and Equipment [Line Items]			
Property, plant and equipment, Gross	$ 115.8	$ 58.2	

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Schedule - Valuation and Qualifying Accounts (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Allowance for Doubtful Accounts [Member]			
Valuation and Qualifying Accounts Disclosure [Line Items]			
Balance at Beginning of Period	$ 22.7	$ 22.8	$ 17.2
Additions Charged (Credited) to Expense	2.0	1.9	7.1
Deductions to Reserve	(1.4)	(1.5)	(1.8)
Effects of Foreign Currency	(1.0)	(0.5)	
Acquired Allowances			0.3
Balance at End of Period	22.3	22.7	22.8
Deferred Tax Asset Valuation Allowances [Member]			
Valuation and Qualifying Accounts Disclosure [Line Items]			
Balance at Beginning of Period	42.7	41.3	40.3
Additions Charged (Credited) to Expense	74.7	1.5	(0.9)
Deductions to Reserve	(9.2)	(0.1)	(0.3)
Acquired Allowances	14.6		2.2
Balance at End of Period	$ 122.8	$ 42.7	$ 41.3

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Derivative Instruments and Hedging Activities - Gross Unrealized Losses from Derivative Instruments (Detail) (Cash Flow Hedges [Member], USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Derivative Instruments, Gain (Loss) [Line Items]			
Amount of Gain / (Loss) Recognized in OCI	$ 60.5	$ 63.6	$ 15.2
Amount of Gain / (Loss) Reclassified from OCI	33.3	7.8	(12.2)
Foreign Exchange Forward Contracts [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Amount of Gain / (Loss) Recognized in OCI	119.8	63.9	16.3
Foreign Exchange Forward Contracts [Member] | Cost of Products Sold [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Amount of Gain / (Loss) Reclassified from OCI	33.3	8.0	(12.0)
Foreign Exchange Options [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Amount of Gain / (Loss) Recognized in OCI		(0.3)	(1.1)
Foreign Exchange Options [Member] | Cost of Products Sold [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Amount of Gain / (Loss) Reclassified from OCI		(0.2)	(0.4)
Forward Starting Interest Rate Swaps [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Amount of Gain / (Loss) Recognized in OCI	(59.3)		
Cross-currency Interest Rate Swaps [Member] | Cost of Products Sold [Member]			
Derivative Instruments, Gain (Loss) [Line Items]			
Amount of Gain / (Loss) Reclassified from OCI			$ 0.2

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Retirement Benefit Plans - Part of Accumulated Other Comprehensive Income (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended Dec. 31, 2014
U.S. and Puerto Rico [Member]	
Pension And Other Employee Benefit Plans [Line Items]	
Unrecognized prior service cost	$ (2.6)
Unrecognized actuarial loss	18.3
Total amount recognized	15.7
Foreign-based Defined Benefit Plans [Member]	
Pension And Other Employee Benefit Plans [Line Items]	
Unrecognized prior service cost	(1.9)
Unrecognized actuarial loss	2.7
Total amount recognized	$ 0.8

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Retirement Benefit Plans - Weighted Average Actuarial Assumptions Used to Determine Net Pension Expense for Our Defined Benefit Retirement Plans (Detail)	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
U.S. and Puerto Rico [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Discount rate	4.98%	4.32%	4.97%
Rate of compensation increase	3.29%	3.29%	3.81%
Expected long-term rate of return on plan assets	7.75%	7.75%	7.75%
Foreign-based Defined Benefit Plans [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Discount rate	2.46%	2.13%	2.58%
Rate of compensation increase	1.48%	2.29%	2.77%
Expected long-term rate of return on plan assets	2.88%	2.74%	3.51%

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Retirement Benefit Plans - Weighted Average Actuarial Assumptions Used to Determine Projected Benefit Obligation for Defined Benefit Retirement Plans (Detail)	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
U.S. and Puerto Rico [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Discount rate	4.10%	4.98%	4.32%
Rate of compensation increase	3.29%	3.29%	3.29%
Foreign-based Defined Benefit Plans [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Discount rate	1.38%	2.45%	2.15%
Rate of compensation increase	1.43%	1.52%	2.75%

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Derivative Instruments and Hedging Activities - Gains/(Losses) from Derivative Instruments Recognized in Cost of Products Sold (Detail) (Nondesignated [Member], Foreign Exchange Forward Contracts [Member], Cost of Products Sold [Member], USD $) In Millions, unless otherwise specified	12 Months Ended	
	Dec. 31, 2014	Dec. 31, 2012
Nondesignated [Member] | Foreign Exchange Forward Contracts [Member] | Cost of Products Sold [Member]		
Derivative Instruments, Gain (Loss) [Line Items]		
Gains (losses) from derivative instruments not designated as hedging instruments	$ 15.3	$ (2.0)

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Accumulated Other Comprehensive Income - Changes in Components of Other Comprehensive Income, Net of Tax (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended Dec. 31, 2014	Dec. 31, 2013
Other Comprehensive Income Loss [Line Items]		
Accumulated Other Comprehensive Income, Beginning Balance		$ 367.1
Accumulated Other Comprehensive Income, Ending Balance	85.9	367.1
Foreign Currency Translation [Member]		
Other Comprehensive Income Loss [Line Items]		
Accumulated Other Comprehensive Income, Beginning Balance	401.1	
OCI before reclassifications	(241.5)	
Accumulated Other Comprehensive Income, Ending Balance	159.6	
Unrealized Gains on Securities [Member]		
Other Comprehensive Income Loss [Line Items]		
Accumulated Other Comprehensive Income, Beginning Balance	0.5	
OCI before reclassifications	(0.5)	
Reclassifications	(0.4)	
Accumulated Other Comprehensive Income, Ending Balance	(0.4)	
Defined Benefit Plan Items [Member]		
Other Comprehensive Income Loss [Line Items]		
Accumulated Other Comprehensive Income, Beginning Balance	(67.6)	
OCI before reclassifications	(80.0)	
Reclassifications	4.2	
Accumulated Other Comprehensive Income, Ending Balance	(143.4)	
Cash Flow Hedges [Member]		
Other Comprehensive Income Loss [Line Items]		
Accumulated Other Comprehensive Income, Beginning Balance	33.1	
OCI before reclassifications	55.9	
Reclassifications	(18.9)	
Accumulated Other Comprehensive Income, Ending Balance	$ 70.1	

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Leases	12 Months Ended Dec. 31, 2014
Leases [Abstract]	
Leases	**18. Leases** Total rent expense for the years ended December 31, 2014, 2013 and 2012 aggregated $48.4 million, $49.2 million and $46.3 million, respectively. Future minimum rental commitments under non-cancelable operating leases in effect as of December 31, 2014 were (in millions):

For the Years Ending December 31,	
2015	$46.5
2016	36.1
2017	27.0
2018	21.4
2019	19.6
Thereafter	32.3

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Share-Based Compensation - Share-Based Compensation Expense (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Compensation Related Costs Share Based Payments Disclosure [Line Items]			
Total expense, pre-tax	$ 49.4	$ 48.5	$ 55.0
Tax benefit related to awards	(15.5)	(15.6)	(16.6)
Total expense, net of tax	33.9	32.9	38.4
Stock Options [Member]			
Compensation Related Costs Share Based Payments Disclosure [Line Items]			
Total expense, pre-tax	24.2	24.7	32.4
RSUs [Member]			
Compensation Related Costs Share Based Payments Disclosure [Line Items]			
Total expense, pre-tax	$ 25.2	$ 23.8	$ 22.6

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Income Taxes (Tables)

12 Months Ended
Dec. 31, 2014

Income Tax Disclosure [Abstract]

Components of Earnings Before Income Taxes

The components of earnings before income taxes and the income taxes paid consisted of the following (in millions):

For the Years Ended December 31,	2014	2013	2012
United States operations	$395.6	$400.7	$409.9
Foreign operations	548.3	580.4	580.2
Total	$943.9	$981.1	$990.1

Provision for Income Taxes and Income Taxes Paid

The provision for income taxes consisted of (in millions):

Current:			
Federal	$177.6	$199.0	$179.8
State	16.3	20.6	13.8
Foreign	115.2	128.5	108.4
	309.1	348.1	302.0
Deferred:			
Federal	(56.9)	(87.7)	(58.8)
State	(6.6)	(8.5)	0.7
Foreign	(20.7)	(30.0)	(6.7)
	(84.2)	(126.2)	(64.8)
Provision for income taxes	$224.9	$221.9	$237.2
Income taxes paid	$340.1	$272.3	$227.6

Reconciliation of U.S. Statutory Income Tax Rate to Our Effective Tax Rate

A reconciliation of the U.S. statutory income tax rate to our effective tax rate is as follows:

For the Years Ended December 31,	2014	2013	2012
U.S. statutory income tax rate	35.0 %	35.0 %	35.0 %
State taxes, net of federal deduction	0.7	0.8	1.0
Tax impact of foreign operations, including foreign tax credits	(11.3)	(12.2)	(10.4)
Tax impact of certain significant transactions	1.4	1.6	(3.5)
Tax benefit relating to U.S. manufacturer's deduction and export sales	(1.9)	(1.8)	(1.9)
R&D credit	(0.2)	(0.6)	–
Goodwill impairment	–	–	3.4
Other	0.1	(0.2)	0.4
Effective income tax rate	23.8 %	22.6 %	24.0 %

Components of Deferred Taxes

The components of deferred taxes consisted of the following (in millions):

As of December, 31	2014	2013
Deferred tax assets:		
Inventory	$275.1	$271.1
Net operating loss carryover	116.9	26.4
Tax credit carryover	185.5	187.1
Capital loss carryover	7.4	7.8
Accrued liabilities	106.7	72.0

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Share-based compensation	59.9	74.6
Unremitted earnings of foreign subsidiaries	32.3	25.6
Other	50.3	11.2
Total deferred tax assets	834.1	675.8
Less: Valuation allowances	(122.8)	(42.7)
Total deferred tax assets after valuation	711.3	633.1
Deferred tax liabilities:		
Fixed assets	$(104.3)	$(97.7)
Intangible assets	(95.9)	(106.4)
Other	–	(1.2)
Total deferred tax liabilities	(200.2)	(205.3)
Total net deferred tax assets	$511.1	$427.8

Tabular Reconciliation of Total Amounts of Unrecognized Tax Benefits

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in millions):

For the Years Ended December 31,	2014	2013	2012
Balance at January 1	$304.3	$285.5	$158.4
Increases related to prior periods	0.9	16.5	118.7
Decreases related to prior periods	(3.8)	(17.3)	(8.9)
Increases related to current period	17.3	22.5	19.1
Decreases related to settlements with taxing authorities	(3.0)	(2.9)	(0.6)
Decreases related to lapse of statute of limitations	(1.7)	–	(1.2)
Balance at December 31	$314.0	$304.3	$285.5
Amounts impacting effective tax rate, if recognized balance at December 31	$203.0	$186.3	$159.0

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Derivative Instruments and Hedging Activities - Derivative Instruments Designated as Fair Value Hedges (Detail) (Interest Rate Swaps [Member], Interest Expense [Member], USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Interest Rate Swaps [Member] | Interest Expense [Member]			
Derivatives And Hedging Activities [Line Items]			
Gain/(Loss) on Instrument	$ 14.7	$ (24.6)	$ 6.1
Gain/(Loss) on Hedged Item	$ (14.7)	$ 24.6	$ (6.1)

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Income Taxes - Components of Deferred Taxes (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Deferred tax assets:		
Inventory	$ 275.1	$ 271.1
Net operating loss carryover	116.9	26.4
Tax credit carryover	185.5	187.1
Capital loss carryover	7.4	7.8
Accrued liabilities	106.7	72.0
Share-based compensation	59.9	74.6
Unremitted earnings of foreign subsidiaries	32.3	25.6
Other	50.3	11.2
Total deferred tax assets	834.1	675.8
Less: Valuation allowances	(122.8)	(42.7)
Total deferred tax assets after valuation	711.3	633.1
Deferred tax liabilities:		
Fixed assets	(104.3)	(97.7)
Intangible assets	(95.9)	(106.4)
Other		(1.2)
Total deferred tax liabilities	(200.2)	(205.3)
Total net deferred tax assets	$ 511.1	$ 427.8

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Other Current and Long-term Liabilities (Tables)

12 Months Ended Dec. 31, 2014

Payables and Accruals [Abstract]

Summary of Other Current and Long-Term Liabilities

Other current and long-term liabilities consisted of the following (in millions):

As of December 31,	2014	2013
Other current liabilities:		
License and service agreements	$100.2	$109.2
Certain claims accrual (Note 19)	50.0	50.0
Litigation settlement accrual (Note 19)	70.0	–
Forward starting interest rate swaps	59.3	–
Salaries, wages and benefits	167.7	153.9
Accrued liabilities	351.3	351.0
Total other current liabilities	$798.5	$664.1
Other long-term liabilities:		
Long-term income tax payable	$181.7	$115.0
Certain claims accrual (Note 19)	307.2	329.0
Other long-term liabilities	159.7	132.6
Total other long-term liabilities	$648.6	$576.6

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Share-Based Compensation - Summary of Stock Option Activity (Detail) (USD $) In Millions, except Share data in Thousands, unless otherwise specified	12 Months Ended Dec. 31, 2014
Disclosure of Compensation Related Costs, Share-based Payments [Abstract]	
Outstanding stock options, Beginning balance	10,741
Options granted	1,193
Options exercised	(3,811)
Options forfeited	(235)
Options expired	(42)
Outstanding stock options, Ending Balance	7,846
Number of outstanding options, Vested or expected to vest	7,485
Exercisable, Stock options	4,927
Outstanding Weighted average exercise price, Beginning Balance	$ 70.06
Options granted, Weighted average exercise price	$ 94.58
Options exercised, Weighted average exercise price	$ 73.55
Options forfeited, Weighted average exercise price	$ 75.84
Options expired, Weighted average exercise price	$ 71.25
Outstanding Weighted average exercise price, ending Balance	$ 71.94
Outstanding Weighted average exercise price, Vested or expected to vest	$ 71.47
Exercisable, Weighted average exercise price	$ 67.91
Weighted Average Remaining Contractual Life, Outstanding at December 31, 2014	5 years 6 months
Weighted Average Remaining Contractual Life, Vested or expected to vest as of December 31, 2014	5 years 4 months 24 days
Weighted Average Remaining Contractual Life, Exercisable at December 31, 2014	3 years 10 months 24 days
Intrinsic Value, Outstanding at December 31, 2014	$ 325.5
Intrinsic Value, Vested or expected to vest as of December 31, 2014	314.0
Intrinsic Value, Exercisable at December 31, 2014	$ 224.2

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Goodwill and Other Intangible Assets - Estimated Annual Amortization Expense Based on Intangible Assets Recognized (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014
Goodwill and Intangible Assets Disclosure [Abstract]	
2015	$ 88.5
2016	81.6
2017	66.2
2018	50.9
2019	$ 36.3

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Fair Value Measurements of Assets and Liabilities - Fair Value Measurements of Assets and Liabilities (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value	$ 868.9	$ 807.7
Fair Value, Measurements, Recurring [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value	868.9	807.7
Total fair value measurement of assets	1,018.4	892.7
Total fair value measurement of liabilities	61.0	27.6
Fair Value, Measurements, Recurring [Member] | Corporate Debt Securities [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value	516.5	457.9
Fair Value, Measurements, Recurring [Member] | U.S. Government and Agency Debt Securities [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value	194.3	211.2
Fair Value, Measurements, Recurring [Member] | Commercial Paper [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value	57.8	68.3
Fair Value, Measurements, Recurring [Member] | Certificates of Deposit [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value	100.3	67.2
Fair Value, Measurements, Recurring [Member] | Foreign Government Debt Securities [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value		3.1
Fair Value, Measurements, Recurring [Member] | Foreign Exchange Forward Contracts [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivatives, current and long-term	125.5	68.7
Derivatives, current and long-term	1.7	20.6
Fair Value, Measurements, Recurring [Member] | Interest Rate Swaps [Member]		

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Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivatives, current and long-term	24.0	16.3
Derivatives, current and long-term		7.0
Fair Value, Measurements, Recurring [Member] | Forward Starting Interest Rate Swaps [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivatives, current and long-term	59.3	
Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member] | Fair Value, Measurements, Recurring [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value	868.9	807.7
Total fair value measurement of assets	1,018.4	892.7
Total fair value measurement of liabilities	61.0	27.6
Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member] | Fair Value, Measurements, Recurring [Member] | Corporate Debt Securities [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value	516.5	457.9
Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member] | Fair Value, Measurements, Recurring [Member] | U.S. Government and Agency Debt Securities [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value	194.3	211.2
Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member] | Fair Value, Measurements, Recurring [Member] | Commercial Paper [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value	57.8	68.3
Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member] | Fair Value, Measurements, Recurring [Member] | Certificates of Deposit [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value	100.3	67.2
Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member] | Fair Value, Measurements, Recurring [Member] | Foreign Government Debt Securities [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Available-for-sale Securities, Fair Value		3.1
Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member] | Fair Value, Measurements, Recurring [Member] | Foreign Exchange Forward Contracts [Member]		

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Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivatives, current and long-term	125.5	68.7
Derivatives, current and long-term	1.7	20.6
Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member] | Fair Value, Measurements, Recurring [Member] | Interest Rate Swaps [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivatives, current and long-term	24.0	16.3
Derivatives, current and long-term		7.0
Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member] | Fair Value, Measurements, Recurring [Member] | Forward Starting Interest Rate Swaps [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Derivatives, current and long-term	$ 59.3	

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Business - Additional Information (Detail) (USD $) Share data in Millions, except Per Share data, unless otherwise specified	12 Months Ended			0 Months Ended	
	Dec. 31, 2014 Segment	Dec. 31, 2013	Dec. 31, 2012	Apr. 24, 2014	May 31, 2014
Organization [Line Items]					
Number of geographic segments	3				
Consideration paid, cash	$ 54,300,000	$ 74,200,000	$ 59,000,000		
Bridge Credit Agreement [Member]					
Organization [Line Items]					
Debt instrument term	364 days				
Scenario, Forecast [Member]					
Organization [Line Items]					
Bridge loan					7,660,000,000
Scenario, Forecast [Member] | Senior Unsecured Term Loan [Member]					
Organization [Line Items]					
Senior unsecured term loan and notes				3,000,000,000	
Scenario, Forecast [Member] | Senior Unsecured Note [Member]					
Organization [Line Items]					
Senior unsecured term loan and notes				7,660,000,000	
LVB Acquisition Inc [Member]					
Organization [Line Items]					
Date of merger agreement				Apr. 24, 2014	
LVB Acquisition Inc [Member] | Scenario, Forecast [Member]					
Organization [Line Items]					
Total consideration				13,350,000,000	
Consideration paid, cash				10,350,000,000	
Consideration paid, shares				32.7	
Consideration paid, common stock value				3,000,000,000	
Consideration paid, common stock price				91.73	
Musculo Skeletal Industry [Member]					
Organization [Line Items]					
Net worth				45,000,000,000	
Minimum [Member]					
Organization [Line Items]					
Number of countries in which company operates	25				
Number of countries in which company markets the products	100				

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Significant Accounting Policies	12 Months Ended Dec. 31, 2014

Accounting Policies [Abstract]

Significant Accounting Policies

2. Significant Accounting Policies

Basis of Presentation – The consolidated financial statements include the accounts of Zimmer Holdings and its subsidiaries in which it holds a controlling financial interest. All significant intercompany accounts and transactions are eliminated. Certain amounts in the 2013 and 2012 consolidated financial statements have been reclassified to conform to the 2014 presentation.

Use of Estimates – The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the U.S. which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation – The financial statements of our foreign subsidiaries are translated into U.S. Dollars using period-end exchange rates for assets and liabilities and average exchange rates for operating results. Unrealized translation gains and losses are included in accumulated other comprehensive income in stockholders' equity. When a transaction is denominated in a currency other than the subsidiary's functional currency, we recognize a transaction gain or loss when the transaction is settled. Foreign currency transaction gains and losses included in net earnings for the years ended December 31, 2014, 2013 and 2012 were not significant.

Revenue Recognition – We sell product through three principal channels: 1) direct to healthcare institutions, referred to as direct channel accounts; 2) through stocking distributors and healthcare dealers; and 3) directly to dental practices and dental laboratories. The direct channel accounts represented approximately 75 percent of our net sales in 2014. Through this channel, inventory is generally consigned to sales agents or customers so that products are available when needed for surgical procedures. No revenue is recognized upon the placement of inventory into consignment as we retain title and maintain the inventory on our balance sheet. Upon implantation, we issue an invoice and revenue is recognized. Pricing for products is generally predetermined by contracts with customers, agents acting on behalf of customer groups or by government regulatory bodies, depending on the market. Price discounts under group purchasing contracts are generally linked to volume of implant purchases by customer healthcare institutions within a specified group. At negotiated thresholds within a contract buying period, price discounts may increase.

Sales to stocking distributors, healthcare dealers, dental practices and dental laboratories accounted for approximately 25 percent of our net sales in 2014. With these types of sales, revenue is recognized when title to product passes, either upon shipment of the product or in some cases upon implantation of the product. Product is generally sold at contractually fixed prices for specified periods. Payment terms vary by customer, but are typically less than 90 days.

If sales incentives are earned by a customer for purchasing a specified amount of our product, we estimate whether such incentives will be achieved and, if so, recognize these incentives as a reduction in revenue in the same period the underlying revenue transaction is recognized. Occasionally products are returned and, accordingly, we maintain an estimated sales return reserve that is recorded as a reduction in revenue. Product returns were not significant for the years ended December 31, 2014, 2013 and 2012.

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Taxes collected from customers and remitted to governmental authorities are presented on a net basis and excluded from revenues.

Shipping and Handling – Amounts billed to customers for shipping and handling of products are reflected in net sales and are not significant. Expenses incurred related to shipping and handling of products are reflected in selling, general and administrative and were $181.9 million, $163.6 million and $139.5 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Research and Development – We expense all research and development costs as incurred. Research and development costs include salaries, prototypes, depreciation of equipment used in research and development, consultant fees and service fees paid to collaborative partners. Where contingent milestone payments are due to third parties under research and development arrangements, the milestone payment obligations are expensed when the milestone results are achieved.

Litigation – We record a liability for contingent losses, including future legal costs, settlements and judgments, when we consider it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Special Items – We recognize expenses resulting directly from our business combinations, employee termination benefits, certain R&D agreements, certain contract terminations, consulting and professional fees and asset impairment or loss on disposal charges connected with global restructuring, operational and quality excellence initiatives, and other items as "Special items" in our consolidated statement of earnings. "Special items" included (in millions):

For the Years Ended December 31,	2014	2013	2012
Impairment/loss on disposal of assets	$32.4	$10.9	$14.6
Consulting and professional fees	176.7	99.1	90.1
Employee severance and retention, including share-based compensation acceleration	0.9	14.2	8.2
Dedicated project personnel	50.8	34.0	15.1
Certain R&D agreements	4.5	0.8	–
Relocated facilities	0.7	3.6	1.8
Distributor acquisitions	0.6	0.4	0.8
Certain litigation matters	70.0	26.9	13.7
Contract terminations	6.2	3.9	6.6
Contingent consideration adjustments	0.6	9.0	(2.8)
Accelerated software amortization	6.0	6.0	4.5
Other	7.1	7.9	2.8
Special items	$356.5	$216.7	$155.4

Impairment/loss on disposal of assets relates to impairment of intangible assets that were acquired in business combinations or impairment of or a loss on the disposal of other assets. This caption also includes the effect of reducing the estimated useful life of certain intangible assets to zero, which resulted in the remaining net book values of those assets being amortized immediately.

Consulting and professional fees relate to third-party consulting, professional fees and contract labor related to our quality and operational excellence initiatives, third-party consulting fees related to certain information system implementations, third-party integration consulting performed in a variety of areas such as tax, compliance, logistics and human resources for our business combinations and pending merger with Biomet, third-party fees related to severance and termination benefits matters and legal fees related to certain litigation matters. Our quality and

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operational excellence initiatives are company-wide and include improvements in quality, distribution, sourcing, manufacturing and information technology, among other areas.

In 2014, 2013 and 2012, we eliminated positions as we reduced management layers, restructured certain areas, announced closures of certain facilities, and commenced initiatives to focus on business opportunities that best support our strategic priorities. As a result of these changes in our work force and headcount reductions in connection with acquisitions, we incurred expenses related to severance benefits, redundant salaries as we worked through transition periods, share-based compensation acceleration and other employee termination-related costs. The majority of these termination benefits were provided in accordance with our existing or local government policies and are considered ongoing benefits. These costs were accrued when they became probable and estimable and were recorded as part of other current liabilities. The majority of these costs were paid during the year they were incurred.

Dedicated project personnel expenses include the salary, benefits, travel expenses and other costs directly associated with employees who are 100 percent dedicated to our operational and quality excellence initiatives or integration of acquired businesses.

Certain R&D agreements relate to agreements with upfront payments to obtain intellectual property to be used in R&D projects that have no alternative future use in other projects.

Relocated facilities expenses are the moving costs and the lease expenses incurred during the relocation period in connection with relocating certain facilities.

Over the past few years we have acquired a number of U.S. and foreign-based distributors. We have incurred various costs related to the consummation and integration of those businesses.

Certain litigation matters relate to net expenses recognized during the year for the estimated or actual settlement of certain pending litigation and similar claims, including matters where we recognized income from a settlement on more favorable terms than our previous estimate, or we reduced our estimate of a previously recorded contingent liability. These litigation matters have included royalty disputes, patent litigation matters, commercial litigation matters and matters arising from our acquisitions of certain competitive distributorships in prior years.

Contract termination costs relate to terminated agreements in connection with the integration of acquired companies and changes to our distribution model as part of business restructuring and operational excellence initiatives. The terminated contracts primarily relate to sales agents and distribution agreements.

Contingent consideration adjustments represent the changes in the fair value of contingent consideration obligations to be paid to the prior owners of acquired businesses.

Accelerated software amortization is the incremental amortization resulting from a reduction in the estimated life of certain software. Due to an approved plan to replace certain software, the estimated economic useful life of the existing software was decreased to represent the period of time expected to implement replacement software. As a result, the amortization from the shortened life of this software is substantially higher than the previous amortization being recognized.

Cash and Cash Equivalents – We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying amounts reported in the balance sheet for cash and cash equivalents are valued at cost, which approximates their fair value.

Investments – We invest our excess cash and cash equivalents in debt securities. Our investments include corporate debt securities, U.S. government and agency debt securities, foreign government debt securities, commercial paper and certificates of deposit, and are classified and accounted for as available-for-sale. Available-for-sale debt securities are recorded at fair value on our consolidated balance sheet. Investments with a contractual maturity of less than one year are classified as short-term investments on our consolidated balance sheet, or in

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other non-current assets if the contractual maturity is greater than one year. Changes in fair value for available-for-sale securities are recorded, net of taxes, as a component of accumulated other comprehensive loss on our consolidated balance sheet. We review our investments for other-than-temporary impairment at each reporting period. If an unrealized loss for any investment is considered to be other-than-temporary, the loss will be recognized in the consolidated statement of earnings in the period the determination is made. See Note 7 for more information regarding our investments.

Accounts Receivable – Accounts receivable consists of trade and other miscellaneous receivables. We grant credit to customers in the normal course of business and maintain an allowance for doubtful accounts for potential credit losses. We determine the allowance for doubtful accounts by geographic market and take into consideration historical credit experience, creditworthiness of the customer and other pertinent information. We make concerted efforts to collect all accounts receivable, but sometimes we have to write-off the account against the allowance when we determine the account is uncollectible. The allowance for doubtful accounts was $22.3 million and $22.7 million as of December 31, 2014 and 2013, respectively.

Inventories – Inventories are stated at the lower of cost or market, with cost determined on a first-in first-out basis.

Property, Plant and Equipment – Property, plant and equipment is carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful lives of ten to forty years for buildings and improvements and three to eight years for machinery and equipment. Maintenance and repairs are expensed as incurred. We review property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss would be recognized when estimated future undiscounted cash flows relating to the asset are less than its carrying amount. An impairment loss is measured as the amount by which the carrying amount of an asset exceeds its fair value.

Software Costs – We capitalize certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use when both the preliminary project stage is completed and it is probable that the software will be used as intended. Capitalized software costs generally include external direct costs of materials and services utilized in developing or obtaining computer software and compensation and related benefits for employees who are directly associated with the software project. Capitalized software costs are included in property, plant and equipment on our balance sheet and amortized on a straight-line or weighted average estimated user basis when the software is ready for its intended use over the estimated useful lives of the software, which approximate three to fifteen years.

Instruments – Instruments are hand-held devices used by surgeons during total joint replacement and other surgical procedures. Instruments are recognized as long-lived assets and are included in property, plant and equipment. Undeployed instruments are carried at cost or realizable value. Instruments in the field are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on average estimated useful lives, determined principally in reference to associated product life cycles, primarily five years. We review instruments for impairment whenever events or changes in circumstances indicate that the carrying value of an instrument may not be recoverable. Depreciation of instruments is recognized as selling, general and administrative expense.

Goodwill – Goodwill is not amortized but is subject to annual impairment tests. Goodwill has been assigned to reporting units. We perform annual impairment tests by either comparing a reporting unit's estimated fair value to its carrying amount or doing a qualitative assessment of a reporting unit's fair value from the last quantitative assessment to determine if there is potential impairment. We may do a qualitative assessment when the results of the previous quantitative test

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indicated the reporting unit's estimated fair value was significantly in excess of the carrying value of its net assets and we do not believe there have been significant changes in the reporting unit's operations that would significantly decrease its estimated fair value or significantly increase its net assets. If a quantitative assessment is performed, the fair value of the reporting unit and the implied fair value of goodwill are determined based upon a discounted cash flow analysis and/or use of a market approach by looking at market values of comparable companies. Significant assumptions are incorporated into our discounted cash flow analyses such as estimated growth rates and risk-adjusted discount rates. We perform this test in the fourth quarter of the year or whenever events or changes in circumstances indicate that the carrying value of the reporting unit's assets may not be recoverable. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the reporting unit goodwill is less than the carrying value of the reporting unit goodwill. During the year ended December 31, 2012, we recorded a goodwill impairment charge of $96.0 million related to our U.S. Spine reporting unit. We did not record a goodwill impairment charge during the years ended December 31, 2014 or 2013. See Notes 8 and 9 for more information regarding goodwill and goodwill impairment.

Intangible Assets – Intangible assets are initially measured at their fair value. We have determined the fair value of our intangible assets either by the fair value of the consideration exchanged for the intangible asset or the estimated after-tax discounted cash flows expected to be generated from the intangible asset. Intangible assets with an indefinite life, including certain trademarks and trade names, are not amortized. Indefinite life intangible assets are assessed annually to determine whether events and circumstances continue to support an indefinite life. Intangible assets with a finite life, including core and developed technology, certain trademarks and trade names, customer-related intangibles, intellectual property rights and patents and licenses are amortized on a straight-line basis over their estimated useful life, ranging from less than one year to 40 years. Intangible assets with a finite life are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Intangible assets with an indefinite life are tested for impairment annually or whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized if the carrying amount exceeds the estimated fair value of the asset. The amount of the impairment loss to be recorded would be determined based upon the excess of the asset's carrying value over its fair value. The fair values of indefinite lived intangible assets are determined based upon a discounted cash flow analysis using the relief from royalty method or a qualitative assessment may be performed for any changes to the asset's fair value from the last quantitative assessment. The relief from royalty method estimates the cost savings associated with owning, rather than licensing, assets. Significant assumptions are incorporated into these discounted cash flow analyses such as estimated growth rates, royalty rates and risk-adjusted discount rates. We may do a qualitative assessment when the results of the previous quantitative test indicated that the asset's fair value was significantly in excess of its carrying value.

In determining the useful lives of intangible assets, we consider the expected use of the assets and the effects of obsolescence, demand, competition, anticipated technological advances, changes in surgical techniques, market influences and other economic factors. For technology-based intangible assets, we consider the expected life cycles of products, absent unforeseen technological advances, which incorporate the corresponding technology. Trademarks and trade names that do not have a wasting characteristic (i.e., there are no legal, regulatory, contractual, competitive, economic or other factors which limit the useful life) are assigned an indefinite life. Trademarks and trade names that are related to products expected to be phased out are assigned lives consistent with the period in which the products bearing each brand are expected to be sold. For customer relationship intangible assets, we assign useful lives based upon historical levels of

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customer attrition. Intellectual property rights are assigned useful lives that approximate the contractual life of any related patent or the period for which we maintain exclusivity over the intellectual property.

Income Taxes – We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We reduce our deferred tax assets by a valuation allowance if it is more likely than not that we will not realize some portion or all of the deferred tax assets. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes. Federal income taxes are provided on the portion of the income of foreign subsidiaries that is expected to be remitted to the U.S.

We operate on a global basis and are subject to numerous and complex tax laws and regulations. Our income tax filings are regularly under audit in multiple federal, state and foreign jurisdictions. Income tax audits may require an extended period of time to reach resolution and may result in significant income tax adjustments when interpretation of tax laws or allocation of company profits is disputed. Because income tax adjustments in certain jurisdictions can be significant, we record accruals representing management’s best estimate of the probable resolution of these matters. To the extent additional information becomes available, such accruals are adjusted to reflect the revised estimated probable outcome.

Derivative Financial Instruments – We measure all derivative instruments at fair value and report them on our consolidated balance sheet as assets or liabilities. We maintain written policies and procedures that permit, under appropriate circumstances and subject to proper authorization, the use of derivative financial instruments solely for hedging purposes. The use of derivative financial instruments for trading or speculative purposes is prohibited by our policy. See Note 13 for more information regarding our derivative and hedging activities.

Other Comprehensive Income – Other comprehensive income (OCI) refers to revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income but are excluded from net earnings as these amounts are recorded directly as an adjustment to stockholders’ equity. Our OCI is comprised of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges, unrealized gains and losses on available-for-sale securities and amortization of prior service costs and unrecognized gains and losses in actuarial assumptions.

Treasury Stock – We account for repurchases of common stock under the cost method and present treasury stock as a reduction of stockholders’ equity. We reissue common stock held in treasury only for limited purposes.

Noncontrolling Interest – In 2011, we made an investment in a company in which we acquired a controlling financial interest, but not 100 percent of the equity. In 2013, we purchased additional shares of the company from the minority shareholders. Further information related to the noncontrolling interests of that investment has not been provided as it is not significant to our consolidated financial statements.

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Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board issued Accounting Standard Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606). The ASU provides a five-step model for revenue recognition that all industries will apply to recognize revenue when a customer obtains control of a good or service. The ASU will be effective for us beginning January 1, 2017. We are in the initial phases of our adoption plans and, accordingly, we are unable to estimate any effect this may have on our revenue recognition practices.

There are no other recently issued accounting pronouncements that we have not yet adopted that are expected to have a material effect on our financial position, results of operations or cash flows.

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Fair Value Measurements of Assets and Liabilities - Schedule of Nonfinancial Assets Measured at Fair Value on Nonrecurring Basis (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Fair Value Assets And Liabilities Measured On Nonrecurring Basis [Line Items]			
Goodwill			$ 41.0
Indefinite-lived intangible assets	34.2	21.0	24.2
Goodwill	0	0	96.0
Indefinite-lived intangible assets	14.2	2.8	11.6
Fair Value Measurements at Reporting Date Using: Significant Unobservable Inputs (Level 3) [Member]			
Fair Value Assets And Liabilities Measured On Nonrecurring Basis [Line Items]			
Goodwill			41.0
Indefinite-lived intangible assets	$ 34.2	$ 21.0	$ 24.2

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Capital Stock and Earnings per Share (Tables)	12 Months Ended Dec. 31, 2014
Earnings Per Share [Abstract]	
Reconciliation of Weighted Average Shares for Basic and Diluted Share Computations	The following is a reconciliation of weighted average shares for the basic and diluted share computations (in millions):

For the Years Ended December 31,	2014	2013	2012
Weighted average shares outstanding for basic net earnings per share	169.0	169.6	174.9
Effect of dilutive stock options and other equity awards	2.7	2.2	1.1
Weighted average shares outstanding for diluted net earnings per share	171.7	171.8	176.0

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Significant Accounting Policies (Policies)	12 Months Ended Dec. 31, 2014
Accounting Policies [Abstract]	
Basis of Presentation	*Basis of Presentation* – The consolidated financial statements include the accounts of Zimmer Holdings and its subsidiaries in which it holds a controlling financial interest. All significant intercompany accounts and transactions are eliminated. Certain amounts in the 2013 and 2012 consolidated financial statements have been reclassified to conform to the 2014 presentation.
Use of Estimates	*Use of Estimates* – The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the U.S. which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
Foreign Currency Translation	*Foreign Currency Translation* – The financial statements of our foreign subsidiaries are translated into U.S. Dollars using period-end exchange rates for assets and liabilities and average exchange rates for operating results. Unrealized translation gains and losses are included in accumulated other comprehensive income in stockholders' equity. When a transaction is denominated in a currency other than the subsidiary's functional currency, we recognize a transaction gain or loss when the transaction is settled. Foreign currency transaction gains and losses included in net earnings for the years ended December 31, 2014, 2013 and 2012 were not significant.
Revenue Recognition	*Revenue Recognition* – We sell product through three principal channels: 1) direct to healthcare institutions, referred to as direct channel accounts; 2) through stocking distributors and healthcare dealers; and 3) directly to dental practices and dental laboratories. The direct channel accounts represented approximately 75 percent of our net sales in 2014. Through this channel, inventory is generally consigned to sales agents or customers so that products are available when needed for surgical procedures. No revenue is recognized upon the placement of inventory into consignment as we retain title and maintain the inventory on our balance sheet. Upon implantation, we issue an invoice and revenue is recognized. Pricing for products is generally predetermined by contracts with customers, agents acting on behalf of customer groups or by government regulatory bodies, depending on the market. Price discounts under group purchasing contracts are generally linked to volume of implant purchases by customer healthcare institutions within a specified group. At negotiated thresholds within a contract buying period, price discounts may increase. Sales to stocking distributors, healthcare dealers, dental practices and dental laboratories accounted for approximately 25 percent of our net sales in 2014. With these types of sales, revenue is recognized when title to product passes, either upon shipment of the product or in some cases upon implantation of the product. Product is generally sold at contractually fixed prices for specified periods. Payment terms vary by customer, but are typically less than 90 days. If sales incentives are earned by a customer for purchasing a specified amount of our product, we estimate whether such incentives will be achieved and, if so, recognize these incentives as a reduction in revenue in the same period the underlying revenue transaction is recognized. Occasionally products are returned and, accordingly, we maintain an estimated sales return reserve that is recorded as a reduction in revenue. Product returns were not significant for the years ended December 31, 2014, 2013 and 2012. Taxes collected from customers and remitted to governmental authorities are presented on a net basis and excluded from revenues.

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Shipping and Handling

Shipping and Handling – Amounts billed to customers for shipping and handling of products are reflected in net sales and are not significant. Expenses incurred related to shipping and handling of products are reflected in selling, general and administrative and were $181.9 million, $163.6 million and $139.5 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Research and Development

Research and Development – We expense all research and development costs as incurred. Research and development costs include salaries, prototypes, depreciation of equipment used in research and development, consultant fees and service fees paid to collaborative partners. Where contingent milestone payments are due to third parties under research and development arrangements, the milestone payment obligations are expensed when the milestone results are achieved.

Litigation

Litigation – We record a liability for contingent losses, including future legal costs, settlements and judgments, when we consider it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Special Items

Special Items – We recognize expenses resulting directly from our business combinations, employee termination benefits, certain R&D agreements, certain contract terminations, consulting and professional fees and asset impairment or loss on disposal charges connected with global restructuring, operational and quality excellence initiatives, and other items as "Special items" in our consolidated statement of earnings. "Special items" included (in millions):

For the Years Ended December 31,	2014	2013	2012
Impairment/loss on disposal of assets	$32.4	$10.9	$14.6
Consulting and professional fees	176.7	99.1	90.1
Employee severance and retention, including share-based compensation acceleration	0.9	14.2	8.2
Dedicated project personnel	50.8	34.0	15.1
Certain R&D agreements	4.5	0.8	–
Relocated facilities	0.7	3.6	1.8
Distributor acquisitions	0.6	0.4	0.8
Certain litigation matters	70.0	26.9	13.7
Contract terminations	6.2	3.9	6.6
Contingent consideration adjustments	0.6	9.0	(2.8)
Accelerated software amortization	6.0	6.0	4.5
Other	7.1	7.9	2.8
Special items	$356.5	$216.7	$155.4

Impairment/loss on disposal of assets relates to impairment of intangible assets that were acquired in business combinations or impairment of or a loss on the disposal of other assets. This caption also includes the effect of reducing the estimated useful life of certain intangible assets to zero, which resulted in the remaining net book values of those assets being amortized immediately.

Consulting and professional fees relate to third-party consulting, professional fees and contract labor related to our quality and operational excellence initiatives, third-party consulting fees related to certain information system implementations, third-party integration consulting performed in a variety of areas such as tax, compliance, logistics and human resources for our business combinations and pending merger with Biomet, third-party fees related to severance and termination benefits matters and legal fees related to certain litigation matters. Our quality and operational excellence initiatives are company-wide and include improvements in quality, distribution, sourcing, manufacturing and information technology, among other areas.

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In 2014, 2013 and 2012, we eliminated positions as we reduced management layers, restructured certain areas, announced closures of certain facilities, and commenced initiatives to focus on business opportunities that best support our strategic priorities. As a result of these changes in our work force and headcount reductions in connection with acquisitions, we incurred expenses related to severance benefits, redundant salaries as we worked through transition periods, share-based compensation acceleration and other employee termination-related costs. The majority of these termination benefits were provided in accordance with our existing or local government policies and are considered ongoing benefits. These costs were accrued when they became probable and estimable and were recorded as part of other current liabilities. The majority of these costs were paid during the year they were incurred.

Dedicated project personnel expenses include the salary, benefits, travel expenses and other costs directly associated with employees who are 100 percent dedicated to our operational and quality excellence initiatives or integration of acquired businesses.

Certain R&D agreements relate to agreements with upfront payments to obtain intellectual property to be used in R&D projects that have no alternative future use in other projects.

Relocated facilities expenses are the moving costs and the lease expenses incurred during the relocation period in connection with relocating certain facilities.

Over the past few years we have acquired a number of U.S. and foreign-based distributors. We have incurred various costs related to the consummation and integration of those businesses.

Certain litigation matters relate to net expenses recognized during the year for the estimated or actual settlement of certain pending litigation and similar claims, including matters where we recognized income from a settlement on more favorable terms than our previous estimate, or we reduced our estimate of a previously recorded contingent liability. These litigation matters have included royalty disputes, patent litigation matters, commercial litigation matters and matters arising from our acquisitions of certain competitive distributorships in prior years.

Contract termination costs relate to terminated agreements in connection with the integration of acquired companies and changes to our distribution model as part of business restructuring and operational excellence initiatives. The terminated contracts primarily relate to sales agents and distribution agreements.

Contingent consideration adjustments represent the changes in the fair value of contingent consideration obligations to be paid to the prior owners of acquired businesses.

Accelerated software amortization is the incremental amortization resulting from a reduction in the estimated life of certain software. Due to an approved plan to replace certain software, the estimated economic useful life of the existing software was decreased to represent the period of time expected to implement replacement software. As a result, the amortization from the shortened life of this software is substantially higher than the previous amortization being recognized.

Cash and Cash Equivalents

Cash and Cash Equivalents – We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying amounts reported in the balance sheet for cash and cash equivalents are valued at cost, which approximates their fair value.

Investments

Investments – We invest our excess cash and cash equivalents in debt securities. Our investments include corporate debt securities, U.S. government and agency debt securities, foreign government debt securities, commercial paper and certificates of deposit, and are classified and accounted for as available-for-sale. Available-for-sale debt securities are recorded at fair value on our consolidated balance sheet. Investments with a contractual maturity of less than one year are classified as short-term investments on our consolidated balance sheet, or in other non-current assets if the contractual maturity is greater than one year. Changes in fair value for available-for-sale securities are recorded, net of taxes, as a component of accumulated other comprehensive loss on our consolidated balance sheet. We review our investments for other-than-temporary

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impairment at each reporting period. If an unrealized loss for any investment is considered to be other-than-temporary, the loss will be recognized in the consolidated statement of earnings in the period the determination is made. See Note 7 for more information regarding our investments.

Accounts Receivable

Accounts Receivable – Accounts receivable consists of trade and other miscellaneous receivables. We grant credit to customers in the normal course of business and maintain an allowance for doubtful accounts for potential credit losses. We determine the allowance for doubtful accounts by geographic market and take into consideration historical credit experience, creditworthiness of the customer and other pertinent information. We make concerted efforts to collect all accounts receivable, but sometimes we have to write-off the account against the allowance when we determine the account is uncollectible. The allowance for doubtful accounts was $22.3 million and $22.7 million as of December 31, 2014 and 2013, respectively.

Inventories

Inventories – Inventories are stated at the lower of cost or market, with cost determined on a first-in first-out basis.

Property, Plant and Equipment

Property, Plant and Equipment – Property, plant and equipment is carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful lives of ten to forty years for buildings and improvements and three to eight years for machinery and equipment. Maintenance and repairs are expensed as incurred. We review property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss would be recognized when estimated future undiscounted cash flows relating to the asset are less than its carrying amount. An impairment loss is measured as the amount by which the carrying amount of an asset exceeds its fair value.

Software Costs

Software Costs – We capitalize certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use when both the preliminary project stage is completed and it is probable that the software will be used as intended. Capitalized software costs generally include external direct costs of materials and services utilized in developing or obtaining computer software and compensation and related benefits for employees who are directly associated with the software project. Capitalized software costs are included in property, plant and equipment on our balance sheet and amortized on a straight-line or weighted average estimated user basis when the software is ready for its intended use over the estimated useful lives of the software, which approximate three to fifteen years.

Instruments

Instruments – Instruments are hand-held devices used by surgeons during total joint replacement and other surgical procedures. Instruments are recognized as long-lived assets and are included in property, plant and equipment. Undeployed instruments are carried at cost or realizable value. Instruments in the field are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on average estimated useful lives, determined principally in reference to associated product life cycles, primarily five years. We review instruments for impairment whenever events or changes in circumstances indicate that the carrying value of an instrument may not be recoverable. Depreciation of instruments is recognized as selling, general and administrative expense.

Goodwill

Goodwill – Goodwill is not amortized but is subject to annual impairment tests. Goodwill has been assigned to reporting units. We perform annual impairment tests by either comparing a reporting unit's estimated fair value to its carrying amount or doing a qualitative assessment of a reporting unit's fair value from the last quantitative assessment to determine if there is potential impairment. We may do a qualitative assessment when the results of the previous quantitative test indicated the reporting unit's estimated fair value was significantly in excess of the carrying value of its net assets and we do not believe there have been significant changes in the reporting unit's operations that would significantly decrease its estimated fair value or significantly increase its

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net assets. If a quantitative assessment is performed, the fair value of the reporting unit and the implied fair value of goodwill are determined based upon a discounted cash flow analysis and/or use of a market approach by looking at market values of comparable companies. Significant assumptions are incorporated into our discounted cash flow analyses such as estimated growth rates and risk-adjusted discount rates. We perform this test in the fourth quarter of the year or whenever events or changes in circumstances indicate that the carrying value of the reporting unit's assets may not be recoverable. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied fair value of the reporting unit goodwill is less than the carrying value of the reporting unit goodwill. During the year ended December 31, 2012, we recorded a goodwill impairment charge of $96.0 million related to our U.S. Spine reporting unit. We did not record a goodwill impairment charge during the years ended December 31, 2014 or 2013. See Notes 8 and 9 for more information regarding goodwill and goodwill impairment.

Intangible Assets

Intangible Assets – Intangible assets are initially measured at their fair value. We have determined the fair value of our intangible assets either by the fair value of the consideration exchanged for the intangible asset or the estimated after-tax discounted cash flows expected to be generated from the intangible asset. Intangible assets with an indefinite life, including certain trademarks and trade names, are not amortized. Indefinite life intangible assets are assessed annually to determine whether events and circumstances continue to support an indefinite life. Intangible assets with a finite life, including core and developed technology, certain trademarks and trade names, customer-related intangibles, intellectual property rights and patents and licenses are amortized on a straight-line basis over their estimated useful life, ranging from less than one year to 40 years. Intangible assets with a finite life are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. Intangible assets with an indefinite life are tested for impairment annually or whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized if the carrying amount exceeds the estimated fair value of the asset. The amount of the impairment loss to be recorded would be determined based upon the excess of the asset's carrying value over its fair value. The fair values of indefinite lived intangible assets are determined based upon a discounted cash flow analysis using the relief from royalty method or a qualitative assessment may be performed for any changes to the asset's fair value from the last quantitative assessment. The relief from royalty method estimates the cost savings associated with owning, rather than licensing, assets. Significant assumptions are incorporated into these discounted cash flow analyses such as estimated growth rates, royalty rates and risk-adjusted discount rates. We may do a qualitative assessment when the results of the previous quantitative test indicated that the asset's fair value was significantly in excess of its carrying value.

In determining the useful lives of intangible assets, we consider the expected use of the assets and the effects of obsolescence, demand, competition, anticipated technological advances, changes in surgical techniques, market influences and other economic factors. For technology-based intangible assets, we consider the expected life cycles of products, absent unforeseen technological advances, which incorporate the corresponding technology. Trademarks and trade names that do not have a wasting characteristic (i.e., there are no legal, regulatory, contractual, competitive, economic or other factors which limit the useful life) are assigned an indefinite life. Trademarks and trade names that are related to products expected to be phased out are assigned lives consistent with the period in which the products bearing each brand are expected to be sold. For customer relationship intangible assets, we assign useful lives based upon historical levels of customer attrition. Intellectual property rights are assigned useful lives that approximate the contractual life of any related patent or the period for which we maintain exclusivity over the intellectual property.

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Income Taxes

Income Taxes – We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We reduce our deferred tax assets by a valuation allowance if it is more likely than not that we will not realize some portion or all of the deferred tax assets. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes. Federal income taxes are provided on the portion of the income of foreign subsidiaries that is expected to be remitted to the U.S.

We operate on a global basis and are subject to numerous and complex tax laws and regulations. Our income tax filings are regularly under audit in multiple federal, state and foreign jurisdictions. Income tax audits may require an extended period of time to reach resolution and may result in significant income tax adjustments when interpretation of tax laws or allocation of company profits is disputed. Because income tax adjustments in certain jurisdictions can be significant, we record accruals representing management's best estimate of the probable resolution of these matters. To the extent additional information becomes available, such accruals are adjusted to reflect the revised estimated probable outcome.

Derivative Financial Instruments

Derivative Financial Instruments – We measure all derivative instruments at fair value and report them on our consolidated balance sheet as assets or liabilities. We maintain written policies and procedures that permit, under appropriate circumstances and subject to proper authorization, the use of derivative financial instruments solely for hedging purposes. The use of derivative financial instruments for trading or speculative purposes is prohibited by our policy. See Note 13 for more information regarding our derivative and hedging activities.

Other Comprehensive Income

Other Comprehensive Income – Other comprehensive income (OCI) refers to revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income but are excluded from net earnings as these amounts are recorded directly as an adjustment to stockholders' equity. Our OCI is comprised of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges, unrealized gains and losses on available-for-sale securities and amortization of prior service costs and unrecognized gains and losses in actuarial assumptions.

Treasury Stock

Treasury Stock – We account for repurchases of common stock under the cost method and present treasury stock as a reduction of stockholders' equity. We reissue common stock held in treasury only for limited purposes.

Noncontrolling Interest

Noncontrolling Interest – In 2011, we made an investment in a company in which we acquired a controlling financial interest, but not 100 percent of the equity. In 2013, we purchased additional shares of the company from the minority shareholders. Further information related to the noncontrolling interests of that investment has not been provided as it is not significant to our consolidated financial statements.

Accounting Pronouncements

Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board issued Accounting Standard Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606). The ASU provides a five-step model for revenue recognition that all industries will

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apply to recognize revenue when a customer obtains control of a good or service. The ASU will be effective for us beginning January 1, 2017. We are in the initial phases of our adoption plans and, accordingly, we are unable to estimate any effect this may have on our revenue recognition practices.

There are no other recently issued accounting pronouncements that we have not yet adopted that are expected to have a material effect on our financial position, results of operations or cash flows.

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Valuation and Qualifying Accounts	**12 Months Ended Dec. 31, 2014**
Valuation and Qualifying Accounts [Abstract]	
Valuation and Qualifying Accounts	

SCHEDULE II

ZIMMER HOLDINGS, INC.
VALUATION AND QUALIFYING ACCOUNTS

(in millions)

Description	Balance at Beginning of Period	Additions Charged (Credited) to Expense	Deductions to Reserve	Effects of Foreign Currency	Acquired Allowances	Balance at End of Period
Allowance for Doubtful Accounts:						
Year Ended December 31, 2012	17.2	7.1	(1.8)	–	0.3	22.8
Year Ended December 31, 2013	22.8	1.9	(1.5)	(0.5)	–	22.7
Year Ended December 31, 2014	22.7	2.0	(1.4)	(1.0)	–	22.3
Deferred Tax Asset Valuation Allowances:						
Year End December 31, 2012	40.3	(0.9)	(0.3)	–	2.2	41.3
Year End December 31, 2013	41.3	1.5	(0.1)	–	–	42.7
Year End December 31, 2014	42.7	74.7	(9.2)	–	14.6	122.8

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Capital Stock and Earnings per Share - Additional Information (Detail) (USD $) In Millions, except Share data, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Earnings Per Share [Abstract]			
Preferred stock, shares authorized	250,000,000		
Preferred stock, shares issued	0		
Preferred stock, shares outstanding	0		
Options to purchase shares of common stock not included in the computation of diluted earnings per share		3,100,000	11,900,000
Repurchased shares of common stock	4,200,000		
Average price per share	$ 94.57		
Total cash outlay	$ 400.5	$ 719.0	$ 485.6

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Inventories - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Inventory Disclosure [Abstract]			
Amounts charged for excess obsolete inventory	$ 51.8	$ 112.0	$ 55.1

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Segment Data (Tables)

12 Months Ended Dec. 31, 2014

Segment Reporting [Abstract]

Summary of Net Sales and Other Information by Segment

Net sales and other information by segment is as follows (in millions):

	Americas	Europe	Asia Pacific	Global Operations and Corporate Functions	Total
As of and for the Year Ended December 31, 2014					
Net sales	$2,594.2	$1,269.5	$809.6	$–	$4,673.3
Depreciation and amortization	79.6	72.0	31.7	192.5	375.8
Segment operating profit	1,288.4	398.6	351.0	(604.1)	1,433.9
Inventory step-up and certain other inventory and manufacturing related charges					(21.2)
Certain claims					(21.5)
Special items					(356.5)
Operating profit					1,034.7
Long-lived assets	877.6	301.4	109.8	–	1,288.8
Total assets	2,856.9	2,113.1	530.3	4,134.4	9,634.7
Additions to instruments	0.2	17.0	6.0	174.2	197.4
Additions to other property, plant and equipment	9.8	14.1	9.1	111.9	144.9
As of and for the Year Ended December 31, 2013					
Net sales	$2,619.8	$1,212.6	$791.0	$–	$4,623.4
Depreciation and amortization	70.9	72.6	30.7	184.3	358.5
Segment operating profit	1,302.6	359.7	342.3	(634.8)	1,369.8
Inventory step-up and certain other inventory and manufacturing related charges					(70.5)
Certain claims					(47.0)
Special items					(216.7)
Operating profit					1,035.6
Long-lived assets	810.8	306.3	107.6	–	1,224.7
Total assets	2,814.9	2,343.8	541.9	3,880.0	9,580.6
Additions to instruments	0.2	14.8	6.5	171.4	192.9
Additions to other property, plant and equipment	9.0	10.3	7.6	73.1	100.0
As of and for the Year Ended December 31, 2012					
Net sales	$2,476.3	$1,177.4	$818.0	$–	$4,471.7
Depreciation and amortization	73.7	73.6	36.3	179.5	363.1

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Segment operating profit	1,256.3	369.1	311.1	(617.9)	1,318.6
Inventory step-up and certain other inventory and manufacturing related charges					(4.8)
Certain claims					(15.0)
Goodwill impairment					(96.0)
Special items					(155.4)
Operating profit					1,047.4
Long-lived assets	776.0	326.1	108.6	–	1,210.7
Total assets	2,690.6	2,308.0	578.3	3,435.5	9,012.4
Additions to instruments	–	14.0	7.1	127.8	148.9
Additions to other property, plant and equipment	0.7	21.9	6.4	85.7	114.7

Summary of Net Sales by Product Category

Net sales by product category are as follows (in millions):

For the Years Ended December 31,	2014	2013	2012
Reconstructive			
Knees	$1,965.8	$1,909.9	$1,833.8
Hips	1,326.4	1,330.5	1,342.0
Extremities	204.3	193.8	173.8
	3,496.5	3,434.2	3,349.6
Dental	242.8	239.3	237.7
Trauma	316.7	315.6	307.9
Spine	207.2	202.3	208.9
Surgical and other	410.1	432.0	367.6
Total	$4,673.3	$4,623.4	$4,471.7

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Significant Accounting Policies (Tables)	12 Months Ended Dec. 31, 2014
Accounting Policies [Abstract]	
Summary of Expenses in Special Items	“Special items” included (in millions):

For the Years Ended December 31,	2014	2013	2012
Impairment/loss on disposal of assets	$32.4	$10.9	$14.6
Consulting and professional fees	176.7	99.1	90.1
Employee severance and retention, including share-based compensation acceleration	0.9	14.2	8.2
Dedicated project personnel	50.8	34.0	15.1
Certain R&D agreements	4.5	0.8	–
Relocated facilities	0.7	3.6	1.8
Distributor acquisitions	0.6	0.4	0.8
Certain litigation matters	70.0	26.9	13.7
Contract terminations	6.2	3.9	6.6
Contingent consideration adjustments	0.6	9.0	(2.8)
Accelerated software amortization	6.0	6.0	4.5
Other	7.1	7.9	2.8
Special items	$356.5	$216.7	$155.4

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Share-Based Compensation (Tables)	12 Months Ended Dec. 31, 2014

Disclosure of Compensation Related Costs, Share-based Payments [Abstract]

Share-Based Compensation Expense

Share-based compensation expense was as follows (in millions):

For the Years Ended December 31,	2014	2013	2012
Stock options	$24.2	$24.7	$32.4
RSUs	25.2	23.8	22.6
Total expense, pre-tax	49.4	48.5	55.0
Tax benefit related to awards	(15.5)	(15.6)	(16.6)
Total expense, net of tax	$33.9	$32.9	$38.4

Summary of Stock Option Activity

A summary of stock option activity for the year ended December 31, 2014 is as follows (options in thousands):

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value (in millions)
Outstanding at January 1, 2014	10,741	$ 70.06		
Options granted	1,193	94.58		
Options exercised	(3,811)	73.55		
Options forfeited	(235)	75.84		
Options expired	(42)	71.25		
Outstanding at December 31, 2014	7,846	$ 71.94	5.5	$ 325.5
Vested or expected to vest as of December 31, 2014	7,485	$ 71.47	5.4	$ 314.0
Exercisable at December 31, 2014	4,927	$ 67.91	3.9	$ 224.2

Weighted Average Fair Value for Stock Options Granted

The following table presents information regarding the weighted average fair value for stock options granted, the assumptions used to determine fair value, and the intrinsic value of options exercised in the indicated year:

For the Years Ended December 31,	2014	2013	2012
Dividend yield	0.9 %	1.1 %	1.1 %
Volatility	25.2 %	24.5 %	25.6 %
Risk-free interest rate	1.8 %	1.1 %	1.5 %
Expected life (years)	5.5	6.1	6.1
Weighted average fair value of options granted	$22.59	$16.33	$15.40
Intrinsic value of options exercised (in millions)	$99.6	$97.9	$17.1

Summary of Nonvested RSU Activity

A summary of nonvested RSU activity for the year ended December 31, 2014 is as follows (RSUs in thousands):

	RSUs	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2014	1,454	$ 67.42
Granted	455	94.48

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Vested	(306)	61.46
Forfeited	(128)	72.54
Outstanding at December 31, 2014	1,475	76.60

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Business	**12 Months Ended Dec. 31, 2014**
Accounting Policies [Abstract]	
Business	

1. Business

We design, develop, manufacture and market orthopaedic reconstructive, spinal and trauma devices, biologics, dental implants and related surgical products. We also provide other healthcare related services. Orthopaedic reconstructive devices restore function lost due to disease or trauma in joints such as knees, hips, shoulders and elbows. Dental reconstructive implants restore function and aesthetics in patients who have lost teeth due to trauma or disease. Spinal devices are utilized by orthopaedic surgeons and neurosurgeons in the treatment of degenerative diseases, deformities and trauma in all regions of the spine. Trauma products are devices used primarily to reattach or stabilize damaged bone and tissue to support the body's natural healing process. Our related surgical products include surgical supplies and instruments designed to aid in orthopaedic surgical procedures and post-operation rehabilitation. We have operations in more than 25 countries and market our products in more than 100 countries. We operate in a single industry but have three reportable geographic segments, the Americas, Europe and Asia Pacific.

The words "we," "us," "our" and similar words refer to Zimmer Holdings, Inc. and its subsidiaries. Zimmer Holdings refers to the parent company only.

On April 24, 2014, we entered into a definitive agreement to merge with LVB, the parent company of Biomet, in a cash and stock transaction valued at approximately $13.35 billion. We will pay $10.35 billion in cash, subject to certain adjustments, and issue 32.7 million shares of our common stock which had a value of approximately $3.0 billion, based on a stock price of $91.73 per share using the five day volume weighted average price immediately preceding the signing of the agreement. In connection with the merger, we will pay off all of LVB's outstanding funded debt, and the aggregate cash merger consideration will be reduced by such amount. The merger, which is subject to customary closing conditions and regulatory approvals, is expected to close in the first quarter of 2015. The merger will position the combined company as a leader in the $45 billion musculoskeletal industry.

Biomet's product portfolio includes knee and hip reconstructive products; sports medicine, extremities and trauma products; spine, bone healing and microfixation products; dental reconstructive products; and cement, biologics and other products. The combination will enhance enterprise diversification with broader franchises in the Knee, Hip, Surgical, Spine and Dental categories, as well as in the faster-growing Sports Medicine, Extremities and Trauma categories.

We expect to fund the cash portion of the purchase price with existing cash on hand, as well as proceeds obtained from a committed $3.0 billion senior unsecured term loan and up to $7.66 billion in senior unsecured notes we intend to issue. In May 2014, we entered into a $7.66 billion 364-day bridge credit facility. To the extent the senior unsecured notes are not issued and sold on or prior to the closing date of the merger, we intend to draw on the bridge credit facility to finance, in part, the cash consideration for the merger and to pay fees and expenses incurred in connection with the merger. The commitments of the bridge lenders to provide the bridge loan will be permanently reduced dollar-for-dollar by the amount of net cash proceeds we receive from the issuance of senior unsecured notes. See Note 11 and Item 7 in this Form 10-K for further information regarding these debt instruments.

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Inventories (Tables)	**12 Months Ended Dec. 31, 2014**
Inventory Disclosure [Abstract]	
Summary of Inventories	Inventories consisted of the following (in millions):

As of December 31,	2014	2013
Finished goods	$899.9	$817.0
Work in progress	87.8	77.4
Raw materials	181.3	180.1
Inventories	$1,169.0	$1,074.5

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Retirement Benefit Plan - Changes in Fair Value of Plan Assets (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended	
	Dec. 31, 2014	Dec. 31, 2013
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value - beginning of year	$ 68.2	
Translation gain (loss)	(6.4)	
Plan assets at fair market value - end of year	68.6	
U.S. and Puerto Rico [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value - beginning of year	398.6	363.0
Actual return on plan assets	10.9	25.2
Employer contributions	2.7	20.8
Benefits paid	(10.0)	(10.4)
Plan assets at fair market value - end of year	402.2	398.6
Funded status	15.6	81.9
Foreign-based Defined Benefit Plans [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value - beginning of year	372.3	231.6
Actual return on plan assets	38.0	9.7
Employer contributions	14.7	15.0
Employee contributions	18.5	15.9
Plan amendments		126.7
Benefits paid	(22.6)	(29.4)
Expenses paid	(0.2)	(0.2)
Translation gain (loss)	(35.3)	3.0
Plan assets at fair market value - end of year	385.4	372.3
Funded status	$ (38.3)	$ 0.8

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Derivative Instruments and Hedging Activities (Tables)	12 Months Ended Dec. 31, 2014

Derivative Instruments and Hedging Activities Disclosure [Abstract]

Derivative Instruments Designated as Fair Value Hedges

Derivative instruments designated as fair value hedges had the following effects on our consolidated statements of earnings (in millions):

		Gain / (Loss) on Instrument Year Ended December 31,			Gain / (Loss) on Hedged Item Year Ended December 31,		
Derivative Instrument	Location on Statement of Earnings	2014	2013	2012	2014	2013	2012
Interest rate swaps	Interest expense	$14.7	$(24.6)	$6.1	$(14.7)	$24.6	$(6.1)

Gross Unrealized Losses from Derivative Instruments

Derivative instruments designated as cash flow hedges had the following effects, before taxes, on OCI and net earnings on our consolidated statements of earnings, consolidated statements of comprehensive income and consolidated balance sheets (in millions):

	Amount of Gain / (Loss) Recognized in OCI Year Ended December 31,				Amount of Gain / (Loss) Reclassified from OCI Year Ended December 31,		
Derivative Instrument	2014	2013	2012	Location on Statement of Earnings	2014	2013	2012
Foreign exchange forward contracts	$119.8	$63.9	$16.3	Cost of products sold	$33.3	$8.0	$(12.0)
Foreign exchange options	–	(0.3)	(1.1)	Cost of products sold	–	(0.2)	(0.4)
Forward starting interest rate swaps	(59.3)	–	–	Interest expense	–	–	–
Cross-currency interest rate swaps	–	–	–	Interest expense	–	–	0.2
	$60.5	$63.6	$15.2		$33.3	$7.8	$(12.2)

Gains/(Losses) from Derivative Instruments Recognized in Cost of Products Sold

The following gains/(losses) from these derivative instruments were recognized on our consolidated statements of earnings (in millions):

		Year Ended December 31,		
Derivative Instrument	Location on Statement of Earnings	2014	2013	2012
Foreign exchange forward contracts	Cost of products sold	$15.3	$ –	$(2.0)

Fair Value of Derivative Instruments on Gross Basis

The fair value of derivative instruments on a gross basis is as follows (in millions):

	As of December 31, 2014		As of December 31, 2013	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Asset Derivatives				

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Foreign exchange forward contracts	Other current assets	$98.7	Other current assets	$60.2
Foreign exchange forward contracts	Other assets	53.1	Other assets	30.2
Interest rate swaps	Other assets	24.0	Other assets	16.3
Total asset derivatives		$175.8		$106.7
Liability Derivatives				
Foreign exchange forward contracts	Other current liabilities	$16.4	Other current liabilities	$26.4
Forward starting interest rate swaps	Other current liabilities	59.3	Other current liabilities	–
Foreign exchange forward contracts	Other long-term liabilities	11.6	Other current liabilities	15.9
Interest rate swaps	Other long-term liabilities	–	Other long-term liabilities	7.0
Total liability derivatives		$87.3		$49.3

Schedule of Effects of Master Netting Agreements on Condensed Consolidated Balance Sheets

The table below presents the effects of our master netting agreements on our consolidated balance sheets (in millions):

		As of December 31, 2014			As of December 31, 2013		
Description	Location	Gross Amount	Offset	Net Amount in Balance Sheet	Gross Amount	Offset	Net Amount in Balance Sheet
Asset Derivatives							
Cash flow hedges	Other current assets	$ 98.7	$15.9	$ 82.8	$ 60.2	$13.5	$ 46.7
Cash flow hedges	Other assets	53.1	10.4	42.7	30.2	8.2	22.0
Liability Derivatives							
Cash flow hedges	Other current liabilities	16.4	15.9	0.5	26.4	13.5	12.9
Cash flow hedges	Other long-term liabilities	11.6	10.4	1.2	15.9	8.2	7.7

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Share-Based Compensation - Weighted Average Fair Value for Stock Options Granted (Detail) (USD $) In Millions, except Per Share data, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Disclosure of Compensation Related Costs, Share-based Payments [Abstract]			
Dividend yield	0.90%	1.10%	1.10%
Volatility	25.20%	24.50%	25.60%
Risk-free interest rate	1.80%	1.10%	1.50%
Expected life (years)	5 years 6 months	6 years 1 month 6 days	6 years 1 month 6 days
Weighted average fair value of options granted	$ 22.59	$ 16.33	$ 15.40
Intrinsic value of options exercised (in millions)	$ 99.6	$ 97.9	$ 17.1

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Accumulated Other Comprehensive Income - Reclassification Adjustments from Accumulated Other Comprehensive Income (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Other Comprehensive Income Loss [Line Items]			
Cost of products sold	$ 1,249.8	$ 1,286.1	$ 1,125.2
Interest income	11.9	15.6	15.6
Provision for income taxes	224.9	221.9	237.2
Reclassification out of Accumulated Other Comprehensive Income [Member]			
Other Comprehensive Income Loss [Line Items]			
Net of tax	15.1	(3.5)	(9.8)
Reclassification out of Accumulated Other Comprehensive Income [Member] | Cash Flow Hedges [Member]			
Other Comprehensive Income Loss [Line Items]			
Total before tax	33.3	7.8	(12.2)
Provision for income taxes	14.4	3.4	(8.9)
Net of tax	18.9	4.4	(3.3)
Reclassification out of Accumulated Other Comprehensive Income [Member] | Cash Flow Hedges [Member] | Foreign Exchange Forward Contracts [Member]			
Other Comprehensive Income Loss [Line Items]			
Cost of products sold	33.3	8.0	(12.0)
Reclassification out of Accumulated Other Comprehensive Income [Member] | Cash Flow Hedges [Member] | Foreign Exchange Options [Member]			
Other Comprehensive Income Loss [Line Items]			
Cost of products sold		(0.2)	(0.4)
Reclassification out of Accumulated Other Comprehensive Income [Member] | Cash Flow Hedges [Member] | Cross-currency Interest Rate Swaps [Member]			
Other Comprehensive Income Loss [Line Items]			
Interest Expenses			0.2
Reclassification out of Accumulated Other Comprehensive Income [Member] | Defined Benefit Plan Items [Member]			
Other Comprehensive Income Loss [Line Items]			
Prior service cost	3.9	3.9	2.9
Unrecognized actuarial (loss)	(11.1)	(16.6)	(13.3)
Total before tax	(7.2)	(12.7)	(10.4)
Provision for income taxes	(3.0)	(4.8)	(3.9)
Net of tax	(4.2)	(7.9)	(6.5)
Investments [Member] | Reclassification out of Accumulated Other Comprehensive Income [Member]			
Other Comprehensive Income Loss [Line Items]			

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Interest income	0.4
Net of tax	$ 0.4

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Consolidated Statements of Earnings (USD $) In Millions, except Per Share data, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Income Statement [Abstract]			
Net Sales	$ 4,673.3	$ 4,623.4	$ 4,471.7
Cost of products sold	1,249.8	1,286.1	1,125.2
Gross Profit	3,423.5	3,337.3	3,346.5
Research and development	188.3	204.2	225.6
Selling, general and administrative	1,822.5	1,833.8	1,807.1
Certain claims (Note 19)	21.5	47.0	15.0
Goodwill impairment (Note 8)	0	0	96.0
Special items (Note 2)	356.5	216.7	155.4
Operating expenses	2,388.8	2,301.7	2,299.1
Operating Profit	1,034.7	1,035.6	1,047.4
Other expense	(39.6)		
Interest income	11.9	15.6	15.6
Interest expense	(63.1)	(70.1)	(72.9)
Earnings before income taxes	943.9	981.1	990.1
Provision for income taxes	224.9	221.9	237.2
Net earnings	719.0	759.2	752.9
Less: Net loss attributable to noncontrolling interest	(1.1)	(1.8)	(2.1)
Net Earnings of Zimmer Holdings, Inc.	$ 720.1	$ 761.0	$ 755.0
Earnings Per Common Share-Basic	$ 4.26	$ 4.49	$ 4.32
Earnings Per Common Share-Diluted	$ 4.19	$ 4.43	$ 4.29
Weighted Average Common Shares Outstanding			
Basic	169.0	169.6	174.9
Diluted	171.7	171.8	176.0
Cash Dividends Declared Per Common Share	$ 0.88	$ 0.80	$ 0.54

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Leases (Tables)	12 Months Ended Dec. 31, 2014
Leases [Abstract]	
Schedule of Future Minimum Rental Commitments Under Non-Cancelable Operating Leases	Future minimum rental commitments under non-cancelable operating leases in effect as of December 31, 2014 were (in millions):

For the Years Ending December 31,	
2015	$46.5
2016	36.1
2017	27.0
2018	21.4
2019	19.6
Thereafter	32.3

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Income Taxes - Reconciliation of U.S. Statutory Income Tax Rate to Our Effective Tax Rate (Detail)	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Income Tax Disclosure [Abstract]			
U.S. statutory income tax rate	35.00%	35.00%	35.00%
State taxes, net of federal deduction	0.70%	0.80%	1.00%
Tax impact of foreign operations, including foreign tax credits	(11.30%)	(12.20%)	(10.40%)
Tax impact of certain significant transactions	1.40%	1.60%	(3.50%)
Tax benefit relating to U.S. manufacturer's deduction and export sales	(1.90%)	(1.80%)	(1.90%)
R&D credit	(0.20%)	(0.60%)	
Goodwill impairment			3.40%
Other	0.10%	(0.20%)	0.40%
Effective income tax rate	23.80%	22.60%	24.00%

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Consolidated Statements of Stockholders' Equity (USD $) In Millions	Total	Common Shares [Member]	Paid-in Capital [Member]	Retained Earnings [Member]	Accumulated Other Comprehensive Income [Member]	Treasury Shares [Member]	Noncontrolling Interest [Member]
Balance at Dec. 31, 2011	$ 5,514.8	$ 2.5	$ 3,399.2	$ 6,426.8	$ 271.4	$ (4,592.7)	$ 7.6
Balance, shares at Dec. 31, 2011		255.9				(77.9)	
Net earnings	752.9			755.0			(2.1)
Other comprehensive income (loss)	72.4				72.5		(0.1)
Cash dividends declared	(93.3)			(93.3)			
Stock compensation plans, including tax benefits	105.1	0.1	101.4	(2.6)		6.2	
Stock compensation plans, including tax benefits, shares		1.2				0.1	
Share repurchases	(485.6)					(485.6)	
Share repurchases, shares						(7.7)	
Balance at Dec. 31, 2012	5,866.3	2.6	3,500.6	7,085.9	343.9	(5,072.1)	5.4
Balance, shares at Dec. 31, 2012		257.1				(85.5)	
Net earnings	759.2			761.0			(1.8)
Other comprehensive income (loss)	23.0				23.2		(0.2)
Purchase of additional shares from noncontrolling interest	(1.7)		(1.1)				(0.6)
Cash dividends declared	(135.4)			(135.4)			
Stock compensation plans, including tax benefits	507.7		501.1	1.2		5.4	
Stock compensation plans, including tax benefits, shares		7.2				0.1	
Share repurchases	(719.0)					(719.0)	
Share repurchases, shares						(9.1)	
Balance at Dec. 31, 2013	6,300.1	2.6	4,000.6	7,712.7	367.1	(5,785.7)	2.8
Balance, shares at Dec. 31, 2013		264.3				(94.5)	
Net earnings	719.0			720.1			(1.1)
Other comprehensive income (loss)	(281.1)				(281.2)		0.1
Cash dividends declared	(148.6)			(148.6)			
Stock compensation plans, including tax benefits	333.7	0.1	330.1	1.0		2.5	
Stock compensation plans, including tax benefits, shares		4.1					
Share repurchases	(400.5)					(400.5)	

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Share repurchases, shares	(4.2)					(4.2)	
Balance at Dec. 31, 2014	$ 6,522.6	$ 2.7	$ 4,330.7	$ 8,285.2	$ 85.9	$ (6,183.7)	$ 1.8
Balance, shares at Dec. 31, 2014		268.4				(98.7)	

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Retirement Benefit Plans - Reconciliation of Beginning and Ending Balances of Foreign Pension Plan Assets Measured at Fair Value (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended Dec. 31, 2014
Compensation and Retirement Disclosure [Abstract]	
Plan assets at fair market value - beginning of year	$ 68.2
Gains on assets sold	0.3
Change in fair value of assets	1.7
Net purchases and sales	4.8
Translation loss	(6.4)
Plan assets at fair market value - end of year	$ 68.6

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Investments - Investments in Short and Long-Term Classified as Available-for-Sale Securities (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Schedule of Available-for-sale Securities [Line Items]		
Available-for-sale Securities, Amortized Cost	$ 869.3	$ 807.3
Available-for-sale Securities, Gross Unrealized Gains	0.1	0.5
Available-for-sale Securities, Gross Unrealized Losses	(0.5)	(0.1)
Available-for-sale Securities, Fair Value	868.9	807.7
Corporate Debt Securities [Member]		
Schedule of Available-for-sale Securities [Line Items]		
Available-for-sale Securities, Amortized Cost	516.9	457.6
Available-for-sale Securities, Gross Unrealized Gains	0.1	0.4
Available-for-sale Securities, Gross Unrealized Losses	(0.5)	(0.1)
Available-for-sale Securities, Fair Value	516.5	457.9
U.S. Government and Agency Debt Securities [Member]		
Schedule of Available-for-sale Securities [Line Items]		
Available-for-sale Securities, Amortized Cost	194.3	211.1
Available-for-sale Securities, Gross Unrealized Gains		0.1
Available-for-sale Securities, Fair Value	194.3	211.2
Foreign Government Debt Securities [Member]		
Schedule of Available-for-sale Securities [Line Items]		
Available-for-sale Securities, Amortized Cost		3.1
Available-for-sale Securities, Fair Value		3.1
Commercial Paper [Member]		
Schedule of Available-for-sale Securities [Line Items]		
Available-for-sale Securities, Amortized Cost	57.8	68.3
Available-for-sale Securities, Fair Value	57.8	68.3
Certificates of Deposit [Member]		
Schedule of Available-for-sale Securities [Line Items]		
Available-for-sale Securities, Amortized Cost	100.3	67.2
Available-for-sale Securities, Fair Value	$ 100.3	$ 67.2

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Income Taxes - Tabular Reconciliation of Total Amounts of Unrecognized Tax Benefits (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Income Tax Disclosure [Abstract]			
Balance at January 1	$ 304.3	$ 285.5	$ 158.4
Increases related to prior periods	0.9	16.5	118.7
Decreases related to prior periods	(3.8)	(17.3)	(8.9)
Increases related to current period	17.3	22.5	19.1
Decreases related to settlements with taxing authorities	(3.0)	(2.9)	(0.6)
Decreases related to lapse of statute of limitations	(1.7)		(1.2)
Balance at December 31	314.0	304.3	285.5
Amounts impacting effective tax rate, if recognized balance at December 31	$ 203.0	$ 186.3	$ 159.0

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Fair Value Measurements of Assets and Liabilities (Tables)	12 Months Ended Dec. 31, 2014
Fair Value Disclosures [Abstract]	
Fair Value Measurement of Assets and Liabilities	The following financial assets and liabilities are recorded at fair value on a recurring basis (in millions):

	As of December 31, 2014			
		Fair Value Measurements at Reporting Date Using:		
Description	Recorded Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Available-for-sale securities				
Corporate debt securities	$516.5	$ –	$ 516.5	$ –
U.S. government and agency debt securities	194.3	–	194.3	–
Commercial paper	57.8	–	57.8	–
Certificates of deposit	100.3	–	100.3	–
Total available-for-sale securities	868.9	–	868.9	–
Derivatives, current and long-term				
Foreign currency forward contracts and options	125.5	–	125.5	–
Interest rate swaps	24.0	–	24.0	–
	$1,018.4	$ –	$ 1,018.4	$ –
Liabilities				
Derivatives, current and long-term				
Foreign currency forward contracts and options	1.7	–	1.7	–

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Forward starting interest rate swaps	59.3	–	59.3	–
	$61.0	$ –	$ 61.0	$ –

Description	Recorded Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	As of December 31, 2013	Fair Value Measurements at Reporting Date Using:		
Assets				
Available-for-sale securities				
Corporate debt securities	$ 457.9	$ –	$ 457.9	$ –
U.S. government and agency debt securities	211.2	–	211.2	–
Foreign government debt securities	3.1	–	3.1	–
Commercial paper	68.3	–	68.3	–
Certificates of deposit	67.2	–	67.2	–
Total available-for-sale securities	807.7	–	807.7	–
Derivatives, current and long-term				
Foreign currency forward contracts and options	68.7	–	68.7	–
Interest rate swaps	16.3	–	16.3	–
	$ 892.7	$ –	$ 892.7	$ –
Liabilities				
Derivatives, current and long-term				
Foreign currency forward contracts and options	20.6	–	20.6	–
Interest rate swaps	7.0	–	7.0	–
	$ 27.6	$ –	$ 27.6	$ –

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Schedule of Nonfinancial Assets Measured at Fair Value on Nonrecurring Basis

The following nonfinancial assets were measured at fair value on a nonrecurring basis (in millions):

		Fair Value Measurements Using:			
Description	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses
Year Ended December 31, 2014					
Indefinite-lived intangible assets	$34.2	$ –	$ –	$ 34.2	$14.2
Year Ended December 31, 2013					
Indefinite-lived intangible assets	$21.0	$ –	$ –	$ 21.0	$2.8
Year Ended December 31, 2012					
Goodwill	$41.0	$ –	$ –	$ 41.0	$96.0
Indefinite-lived intangible assets	24.2	–	–	24.2	11.6

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Goodwill and Other Intangible Assets - Components of Identifiable Intangible Assets (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Identifiable Intangible Assets Acquired [Line Items]		
Gross carrying amount	$ 1,282.5	$ 1,228.4
Accumulated amortization	(808.0)	(698.1)
Gross carrying amount	129.0	177.4
Total identifiable intangible assets	603.5	707.7
Technology [Member]		
Identifiable Intangible Assets Acquired [Line Items]		
Gross carrying amount	727.2	700.4
Accumulated amortization	(458.3)	(401.4)
Total identifiable intangible assets	268.9	299.0
Intellectual Property Rights [Member]		
Identifiable Intangible Assets Acquired [Line Items]		
Gross carrying amount	173.4	173.4
Accumulated amortization	(157.7)	(142.5)
Total identifiable intangible assets	15.7	30.9
Trademark and Trade Name [Member]		
Identifiable Intangible Assets Acquired [Line Items]		
Gross carrying amount	74.2	43.3
Accumulated amortization	(34.1)	(33.9)
Gross carrying amount	129.0	177.4
Total identifiable intangible assets	169.1	186.8
Customer Relationships [Member]		
Identifiable Intangible Assets Acquired [Line Items]		
Gross carrying amount	213.8	216.2
Accumulated amortization	(99.6)	(76.4)
Total identifiable intangible assets	114.2	139.8
Other [Member]		
Identifiable Intangible Assets Acquired [Line Items]		
Gross carrying amount	93.9	95.1
Accumulated amortization	(58.3)	(43.9)
Total identifiable intangible assets	$ 35.6	$ 51.2

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Income Taxes

Income Tax Disclosure [Abstract]

Income Taxes

12 Months Ended
Dec. 31, 2014

15. Income Taxes

The components of earnings before income taxes and the income taxes paid consisted of the following (in millions):

For the Years Ended December 31,	2014	2013	2012
United States operations	$395.6	$400.7	$409.9
Foreign operations	548.3	580.4	580.2
Total	$943.9	$981.1	$990.1

The provision for income taxes consisted of (in millions):

Current:			
Federal	$177.6	$199.0	$179.8
State	16.3	20.6	13.8
Foreign	115.2	128.5	108.4
	309.1	348.1	302.0
Deferred:			
Federal	(56.9)	(87.7)	(58.8)
State	(6.6)	(8.5)	0.7
Foreign	(20.7)	(30.0)	(6.7)
	(84.2)	(126.2)	(64.8)
Provision for income taxes	$224.9	$221.9	$237.2
Income taxes paid	$340.1	$272.3	$227.6

A reconciliation of the U.S. statutory income tax rate to our effective tax rate is as follows:

For the Years Ended December 31,	2014	2013	2012
U.S. statutory income tax rate	35.0 %	35.0 %	35.0 %
State taxes, net of federal deduction	0.7	0.8	1.0
Tax impact of foreign operations, including foreign tax credits	(11.3)	(12.2)	(10.4)
Tax impact of certain significant transactions	1.4	1.6	(3.5)
Tax benefit relating to U.S. manufacturer's deduction and export sales	(1.9)	(1.8)	(1.9)
R&D credit	(0.2)	(0.6)	–
Goodwill impairment	–	–	3.4
Other	0.1	(0.2)	0.4
Effective income tax rate	23.8 %	22.6 %	24.0 %

Our operations in Puerto Rico, Switzerland and the State of Indiana benefit from various tax incentive grants. Unless these grants are extended, they will expire between fiscal years 2015 and 2026.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are recorded to reduce deferred income tax assets when it is more likely than not that an income tax benefit will not be realized.

The components of deferred taxes consisted of the following (in millions):

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As of December, 31	2014	2013
Deferred tax assets:		
Inventory	$275.1	$271.1
Net operating loss carryover	116.9	26.4
Tax credit carryover	185.5	187.1
Capital loss carryover	7.4	7.8
Accrued liabilities	106.7	72.0
Share-based compensation	59.9	74.6
Unremitted earnings of foreign subsidiaries	32.3	25.6
Other	50.3	11.2
Total deferred tax assets	834.1	675.8
Less: Valuation allowances	(122.8)	(42.7)
Total deferred tax assets after valuation	711.3	633.1
Deferred tax liabilities:		
Fixed assets	$(104.3)	$(97.7)
Intangible assets	(95.9)	(106.4)
Other	–	(1.2)
Total deferred tax liabilities	(200.2)	(205.3)
Total net deferred tax assets	$511.1	$427.8

During the first quarter of 2014, we established a $70.5 million deferred tax asset (and offsetting valuation allowance) for indefinite lived net operating loss carryforwards in a Luxembourg domiciled holding company. These losses primarily relate to interest deductions on intercompany debt and were generated in periods prior to 2014. Previously, we were unable to realize a tax benefit for the losses due to the absence of current and future operating income within the Luxembourg subsidiary.

The net operating loss carryovers are available to reduce future federal, state and foreign taxable earnings. At December 31, 2014, $47.8 million of these net operating loss carryovers generally expire within a period of 1 to 20 years and $69.1 million have an indefinite life. Valuation allowances for net operating loss carryovers have been established in the amount of $99.0 million and $17.3 million at December 31, 2014 and 2013, respectively. The tax credit carryovers are available to offset future federal, state and foreign tax liabilities. At December 31, 2014, these tax credit carryovers generally expire within a period of 1 to 10 years. We have established valuation allowances for certain tax credit carryovers in the amount of $11.5 million and $14.9 million at December 31, 2014 and 2013, respectively. The capital loss carryover is also available to reduce future federal capital gains. At December 31, 2014, these capital loss carryovers generally expire within a period of 2 to 4 years. We have established valuation allowances for certain capital loss carryovers in the amount of $7.4 million and $7.8 million at December 31, 2014 and 2013, respectively. The remaining valuation allowances of $4.9 million and $2.7 million at December 31, 2014 and 2013, respectively, relate primarily to potential capital losses.

At December 31, 2014, we had an aggregate of approximately $3,204.0 million of unremitted earnings of foreign subsidiaries that have been, or are intended to be, indefinitely reinvested for continued use in foreign operations. If the total undistributed earnings of foreign subsidiaries were remitted, a significant amount of the additional tax would be offset by the allowable foreign tax credits. It is not practical for us to determine the additional tax related to remitting these earnings.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in millions):

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For the Years Ended December 31,	2014	2013	2012
Balance at January 1	$304.3	$285.5	$158.4
Increases related to prior periods	0.9	16.5	118.7
Decreases related to prior periods	(3.8)	(17.3)	(8.9)
Increases related to current period	17.3	22.5	19.1
Decreases related to settlements with taxing authorities	(3.0)	(2.9)	(0.6)
Decreases related to lapse of statute of limitations	(1.7)	–	(1.2)
Balance at December 31	$314.0	$304.3	$285.5
Amounts impacting effective tax rate, if recognized balance at December 31	$203.0	$186.3	$159.0

We recognize accrued interest and penalties, related to unrecognized tax benefits, as income tax expense. During 2014, we accrued interest and penalties of $5.7 million, and as of December 31, 2014, had recognized a liability for interest and penalties of $47.8 million.

During 2013, we accrued interest and penalties of $8.2 million, and as of December 31, 2013, had recognized a liability for interest and penalties of $42.1 million. During 2012, we accrued interest and penalties of $23.2 million, and as of December 31, 2012, had recognized a liability for interest and penalties of $33.9 million.

We operate on a global basis and are subject to numerous and complex tax laws and regulations. Our income tax filings are regularly under audit in multiple federal, state and foreign jurisdictions. Income tax audits may require an extended period of time to reach resolution and may result in significant income tax adjustments when interpretation of tax laws or allocation of company profits is disputed. The net amount of tax liability for unrecognized tax benefits may change within the next twelve months due to changes in audit status, expiration of statutes of limitations, settlements of tax assessments and other events which could impact our determination of unrecognized tax benefits. Currently, we cannot reasonably estimate the amount by which our unrecognized tax benefits will change.

During the second quarter of 2014, the IRS began the audit of our U.S. federal returns for the years 2010 through 2012. During the second quarter of 2011, the IRS concluded its examination of our U.S. federal returns for years 2005 through 2007 and during the fourth quarter of 2013, the IRS concluded its examination of our U.S. federal returns for years 2008 through 2009. For years 2006 through 2009, the IRS has proposed adjustments reallocating profits between certain of our U.S. and foreign subsidiaries. During the second quarter of 2014, the IRS issued a corrected Revenue Agent Report for years 2008 through 2009, assessing a penalty with respect to a 2008 uncertain tax position. We have disputed these proposed adjustments and continue to pursue resolution with the IRS. During the second quarter of 2014, the IRS issued a statutory notice of deficiency for the years 2005 through 2007. We are contesting this deficiency notice and we filed a petition with the U.S. Tax Court during the third quarter of 2014. Although the ultimate timing for resolution of the disputed tax issues is uncertain, we may resolve certain tax matters with the IRS within the next twelve months and pay amounts for other unresolved tax matters in order to limit the potential impact of IRS interest charges. Final resolution of these matters could have a material impact on our income tax expense, results of operations and cash flows for future periods.

State income tax returns are generally subject to examination for a period of 3 to 5 years after filing of the respective return. The state impact of any federal changes generally remains subject to examination by various states for a period of up to one year after formal notification to the states. We have various state income tax returns in the process of examination, administrative appeals or litigation.

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Our tax returns are currently under examination in various foreign jurisdictions. Foreign jurisdictions have statutes of limitations generally ranging from 3 to 5 years. Years still open to examination by foreign tax authorities in major jurisdictions include: Australia (2010 onward), Canada (2008 onward), France (2011 onward), Germany (2009 onward), Ireland (2010 onward), Italy (2010 onward), Japan (2010 onward), Korea (2010 onward), Puerto Rico (2008 onward), Switzerland (2013 onward), and the United Kingdom (2013 onward).

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Goodwill and Other Intangible Assets (Tables)

12 Months Ended Dec. 31, 2014

Goodwill and Intangible Assets Disclosure [Abstract]

Changes in Carrying Amount of Goodwill

The following table summarizes the changes in the carrying amount of goodwill (in millions):

	Americas	Europe	Asia Pacific	Total
Balance at January 1, 2013				
Goodwill	$1,623.9	$1,128.6	$ 192.3	$2,944.8
Accumulated impairment losses	(373.0)	–	–	(373.0)
	1,250.9	1,128.6	192.3	2,571.8
Acquisitions	11.0	24.0	–	35.0
Currency translation	(5.0)	34.5	(25.1)	4.4
Balance at December 31, 2013				
Goodwill	1,629.9	1,187.1	167.2	2,984.2
Accumulated impairment losses	(373.0)	–	–	(373.0)
	1,256.9	1,187.1	167.2	2,611.2
Acquisitions	40.6	–	–	40.6
Currency translation	(4.3)	(119.4)	(13.9)	(137.6)
Balance at December 31, 2014				
Goodwill	1,666.2	1,067.7	153.3	2,887.2
Accumulated impairment losses	(373.0)	–	–	(373.0)
	$1,293.2	$1,067.7	$ 153.3	$2,514.2

Components of Identifiable Intangible Assets

The components of identifiable intangible assets were as follows (in millions):

	Technology	Intellectual Property Rights	Trademarks and Trade Names	Customer Relationships	Other	Total
As of December 31, 2014:						
Intangible assets subject to amortization:						
Gross carrying amount	$ 727.2	$ 173.4	$ 74.2	$ 213.8	$93.9	$1,282.5
Accumulated amortization	(458.3)	(157.7)	(34.1)	(99.6)	(58.3)	(808.0)
Intangible assets not subject to amortization:						
Gross carrying amount	–	–	129.0	–	–	129.0
Total identifiable intangible assets	$ 268.9	$ 15.7	$ 169.1	$ 114.2	$35.6	$603.5
As of December 31, 2013:						
Intangible assets subject to amortization:						
Gross carrying amount	$ 700.4	$ 173.4	$ 43.3	$ 216.2	$95.1	$1,228.4
Accumulated amortization	(401.4)	(142.5)	(33.9)	(76.4)	(43.9)	(698.1)
Intangible assets not subject to amortization:						
Gross carrying amount	–	–	177.4	–	–	177.4

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Total identifiable intangible assets	$ 299.0	$ 30.9	$ 186.8	$ 139.8	$51.2	$707.7

Intangible Amortization Expense

Intangible amortization expense was recorded as follows (in millions):

For the Years Ended December 31,	2014	2013	2012
Cost of products sold	$15.2	$ 18.3	$ 24.0
Selling, general and administrative	92.0	77.6	73.1
Total intangible amortization	$107.2	$ 95.9	$ 97.1

Estimated Annual Amortization Expense Based on Intangible Assets Recognized

Estimated annual amortization expense based upon intangible assets recognized as of December 31, 2014 for the years ending December 31, 2015 through 2019 is (in millions):

For the Years Ending December 31,	
2015	$88.5
2016	81.6
2017	66.2
2018	50.9
2019	36.3

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Income Taxes - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended			
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Mar. 31, 2014
Income Tax [Line Items]				
Deferred tax assets, operating loss carryforwards	$ 69.1			
Operating loss carryforwards, deferred tax assets valuation allowance	99.0	17.3		
Maturity period for net operating loss carryovers	1 to 20 years			
Maturity period for tax credit carryovers	1 to 10 years			
Valuation allowances for certain tax credit carryovers	11.5	14.9		
Valuation allowances for potential capital losses	4.9	2.7		
Maturity period for net Capital loss carryovers	2 to 4 years			
Valuation allowances for net Capital loss carryovers	7.4	7.8		
Net operating loss carryovers expire with in the period	47.8			
Unremitted earnings of foreign subsidiaries	3,204.0			
Unrecognized tax benefits income tax penalties and interest expense recognized	5.7	8.2	23.2	
Recognized liability for interest and penalties	47.8	42.1	33.9	
Examination period for state income tax returns	3 to 5 years			
Foreign jurisdictions statutes of limitation period	3 to 5 years			
State examination period after notification	Up to one year			
Luxembourg Inland Revenue [Member]				
Income Tax [Line Items]				
Deferred tax assets, operating loss carryforwards				70.5
Operating loss carryforwards, deferred tax assets valuation allowance				$ 70.5

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Segment Data

[Segment Reporting [Abstract]](#)

[Segment Data](#)

12 Months Ended
Dec. 31, 2014

17. Segment Data

We design, develop, manufacture and market orthopaedic reconstructive implants, biologics, dental implants, spinal implants, trauma products and related surgical products which include surgical supplies and instruments designed to aid in surgical procedures and post-operation rehabilitation. We also provide other healthcare-related services. We manage operations through three major geographic segments – the Americas, which is comprised principally of the U.S. and includes other North, Central and South American markets; Europe, which is comprised principally of Europe and includes the Middle East and African markets; and Asia Pacific, which is comprised primarily of Japan and includes other Asian and Pacific markets. This structure is the basis for our reportable segment information discussed below. Management evaluates reportable segment performance based upon segment operating profit exclusive of operating expenses pertaining to inventory step-up and certain other inventory and manufacturing related charges, "Certain claims," goodwill impairment, "Special items," and global operations and corporate functions. Global operations and corporate functions include research, development engineering, medical education, brand management, corporate legal, finance, and human resource functions, U.S., Puerto Rico and Ireland-based manufacturing operations and logistics and intangible asset amortization resulting from business combination accounting and share-based payment expense. Intercompany transactions have been eliminated from segment operating profit. Management reviews accounts receivable, inventory, property, plant and equipment, goodwill and intangible assets by reportable segment exclusive of U.S., Puerto Rico and Ireland-based manufacturing operations and logistics and corporate assets.

Net sales and other information by segment is as follows (in millions):

	Americas	Europe	Asia Pacific	Global Operations and Corporate Functions	Total
As of and for the Year Ended December 31, 2014					
Net sales	$2,594.2	$1,269.5	$809.6	$–	$4,673.3
Depreciation and amortization	79.6	72.0	31.7	192.5	375.8
Segment operating profit	1,288.4	398.6	351.0	(604.1)	1,433.9
Inventory step-up and certain other inventory and manufacturing related charges					(21.2)
Certain claims					(21.5)
Special items					(356.5)
Operating profit					1,034.7
Long-lived assets	877.6	301.4	109.8	–	1,288.8
Total assets	2,856.9	2,113.1	530.3	4,134.4	9,634.7
Additions to instruments	0.2	17.0	6.0	174.2	197.4

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Additions to other property, plant and equipment	9.8	14.1	9.1	111.9	144.9
As of and for the Year Ended December 31, 2013					
Net sales	$2,619.8	$1,212.6	$791.0	$–	$4,623.4
Depreciation and amortization	70.9	72.6	30.7	184.3	358.5
Segment operating profit	1,302.6	359.7	342.3	(634.8)	1,369.8
Inventory step-up and certain other inventory and manufacturing related charges					(70.5)
Certain claims					(47.0)
Special items					(216.7)
Operating profit					1,035.6
Long-lived assets	810.8	306.3	107.6	–	1,224.7
Total assets	2,814.9	2,343.8	541.9	3,880.0	9,580.6
Additions to instruments	0.2	14.8	6.5	171.4	192.9
Additions to other property, plant and equipment	9.0	10.3	7.6	73.1	100.0
As of and for the Year Ended December 31, 2012					
Net sales	$2,476.3	$1,177.4	$818.0	$–	$4,471.7
Depreciation and amortization	73.7	73.6	36.3	179.5	363.1
Segment operating profit	1,256.3	369.1	311.1	(617.9)	1,318.6
Inventory step-up and certain other inventory and manufacturing related charges					(4.8)
Certain claims					(15.0)
Goodwill impairment					(96.0)
Special items					(155.4)
Operating profit					1,047.4
Long-lived assets	776.0	326.1	108.6	–	1,210.7
Total assets	2,690.6	2,308.0	578.3	3,435.5	9,012.4
Additions to instruments	–	14.0	7.1	127.8	148.9
Additions to other property, plant and equipment	0.7	21.9	6.4	85.7	114.7

The Americas long-lived tangible assets are located primarily in the U.S. $198.7 million of Europe long-lived tangible assets as of December 31, 2014 are located in Switzerland.

For segment reporting purposes, deployed instruments are included in the measurement of reportable segment assets while undeployed instruments at U.S., Puerto Rico and Ireland-based manufacturing operations and logistics are included in global operations and corporate functions. The majority of instruments are purchased by U.S., Puerto Rico and Ireland-based manufacturing operations and logistics and are deployed to the reportable segments as needed for the business. Therefore, the reportable segment assets include deployed instruments even though that reportable segment may not report the instrument addition.

U.S. sales were $2,397.9 million, $2,418.2 million and $2,280.7 million for the years ended December 31, 2014, 2013 and 2012, respectively. Sales within any other individual country were less than 10 percent of our consolidated sales. Sales are attributable to a country based upon the customer's country of domicile.

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Net sales by product category are as follows (in millions):

For the Years Ended December 31,	2014	2013	2012
Reconstructive			
Knees	$1,965.8	$1,909.9	$1,833.8
Hips	1,326.4	1,330.5	1,342.0
Extremities	204.3	193.8	173.8
	3,496.5	3,434.2	3,349.6
Dental	242.8	239.3	237.7
Trauma	316.7	315.6	307.9
Spine	207.2	202.3	208.9
Surgical and other	410.1	432.0	367.6
Total	$4,673.3	$4,623.4	$4,471.7

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Other Current and Long-term Liabilities - Summary of Other Current and Long-Term Liabilities (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Other current liabilities:		
License and service agreements	$ 100.2	$ 109.2
Certain claims accrual (Note 19)	50.0	50.0
Litigation settlement accrual (Note 19)	70.0	
Forward starting interest rate swaps	59.3	
Salaries, wages and benefits	167.7	153.9
Accrued liabilities	351.3	351.0
Total other current liabilities	798.5	664.1
Other long-term liabilities:		
Long-term income tax payable	181.7	115.0
Certain claims accrual (Note 19)	307.2	329.0
Other long-term liabilities	159.7	132.6
Total other long-term liabilities	$ 648.6	$ 576.6

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Quarterly Financial Information (Unaudited) - Quarterly Financial Information (Unaudited) (Detail) (USD $) In Millions, except Per Share data, unless otherwise specified	3 Months Ended								12 Months Ended		
	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Quarterly Financial Information Disclosure [Abstract]											
Net Sales	$ 1,222.9	$ 1,106.0	$ 1,182.9	$ 1,161.5	$ 1,240.7	$ 1,074.3	$ 1,169.5	$ 1,138.9	$ 4,673.3	$ 4,623.4	$ 4,471.7
Gross profit	910.0	807.7	849.7	856.1	899.9	745.5	845.9	846.0	3,423.5	3,337.3	3,346.5
Net earnings of Zimmer Holdings, Inc.	$ 156.6	$ 165.5	$ 176.5	$ 221.5	$ 235.9	$ 154.4	$ 152.1	$ 218.6	$ 720.1	$ 761.0	$ 755.0
Earnings per common share											
Basic	$ 0.92	$ 0.98	$ 1.05	$ 1.31	$ 1.38	$ 0.91	$ 0.90	$ 1.30	$ 4.26	$ 4.49	$ 4.32
Diluted	$ 0.91	$ 0.96	$ 1.03	$ 1.29	$ 1.36	$ 0.90	$ 0.89	$ 1.28	$ 4.19	$ 4.43	$ 4.29

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Consolidated Statements of Cash Flows (USD $) In Millions, unless otherwise specified	**12 Months Ended**		
	Dec. 31, 2014	**Dec. 31, 2013**	**Dec. 31, 2012**
Cash flows provided by (used in) operating activities:			
Net earnings	$ 719.0	$ 759.2	$ 752.9
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	375.8	358.5	363.1
Goodwill impairment	0	0	96.0
Share-based compensation	49.4	48.5	55.0
Income tax benefit from stock option exercises	37.2	38.4	11.0
Excess income tax benefit from stock option exercises	(11.1)	(8.6)	(2.7)
Inventory step-up	5.4	8.0	4.8
Deferred income tax provision	(84.2)	(126.2)	(64.8)
Changes in operating assets and liabilities, net of acquired assets and liabilities			
Income taxes payable	(51.9)	96.8	59.2
Receivables	(40.4)	(74.3)	(45.5)
Inventories	(154.1)	(128.4)	(67.5)
Accounts payable and accrued liabilities	120.1	38.3	47.8
Other assets and liabilities	87.6	(47.1)	(57.4)
Net cash provided by operating activities	1,052.8	963.1	1,151.9
Cash flows provided by (used in) investing activities:			
Additions to instruments	(197.4)	(192.9)	(148.9)
Additions to other property, plant and equipment	(144.9)	(100.0)	(114.7)
Purchases of investments	(1,350.9)	(732.7)	(1,130.1)
Sales of investments	1,282.2	830.8	878.5
Business combination investments	(54.3)	(74.2)	(59.0)
Investments in other assets	(4.1)	(13.5)	(17.9)
Net cash used in investing activities	(469.4)	(282.5)	(592.1)
Cash flows provided by (used in) financing activities:			
Payment of senior notes	(250.0)		
Net proceeds (payments) under revolving credit facilities	2.3	(97.5)	(50.1)
Proceeds from term loans			147.3
Dividends paid to stockholders	(145.5)	(132.4)	(94.4)
Debt issuance costs	(64.1)		(3.3)
Equity issuance costs	(0.4)		
Proceeds from employee stock compensation plans	284.7	474.8	46.9
Excess income tax benefit from stock option exercises	11.1	8.6	2.7
Purchase of additional shares from noncontrolling interest		(1.8)	
Repurchase of common stock	(400.5)	(719.0)	(485.6)
Net cash used in financing activities	(562.4)	(467.3)	(436.5)
Effect of exchange rates on cash and cash equivalents	(18.3)	(17.0)	(7.3)

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Increase in cash and cash equivalents	2.7	196.3	116.0
Cash and cash equivalents, beginning of year	1,080.6	884.3	768.3
Cash and cash equivalents, end of year	$ 1,083.3	$ 1,080.6	$ 884.3

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Consolidated Statements of Comprehensive Income (USD $) In Millions, unless otherwise specified	12 Months Ended Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Statement of Comprehensive Income [Abstract]			
Net earnings	$ 719.0	$ 759.2	$ 752.9
Other Comprehensive Income (Loss):			
Foreign currency cumulative translation adjustments	(241.5)	(44.4)	46.1
Unrealized cash flow hedge gains, net of tax	55.9	33.4	10.9
Reclassification adjustments on cash flow hedges, net of tax	(18.9)	(4.4)	3.3
Reclassification adjustments on securities, net of tax	(0.4)		
Unrealized gains/(losses) on securities, net of tax	(0.5)	0.1	0.4
Adjustments to prior service cost and unrecognized actuarial assumptions, net of tax	(75.8)	38.5	11.8
Total Other Comprehensive Income (Loss)	(281.2)	23.2	72.5
Comprehensive Income	437.8	782.4	825.4
Comprehensive Loss Attributable to Noncontrolling Interest	(1.0)	(2.0)	(2.2)
Comprehensive Income Attributable to Zimmer Holdings, Inc.	$ 438.8	$ 784.4	$ 827.6

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Other Current and Long-term Liabilities	12 Months Ended Dec. 31, 2014
Payables and Accruals [Abstract]	
Other Current and Long-term Liabilities	**10. Other Current and Long-term Liabilities**

Other current and long-term liabilities consisted of the following (in millions):

As of December 31,	2014	2013
Other current liabilities:		
License and service agreements	$100.2	$109.2
Certain claims accrual (Note 19)	50.0	50.0
Litigation settlement accrual (Note 19)	70.0	–
Forward starting interest rate swaps	59.3	–
Salaries, wages and benefits	167.7	153.9
Accrued liabilities	351.3	351.0
Total other current liabilities	$798.5	$664.1
Other long-term liabilities:		
Long-term income tax payable	$181.7	$115.0
Certain claims accrual (Note 19)	307.2	329.0
Other long-term liabilities	159.7	132.6
Total other long-term liabilities	$648.6	$576.6

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Segment Data - Summary of Net Sales and Other Information by Segment (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended								12 Months Ended		
	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Sales Information [Line Items]											
Net Sales	$ 1,222.9	$ 1,106.0	$ 1,182.9	$ 1,161.5	$ 1,240.7	$ 1,074.3	$ 1,169.5	$ 1,138.9	$ 4,673.3	$ 4,623.4	$ 4,471.7
Depreciation and amortization									375.8	358.5	363.1
Inventory step-up and certain other inventory and manufacturing related charges									(21.2)	(70.5)	(4.8)
Certain claims									(21.5)	(47.0)	(15.0)
Goodwill impairment									0	0	(96.0)
Special items									(356.5)	(216.7)	(155.4)
Operating profit									1,034.7	1,035.6	1,047.4
Long-lived assets	1,288.8				1,224.7				1,288.8	1,224.7	1,210.7
Total assets	9,634.7				9,580.6				9,634.7	9,580.6	9,012.4
Additions to instruments									197.4	192.9	148.9
Additions to other property, plant and equipment									144.9	100.0	114.7
Operating Segments [Member]											
Sales Information [Line Items]											
Operating profit									1,433.9	1,369.8	1,318.6
Americas [Member]											
Sales Information [Line Items]											
Net Sales									2,594.2	2,619.8	2,476.3
Depreciation and amortization									79.6	70.9	73.7
Long-lived assets	877.6				810.8				877.6	810.8	776.0
Total assets	2,856.9				2,814.9				2,856.9	2,814.9	2,690.6
Additions to instruments									0.2	0.2	
Additions to other property, plant and equipment									9.8	9.0	0.7
Americas [Member] | Operating Segments [Member]											
Sales Information [Line Items]											
Operating profit									1,288.4	1,302.6	1,256.3
Europe [Member]											
Sales Information [Line Items]											
Net Sales									1,269.5	1,212.6	1,177.4

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Depreciation and amortization			72.0	72.6	73.6
Long-lived assets	301.4	306.3	301.4	306.3	326.1
Total assets	2,113.1	2,343.8	2,113.1	2,343.8	2,308.0
Additions to instruments			17.0	14.8	14.0
Additions to other property, plant and equipment			14.1	10.3	21.9
Europe [Member] | Operating Segments [Member]					
Sales Information [Line Items]					
Operating profit			398.6	359.7	369.1
Asia Pacific [Member]					
Sales Information [Line Items]					
Net Sales			809.6	791.0	818.0
Depreciation and amortization			31.7	30.7	36.3
Long-lived assets	109.8	107.6	109.8	107.6	108.6
Total assets	530.3	541.9	530.3	541.9	578.3
Additions to instruments			6.0	6.5	7.1
Additions to other property, plant and equipment			9.1	7.6	6.4
Asia Pacific [Member] | Operating Segments [Member]					
Sales Information [Line Items]					
Operating profit			351.0	342.3	311.1
Global Operations and Corporate Functions [Member]					
Sales Information [Line Items]					
Depreciation and amortization			192.5	184.3	179.5
Total assets	4,134.4	3,880.0	4,134.4	3,880.0	3,435.5
Additions to instruments			174.2	171.4	127.8
Additions to other property, plant and equipment			111.9	73.1	85.7
Global Operations and Corporate Functions [Member] | Operating Segments [Member]					
Sales Information [Line Items]					
Operating profit			$ (604.1)	$ (634.8)	$ (617.9)

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Retirement Benefit Plans - Fair Value of Foreign Pension Plan Assets (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Plan assets at fair market value	$ 68.6	$ 68.2	
Foreign-based Defined Benefit Plans [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Plan assets at fair market value	385.4	372.3	231.6
Foreign-based Defined Benefit Plans [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Plan assets at fair market value	132.2	114.4	
Foreign-based Defined Benefit Plans [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Plan assets at fair market value	184.6	189.7	
Foreign-based Defined Benefit Plans [Member] | Fair Value Measurements at Reporting Date Using: Significant Unobservable Inputs (Level 3) [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Plan assets at fair market value	68.6	68.2	
Foreign-based Defined Benefit Plans [Member] | Cash and Cash Equivalents [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Plan assets at fair market value	31.0	13.9	
Foreign-based Defined Benefit Plans [Member] | Cash and Cash Equivalents [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Plan assets at fair market value	31.0	13.9	
Foreign-based Defined Benefit Plans [Member] | Energy [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Plan assets at fair market value	4.7	4.7	
Foreign-based Defined Benefit Plans [Member] | Energy [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Plan assets at fair market value	4.7	4.7	
Foreign-based Defined Benefit Plans [Member] | Materials [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Plan assets at fair market value	7.1	5.7	

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Foreign-based Defined Benefit Plans [Member] | Materials [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	7.1	5.7
Foreign-based Defined Benefit Plans [Member] | Industrials [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	7.5	7.6
Foreign-based Defined Benefit Plans [Member] | Industrials [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	7.5	7.6
Foreign-based Defined Benefit Plans [Member] | Consumer Discretionary [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	6.5	5.2
Foreign-based Defined Benefit Plans [Member] | Consumer Discretionary [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	6.5	5.2
Foreign-based Defined Benefit Plans [Member] | Consumer Staples [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	7.5	6.8
Foreign-based Defined Benefit Plans [Member] | Consumer Staples [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	7.5	6.8
Foreign-based Defined Benefit Plans [Member] | Health Care [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	6.8	9.7
Foreign-based Defined Benefit Plans [Member] | Health Care [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	6.8	9.7
Foreign-based Defined Benefit Plans [Member] | Financials [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	16.3	15.8
Foreign-based Defined Benefit Plans [Member] | Financials [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	16.3	15.8

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Foreign-based Defined Benefit Plans [Member] | Information Technology [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	4.9	5.8
Foreign-based Defined Benefit Plans [Member] | Information Technology [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	4.9	5.8
Foreign-based Defined Benefit Plans [Member] | Telecommunication Services [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	2.0	2.6
Foreign-based Defined Benefit Plans [Member] | Telecommunication Services [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	2.0	2.6
Foreign-based Defined Benefit Plans [Member] | Utilities [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	3.4	3.4
Foreign-based Defined Benefit Plans [Member] | Utilities [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	3.4	3.4
Foreign-based Defined Benefit Plans [Member] | Other [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	36.7	35.7
Foreign-based Defined Benefit Plans [Member] | Other [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	34.5	33.2
Foreign-based Defined Benefit Plans [Member] | Other [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	2.2	2.5
Foreign-based Defined Benefit Plans [Member] | Government Bonds [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	72.5	64.4
Foreign-based Defined Benefit Plans [Member] | Government Bonds [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	72.5	64.4
Foreign-based Defined Benefit Plans [Member] | Corporate Bonds [Member]		

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Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	58.9	65.9
Foreign-based Defined Benefit Plans [Member] | Corporate Bonds [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	58.9	65.9
Foreign-based Defined Benefit Plans [Member] | Asset-backed Securities [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	22.0	24.0
Foreign-based Defined Benefit Plans [Member] | Asset-backed Securities [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	22.0	24.0
Foreign-based Defined Benefit Plans [Member] | Other Debt [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	1.7	2.8
Foreign-based Defined Benefit Plans [Member] | Other Debt [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	1.7	2.8
Foreign-based Defined Benefit Plans [Member] | Mortgage Loans [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	9.2	9.0
Foreign-based Defined Benefit Plans [Member] | Mortgage Loans [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	9.2	9.0
Foreign-based Defined Benefit Plans [Member] | Insurance Contracts [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	6.1	6.4
Foreign-based Defined Benefit Plans [Member] | Insurance Contracts [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	6.1	6.4
Foreign-based Defined Benefit Plans [Member] | Other Investments [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	12.0	14.7
Foreign-based Defined Benefit Plans [Member] | Other Investments [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		

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Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	12.0	14.7
Foreign-based Defined Benefit Plans [Member] | Real Estate [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	68.6	68.2
Foreign-based Defined Benefit Plans [Member] | Real Estate [Member] | Fair Value Measurements at Reporting Date Using: Significant Unobservable Inputs (Level 3) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	$ 68.6	$ 68.2

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Retirement Benefit Plans - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Expense related to defined contribution plan	$ 32.8	$ 29.6	$ 26.5
U S and Puerto Rico [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Contribution towards defined benefit plans	0		
U S and Puerto Rico [Member] | Equity Securities [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Minimum range of assets held by defined benefit plan for cash funds	40.00%		
Maximum range of assets held by defined benefit plan for cash funds	45.00%		
U S and Puerto Rico [Member] | Debt Securities [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Minimum range of assets held by defined benefit plan for cash funds	30.00%		
Maximum range of assets held by defined benefit plan for cash funds	35.00%		
U S and Puerto Rico [Member] | Non - Traditional Investments [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Minimum range of assets held by defined benefit plan for cash funds	20.00%		
Maximum range of assets held by defined benefit plan for cash funds	25.00%		
Foreign-based Defined Benefit Plans [Member] | Equity Securities [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Minimum range of assets held by defined benefit plan for cash funds	20.00%		
Maximum range of assets held by defined benefit plan for cash funds	37.00%		
Foreign-based Defined Benefit Plans [Member] | Debt Securities [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Minimum range of assets held by defined benefit plan for cash funds	30.00%		
Maximum range of assets held by defined benefit plan for cash funds	50.00%		
Foreign-based Defined Benefit Plans [Member] | Real Estate [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Minimum range of assets held by defined benefit plan for cash funds	15.00%		
Maximum range of assets held by defined benefit plan for cash funds	24.00%		

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Foreign-based Defined Benefit Plans [Member] | Cash Fund [Member]	
Pension Plans, Postretirement and Other Employee Benefits [Line Items]	
Minimum range of assets held by defined benefit plan for cash funds	3.00%
Maximum range of assets held by defined benefit plan for cash funds	15.00%
Foreign-based Defined Benefit Plans [Member] | Other Funds [Member]	
Pension Plans, Postretirement and Other Employee Benefits [Line Items]	
Minimum range of assets held by defined benefit plan for cash funds	0.00%
Maximum range of assets held by defined benefit plan for cash funds	12.00%
Foreign Defined Benefit Plan [Member]	
Pension Plans, Postretirement and Other Employee Benefits [Line Items]	
Contribution towards defined benefit plans	$ 14.0

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Document and Entity Information (USD $)	12 Months Ended Dec. 31, 2014	Feb. 16, 2015	Jun. 30, 2014
Document And Entity Information [Abstract]			
Document Type	10-K		
Amendment Flag	false		
Document Period End Date	Dec. 31, 2014		
Document Fiscal Year Focus	2014		
Document Fiscal Period Focus	FY		
Trading Symbol	ZMH		
Entity Registrant Name	ZIMMER HOLDINGS INC		
Entity Central Index Key	0001136869		
Current Fiscal Year End Date	--12-31		
Entity Well-known Seasoned Issuer	Yes		
Entity Current Reporting Status	Yes		
Entity Voluntary Filers	No		
Entity Filer Category	Large Accelerated Filer		
Entity Common Stock, Shares Outstanding		169,902,991	
Entity Public Float			$ 17,501,425,466

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Debt	12 Months Ended Dec. 31, 2014

Debt Disclosure [Abstract]

Debt

11. Debt

Our debt consisted of the following (in millions):

As of December 31,	2014	2013
Long-term debt		
Senior Notes due 2014	$–	$250.0
Senior Notes due 2019	500.0	500.0
Senior Notes due 2021	300.0	300.0
Senior Notes due 2039	500.0	500.0
Term Loan	98.0	112.4
Other long-term debt	4.9	2.1
Debt discount	(1.4)	(1.5)
Adjustment related to interest rate swaps	24.0	9.3
Total long-term debt	$1,425.5	$1,672.3

In May 2014, we entered into a new credit agreement (Senior Credit Facility). The Senior Credit Facility contains: (i) a 5-year unsecured term loan facility in the principal amount of $3.0 billion (Term Loan), and (ii) a 5-year unsecured multicurrency revolving facility in the principal amount of $1.35 billion (Multicurrency Revolving Facility). The Senior Credit Facility replaced a previous agreement that provided for a $1.35 billion revolving credit facility that would have matured in May 2017. The Multicurrency Revolving Facility will mature in May 2019, with two one-year extensions available at our option. Borrowings under the Multicurrency Revolving Facility may be used for general corporate purposes. The availability of the Term Loan is conditioned on, among other things, the consummation of the Biomet merger. The Term Loan requires us to reduce unused commitments and prepay the borrowings under the Term Loan with any net cash proceeds received from specified asset sales, issuances or sales of equity and incurrences of borrowed money indebtedness, subject to certain exceptions. Commitments under the Term Loan automatically terminate on the earliest to occur of: (i) the funding and disbursement of the Term Loan funds to us, (ii) April 24, 2015, as such date may be extended pursuant to the merger agreement, or (iii) termination of the merger agreement. The Term Loan will mature five years after the initial borrowing. Borrowings under the Term Loan may only be used by us to fund, in part, the Biomet merger, including the payment of any indebtedness of LVB and its subsidiaries, and to pay all or a portion of the costs incurred by us in connection with the Biomet merger. There were no borrowings outstanding under the Senior Credit Facility at December 31, 2014.

In May 2014, we also entered into a 364-Day Credit Agreement (Bridge Credit Agreement). The Bridge Credit Agreement is a 364-day unsecured committed bridge facility in the principal amount of $7.66 billion. Funding of loans under the Bridge Credit Agreement is conditioned on, among other things, the consummation of the Biomet merger. Any loans under the Bridge Credit Agreement will mature 364 days after the funding date of the loans. The Bridge Credit Agreement requires us to reduce unused commitments and prepay the loans with any net cash proceeds received from specified asset sales, issuances or sales of equity and incurrences of borrowed money indebtedness, such as new senior notes we intend to issue, subject to certain exceptions. Commitments under the Bridge Credit Agreement automatically terminate on the earliest to occur of: (i) the funding and disbursement of the loans, (ii) April 24, 2015, as such date

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may be extended pursuant to the merger agreement, or (iii) termination of the merger agreement. Proceeds of loans under the Bridge Credit Agreement may only be used to fund, in part, the Biomet merger, including the payment of any indebtedness of LVB and its subsidiaries, and to pay all or a portion of the costs incurred by us in connection with the Biomet merger.

We have a term loan agreement (Japan Term Loan) with one of the lenders under the Senior Credit Facility for 11.7 billion Japanese Yen that will mature on May 31, 2018. Borrowings under the Japan Term Loan bear interest at a fixed rate of 0.61 percent per annum until maturity. The estimated fair value of the Japan Term Loan as of December 31, 2014, based upon publicly available market yield curves and the terms of the debt (Level 2), was $97.6 million.

We and certain of our wholly owned foreign subsidiaries are the borrowers under the Senior Credit Facility. Borrowings under the Senior Credit Facility bear interest at floating rates based upon indices determined by the currency of the borrowings plus an applicable margin determined by reference to our senior unsecured long-term credit rating, or at an alternate base rate, or, in the case of borrowings under the Multicurrency Revolving Facility only, at a fixed-rate determined through a competitive bid process. The Senior Credit Facility contains customary affirmative and negative covenants and events of default for an unsecured financing arrangement, including, among other things, limitations on consolidations, mergers and sales of assets. Financial covenants include a consolidated indebtedness to consolidated EBITDA ratio of no greater than 3.0 to 1.0 in periods prior to any Term Loan funding and no greater than 5.0 to 1.0 in periods after the Term Loan is funded. If our credit rating falls below investment grade, additional restrictions would result, including restrictions on investments and payment of dividends. We were in compliance with all covenants under the Senior Credit Facility as of December 31, 2014.

Commitments under the Senior Credit Facility are subject to certain fees. On the Multicurrency Revolving Facility, we pay a facility fee at a rate determined by reference to our senior unsecured long-term credit rating. On the Term Loan, we pay a fee on the daily actual unused commitment for the period from and including July 23, 2014 through the day the commitments under the Term Loan terminate.

Zimmer Holdings is the borrower under the Bridge Credit Agreement. Borrowings under the Bridge Credit Agreement bear interest at floating rates based upon LIBOR plus an applicable margin determined by reference to our senior unsecured long-term credit rating, or at an alternate base rate. The Bridge Credit Agreement contains customary affirmative and negative covenants and events of default for an unsecured financing arrangement, including, among other things, limitations on consolidations, mergers and sales of assets. Financial covenants include a consolidated indebtedness to consolidated EBITDA ratio of no greater than 5.0 to 1.0. We were in compliance with all covenants under the Bridge Credit Agreement as of December 31, 2014. If our credit rating falls below investment grade, additional restrictions would result, including restrictions on investments and payment of dividends.

We will pay a funding fee if we borrow under the Bridge Credit Agreement as well as duration fees based on the outstanding principal amount of the loans in the amount and on the dates specified in the Bridge Credit Agreement. In addition, we pay a fee on the daily actual unused commitment for the period from and including July 23, 2014 through the day the commitments under the Bridge Credit Agreement terminate.

In association with the Senior Credit Facility and Bridge Credit Agreement, we incurred debt issuance costs paid to the lenders. These debt issuance costs, to the extent paid, were recognized as financing cash flows on our consolidated statement of cash flows. For the debt issuance costs related to the Bridge Credit Agreement, we are recognizing expense on a straight-line basis over the estimated commitment period, which is one year. If we borrow under the Bridge Credit Agreement in the future, any remaining unamortized debt issuance costs will be recognized as interest expense over the period debt is outstanding under the Bridge Credit Agreement. The

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related expense for the Bridge Credit Agreement debt issuance costs and the Bridge Credit Agreement and Term Loan unused commitment fees has been presented as "Other expense" on our consolidated statement of earnings since we have not borrowed against these agreements. The debt issuance costs related to the Term Loan portion of the Senior Credit Facility will be recognized as interest expense under the effective interest rate method once we borrow on the Term Loan. The debt issuance costs related to the Multicurrency Revolving Facility are being recognized as expense on a straight-line basis over the 5-year commitment period of the facility.

We have three tranches of senior notes outstanding: $500 million aggregate principal amount of 4.625 percent notes due November 30, 2019, $300 million aggregate principal amount of 3.375 percent notes due November 30, 2021 and $500 million aggregate principal amount of 5.75 percent notes due November 30, 2039. Interest on each series is payable on May 30 and November 30 of each year until maturity. The estimated fair value of our senior notes as of December 31, 2014, based on quoted prices for the specific securities from transactions in over-the-counter markets (Level 2), was $1,460.2 million.

We may redeem the senior notes at our election in whole or in part at any time prior to maturity at a redemption price equal to the greater of 1) 100 percent of the principal amount of the notes being redeemed; or 2) the sum of the present values of the remaining scheduled payments of principal and interest (not including any portion of such payments of interest accrued as of the date of redemption), discounted to the date of redemption on a semi-annual basis at the Treasury Rate (as defined in the debt agreement), plus 20 basis points in the case of the 2019 notes and 2021 notes, and 25 basis points in the case of the 2039 notes. We would also pay the accrued and unpaid interest on the Senior Notes to the redemption date.

We have entered into interest rate swap agreements which we designated as fair value hedges of underlying fixed-rate obligations on our senior notes due 2019 and 2021. See Note 13 for additional information regarding the interest rate swap agreements.

We also have available uncommitted credit facilities totaling $31.9 million.

At December 31, 2014 and 2013, the weighted average interest rate for our long-term borrowings was 3.5 percent and 3.3 percent, respectively. We paid $67.5 million, $68.1 million and $67.8 million in interest during 2014, 2013 and 2012, respectively.

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Retirement Benefit Plans - Components of Net Pension Expense (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
U.S. and Puerto Rico [Member]			
Schedule of Expected Future Pension Benefit Payment [Line Items]			
Service cost	$ 10.9	$ 11.9	$ 11.4
Interest cost	15.5	13.2	13.3
Expected return on plan assets	(30.8)	(28.7)	(25.5)
Settlement			0.7
Amortization of prior service cost	(2.6)	(2.6)	(2.0)
Amortization of unrecognized actuarial loss	10.6	14.8	11.4
Net periodic benefit cost	3.6	8.6	9.3
Foreign-based Defined Benefit Plans [Member]			
Schedule of Expected Future Pension Benefit Payment [Line Items]			
Service cost	14.7	16.1	15.0
Interest cost	9.2	5.6	6.1
Expected return on plan assets	(11.0)	(6.7)	(7.6)
Amortization of prior service cost	(1.3)	(1.3)	(0.9)
Amortization of unrecognized actuarial loss	0.5	1.8	1.9
Net periodic benefit cost	$ 12.1	$ 15.5	$ 14.5

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Retirement Benefit Plans - Summary of Benefits Expected to be Paid Out (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014
U.S. and Puerto Rico [Member]	
Schedule of Expected Future Pension Benefit Payment [Line Items]	
2015	$ 12.3
2016	13.3
2017	15.0
2018	16.5
2019	18.4
2020-2024	113.2
Foreign-based Defined Benefit Plans [Member]	
Schedule of Expected Future Pension Benefit Payment [Line Items]	
2015	17.0
2016	16.5
2017	16.9
2018	17.0
2019	17.9
2020-2024	$ 89.1

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Consolidated Balance Sheets (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Current Assets:		
Cash and cash equivalents	$ 1,083.3	$ 1,080.6
Short-term investments	612.5	727.0
Accounts receivable, less allowance for doubtful accounts	912.1	936.6
Inventories	1,169.0	1,074.5
Prepaid expenses and other current assets	193.7	107.1
Deferred income taxes	318.4	271.9
Total Current Assets	4,289.0	4,197.7
Property, plant and equipment, net	1,288.8	1,224.7
Goodwill	2,514.2	2,611.2
Intangible assets, net	603.5	707.7
Other assets	939.2	839.3
Total Assets	9,634.7	9,580.6
Current Liabilities:		
Accounts payable	167.1	146.3
Income taxes	72.4	221.2
Other current liabilities	798.5	664.1
Total Current Liabilities	1,038.0	1,031.6
Other long-term liabilities	648.6	576.6
Long-term debt	1,425.5	1,672.3
Total Liabilities	3,112.1	3,280.5
Commitments and Contingencies (Note 19)		
Stockholders' Equity:		
Common stock, $0.01 par value, one billion shares authorized, 268.4 million (264.3 million in 2013) issued	2.7	2.6
Paid-in capital	4,330.7	4,000.6
Retained earnings	8,285.2	7,712.7
Accumulated other comprehensive income	85.9	367.1
Treasury stock, 98.7 million shares (94.5 million shares in 2013)	(6,183.7)	(5,785.7)
Total Zimmer Holdings, Inc. stockholders' equity	6,520.8	6,297.3
Noncontrolling interest	1.8	2.8
Total Stockholders' Equity	6,522.6	6,300.1
Total Liabilities and Stockholders' Equity	$ 9,634.7	$ 9,580.6

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Property, Plant and Equipment	**12 Months Ended Dec. 31, 2014**
Property, Plant and Equipment [Abstract]	
Property, Plant and Equipment	**5. Property, Plant and Equipment**

Property, plant and equipment consisted of the following (in millions):

As of December 31,	2014	2013
Land	$20.4	$21.7
Building and equipment	1,283.4	1,353.1
Capitalized software costs	294.7	272.6
Instruments	1,696.3	1,610.6
Construction in progress	115.8	58.2
	3,410.6	3,316.2
Accumulated depreciation	(2,121.8)	(2,091.5)
Property, plant and equipment, net	$1,288.8	$1,224.7

Depreciation expense was $268.6 million, $262.6 million and $266.0 million for the years ended December 31, 2014, 2013 and 2012, respectively.

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Inventories	12 Months Ended Dec. 31, 2014
Inventory Disclosure [Abstract]	
Inventories	

4. Inventories

Inventories consisted of the following (in millions):

As of December 31,	2014	2013
Finished goods	$899.9	$817.0
Work in progress	87.8	77.4
Raw materials	181.3	180.1
Inventories	$1,169.0	$1,074.5

Amounts charged to the consolidated statement of earnings for excess and obsolete inventory in the years ended December 31, 2014, 2013 and 2012 were $51.8 million, $112.0 million and $55.1 million, respectively. The 2013 period was higher due to our decision to discontinue certain products.

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Capital Stock and Earnings per Share	12 Months Ended Dec. 31, 2014
Earnings Per Share [Abstract]	
Capital Stock and Earnings per Share	**16. Capital Stock and Earnings per Share**

We are authorized to issue 250 million shares of preferred stock, none of which were issued or outstanding as of December 31, 2014.

The numerator for both basic and diluted earnings per share is net earnings available to common stockholders. The denominator for basic earnings per share is the weighted average number of common shares outstanding during the period. The denominator for diluted earnings per share is weighted average shares outstanding adjusted for the effect of dilutive stock options and other equity awards. The following is a reconciliation of weighted average shares for the basic and diluted share computations (in millions):

For the Years Ended December 31,	2014	2013	2012
Weighted average shares outstanding for basic net earnings per share	169.0	169.6	174.9
Effect of dilutive stock options and other equity awards	2.7	2.2	1.1
Weighted average shares outstanding for diluted net earnings per share	171.7	171.8	176.0

For the year ended December 31, 2014, all outstanding options to purchase shares of common stock were included in the computation of diluted earnings per share as the exercise prices of all options were less than the average market price of the common stock. For the years ended December 31, 2013 and 2012, an average of 3.1 million and 11.9 million options, respectively, were not included.

During 2014, we repurchased 4.2 million shares of our common stock at an average price of $94.57 per share for a total cash outlay of $400.5 million, including commissions.

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Accumulated Other Comprehensive Income	12 Months Ended Dec. 31, 2014

Equity [Abstract]

Accumulated Other Comprehensive Income

12. Accumulated Other Comprehensive Income

OCI refers to certain gains and losses that under GAAP are included in comprehensive income but are excluded from net earnings as these amounts are initially recorded as an adjustment to stockholders’ equity. Amounts in OCI may be reclassified to net earnings upon the occurrence of certain events.

Our OCI is comprised of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges, unrealized gains and losses on available-for-sale securities, and amortization of prior service costs and unrecognized gains and losses in actuarial assumptions on our defined benefit plans. Foreign currency translation adjustments are reclassified to net earnings upon sale or upon a complete or substantially complete liquidation of an investment in a foreign entity. Unrealized gains and losses on cash flow hedges are reclassified to net earnings when the hedged item affects net earnings. Unrealized gains and losses on available-for-sale securities are reclassified to net earnings if we sell the security before maturity or if the unrealized loss is considered to be other-than-temporary. Amounts related to defined benefit plans that are in OCI are reclassified over the service periods of employees in the plan. The reclassification amounts are allocated to all employees in the plans and, therefore, the reclassified amounts may become part of inventory to the extent they are considered direct labor costs. See Note 14 for more information on our defined benefit plans.

The following table shows the changes in the components of OCI, net of tax (in millions):

	Foreign Currency Translation	Cash Flow Hedges	Unrealized Gains on Securities	Defined Benefit Plan Items
Balance December 31, 2013	$ 401.1	$33.1	$ 0.5	$(67.6)
OCI before reclassifications	(241.5)	55.9	(0.5)	(80.0)
Reclassifications	–	(18.9)	(0.4)	4.2
Balance December 31, 2014	$ 159.6	$70.1	$ (0.4)	$(143.4)

The following table shows the reclassification adjustments from OCI (in millions):

	Amount of Gain / (Loss) Reclassified from OCI			
	For the Years Ended December 31,			
Component of OCI	2014	2013	2012	Location on Statement of Earnings
Cash flow hedges				
Foreign exchange forward contracts	$ 33.3	$ 8.0	$ (12.0)	Cost of products sold
Foreign exchange options	–	(0.2)	(0.4)	Cost of products sold
Cross-currency interest rate swaps	–	–	0.2	Interest expense
	33.3	7.8	(12.2)	Total before tax
	14.4	3.4	(8.9)	Provision for income taxes
	$ 18.9	$ 4.4	$ (3.3)	Net of tax
Investments	$ 0.4	$ –	$ –	Interest income
Realized gains on securities	–	–	–	Provision for income taxes

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	$ 0.4	$ –	$ –	Net of tax
Defined benefit plans				
Prior service cost	$ 3.9	$ 3.9	$ 2.9	*
Unrecognized actuarial (loss)	(11.1)	(16.6)	(13.3)	*
	(7.2)	(12.7)	(10.4)	Total before tax
	(3.0)	(4.8)	(3.9)	Provision for income taxes
	$ (4.2)	$ (7.9)	$ (6.5)	Net of tax
Total reclassifications	$ 15.1	$ (3.5)	$ (9.8)	Net of tax

* These OCI components are included in the computation of net periodic pension expense (see Note 14).

The following table shows the tax effects on each component of OCI recognized in our consolidated statements of comprehensive income (in millions):

	Before Tax			Tax			Net of Tax		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012	2014	2013	2012
Foreign currency cumulative translation adjustments	$(241.5)	$(44.4)	$46.1	$–	$–	$–	$(241.5)	$(44.4)	$46.1
Unrealized cash flow hedge gains	60.5	63.6	15.2	4.6	30.2	4.3	55.9	33.4	10.9
Reclassification adjustments on foreign currency hedges	(33.3)	(7.8)	12.2	(14.4)	(3.4)	8.9	(18.9)	(4.4)	3.3
Reclassification adjustments on securities	(0.4)	–	–	–	–	–	(0.4)	–	–
Unrealized gains/(losses) on securities	(0.5)	0.1	0.4	–	–	–	(0.5)	0.1	0.4
Adjustments to prior service cost and unrecognized actuarial assumptions	(104.8)	50.3	20.3	(29.0)	11.8	8.5	(75.8)	38.5	11.8
Total Other Comprehensive Gain/(Loss)	$(320.0)	$61.8	$94.2	$(38.8)	$38.6	$21.7	$(281.2)	$23.2	$72.5

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Retirement Benefit Plan - Summary of Amounts Recognized in Balance Sheet (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
U.S. and Puerto Rico [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Prepaid pension	$ 29.4	$ 92.7
Short-term accrued benefit liability	(0.7)	(0.7)
Long-term accrued benefit liability	(13.1)	(10.1)
Net amount recognized	15.6	81.9
Foreign-based Defined Benefit Plans [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Prepaid pension	12.4	12.1
Short-term accrued benefit liability	(0.5)	
Long-term accrued benefit liability	(50.2)	(11.3)
Net amount recognized	$ (38.3)	$ 0.8

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Fair Value Measurements of Assets and Liabilities	12 Months Ended Dec. 31, 2014

Fair Value Disclosures [Abstract]

Fair Value Measurements of Assets and Liabilities

8. Fair Value Measurements of Assets and Liabilities

The following financial assets and liabilities are recorded at fair value on a recurring basis (in millions):

As of December 31, 2014

Description	Recorded Balance	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Available-for-sale securities				
Corporate debt securities	$516.5	$ –	$ 516.5	$ –
U.S. government and agency debt securities	194.3	–	194.3	–
Commercial paper	57.8	–	57.8	–
Certificates of deposit	100.3	–	100.3	–
Total available-for-sale securities	868.9	–	868.9	–
Derivatives, current and long-term				
Foreign currency forward contracts and options	125.5	–	125.5	–
Interest rate swaps	24.0	–	24.0	–
	$1,018.4	$ –	$ 1,018.4	$ –
Liabilities				
Derivatives, current and long-term				
Foreign currency forward contracts and options	1.7	–	1.7	–
Forward starting interest rate swaps	59.3	–	59.3	–
	$61.0	$ –	$ 61.0	$ –

As of December 31, 2013

Fair Value Measurements

at Reporting Date Using:

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Description	Recorded Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Available-for-sale securities				
Corporate debt securities	$ 457.9	$ –	$ 457.9	$ –
U.S. government and agency debt securities	211.2	–	211.2	–
Foreign government debt securities	3.1	–	3.1	–
Commercial paper	68.3	–	68.3	–
Certificates of deposit	67.2	–	67.2	–
Total available-for-sale securities	807.7	–	807.7	–
Derivatives, current and long-term				
Foreign currency forward contracts and options	68.7	–	68.7	–
Interest rate swaps	16.3	–	16.3	–
	$ 892.7	$ –	$ 892.7	$ –
Liabilities				
Derivatives, current and long-term				
Foreign currency forward contracts and options	20.6	–	20.6	–
Interest rate swaps	7.0	–	7.0	–
	$ 27.6	$ –	$ 27.6	$ –

We value our available-for-sale securities using a market approach based on broker prices for identical assets in over-the-counter markets and we perform ongoing assessments of counterparty credit risk.

We value our foreign currency forward contracts and foreign currency options using a market approach based on foreign currency exchange rates obtained from active markets and we perform ongoing assessments of counterparty credit risk.

We value our interest rate swaps using a market approach based on publicly available market yield curves and the terms of our swaps and we perform ongoing assessments of counterparty credit risk.

The following nonfinancial assets were measured at fair value on a nonrecurring basis (in millions):

		Fair Value Measurements Using:			
Description	Total	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses

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		(Level 1)			
Year Ended December 31, 2014					
Indefinite-lived intangible assets	$34.2	$ –	$ –	$ 34.2	$14.2
Year Ended December 31, 2013					
Indefinite-lived intangible assets	$21.0	$ –	$ –	$ 21.0	$2.8
Year Ended December 31, 2012					
Goodwill	$41.0	$ –	$ –	$ 41.0	$96.0
Indefinite-lived intangible assets	24.2	–	–	24.2	11.6

We conduct our annual goodwill impairment testing in the fourth quarter of every year or whenever events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. In 2012, it was determined that our U.S. Spine reporting unit's carrying value was in excess of its fair value. The goodwill for this reporting unit was written down to its implied fair value of $41.0 million, resulting in a $96.0 million non-cash impairment charge. The implied fair value of goodwill equals the estimated fair value of a reporting unit minus the fair value of the reporting unit's net assets. In determining the implied fair value of the U.S. Spine reporting unit's goodwill, we used unobservable inputs to estimate the fair value of the reporting unit and its assets and liabilities. Fair value was determined using a weighting of income and market approaches.

Fair value under the income approach was determined by discounting to present value the estimated future cash flows of the reporting unit. Fair value under the market approach utilized the guideline public company methodology, which uses valuation indicators from publicly traded companies that are similar to our U.S. Spine reporting unit and considers control premiums that would result from a sale of the reporting unit and the level of assets in the reporting unit versus the comparable companies.

In estimating the future cash flows of the reporting unit, we utilized a combination of market and company specific inputs that a market participant would use in assessing the fair value of the reporting unit. The primary market input was revenue growth rates. These rates were based upon historical trends and estimated future growth drivers such as an aging global population, obesity and more active lifestyles. Significant company specific inputs included assumptions regarding how the reporting unit could leverage operating expenses as revenue grows and the impact any new products will have on revenues.

Under the guideline public company methodology, we took into consideration specific risk differences between our reporting unit and the comparable companies, such as recent financial performance, size risks and product portfolios, among other considerations. Based upon our reporting unit's recent financial performance, market share and product portfolio, we valued the reporting unit near the bottom of the valuation indicators of the comparable companies.

The fair value of the reporting unit's assets and liabilities were determined by using the same methods that are used in business combination purchase accounting.

Factors that contributed to the 2012 impairment of the U.S. Spine reporting unit included broader market issues as well as company specific issues. The U.S. spine market was under pressure due to a constrained economic environment leading to continuing high unemployment and payer pushback on the necessity of certain procedures. Additionally, pricing was declining across the industry. Company specific issues included turnover with our independent sales agents

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and lack of execution in developing new, competitive products which resulted in a less than optimal product portfolio in our U.S. Spine reporting unit.

Before the economic downturn in 2008, we estimated the U.S. spine market was growing in the low double digits, but declined to flat or in the low single digits in 2012. Previous goodwill impairment tests forecasted some recovery in the market which did not occur. As we completed our annual operating plan in the fourth quarter of 2012, it became clearer that the U.S. spine market recovery would take longer than we planned, including the persistence of significant negative pricing pressures. Additionally, we concluded that new product introductions made in 2012 would not have as significant of a positive effect as we had previously forecasted. As a result, we tempered our expectations of recovery in the U.S. market and for our U.S. Spine reporting unit and recognized an impairment charge.

In our 2013 and 2014 annual goodwill impairment tests of our U.S. Spine reporting unit, we concluded no impairment charge was necessary. In our 2014 annual impairment test, the U.S. Spine reporting unit's estimated fair value was in excess of its carrying value of net assets by 24 percent.

We have four other reporting units with goodwill assigned to them. We estimate the fair value of those reporting units using the income approach by discounting to present value the estimated future cash flows of the reporting unit or a combination of the income approach and market approach utilizing the guideline public company methodology. Due to challenging market conditions associated with our U.S. Dental reporting unit, our 2013 annual impairment test indicated the estimated fair value of the U.S. Dental reporting unit was in excess of its carrying value of net assets by only 11 percent. For the annual impairment test in 2014, the goodwill balance of the U.S. Dental reporting unit was $169.1 million. In our 2014 annual impairment test, due to improved operating performance and improving macroenomic conditions, including higher valuation indicators used in our market approach, the U.S. Dental reporting unit's estimated fair value was in excess of its carrying value of net assets by 24 percent.

In 2014, for our three other reporting units' annual impairment test, we performed a qualitative assessment of changes in fair value from the 2013 income approach. A qualitative assessment was performed because the estimated fair value of each of the reporting units was significantly in excess of the carrying value of its net assets in the 2013 impairment test.

We will continue to monitor the fair value of our U.S. Spine and U.S. Dental reporting units as well as our other three reporting units in our interim and annual reporting periods. If estimated cash flows for these reporting units decrease, we may be required to record further impairment charges in the future. Factors that could result in our cash flows being lower than our current estimates include: 1) decreased revenues caused by unforeseen changes in the healthcare market, or our inability to generate new product revenue from our research and development activities, and 2) our inability to achieve the estimated operating margins in our forecasts due to unforeseen factors. Additionally, changes in the broader economic environment could cause changes to our estimated discount rates or comparable company valuation indicators, which may impact our estimated fair values.

In 2014, 2013 and 2012, we also recorded $14.2 million, $2.8 million and $11.6 million, respectively, of impairment charges in "Special items" related to certain indefinite lived intangible assets. The impairment was a result of lower future estimated revenues from products using certain trademarks. The lower future estimated revenues resulted from new competitive products in the marketplace, a trend towards newer, less invasive products, a decrease in projected revenues in U.S. Dollar terms due to the strengthening of the U.S. Dollar versus foreign currencies, negative publicity in the marketplace related to certain hip devices and our challenges in the global spine market. Effective in the fourth quarter of 2014 the intangible assets that were impaired have been reclassified as a finite lived intangible asset and will be amortized.

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Investments - Cost and Fair Value of Available-for-Sale Fixed-Maturity Securities by Contractual Maturity (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Amortized Cost and Fair Value Debt Securities [Abstract]		
Available-for-sale Securities, Debt Maturities, Due in One Year or less, Amortized Cost	$ 612.6	
Available-for-sale Securities, Debt Maturities, Due after One year through two Years, Amortized Cost	256.7	
Available-for-sale Securities, Amortized Cost	869.3	807.3
Available-for-sale Securities, Debt Maturities, Due in One Year or less, Fair Value	612.5	
Available-for-sale Securities, Debt Maturities, Due after One year through two Years, Fair Value	256.4	
Available-for-sale Securities, Fair Value	$ 868.9	$ 807.7

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Acquisitions	**12 Months Ended Dec. 31, 2014**
Business Combinations [Abstract]	
Acquisitions	

6. Acquisitions

We made a number of business acquisitions during the years 2014, 2013 and 2012. In October 2014, we acquired ETEX Holdings, Inc. (Etex). The Etex acquisition enhanced our biologics portfolio through the addition of Etex's bone void filler products. In May 2013, we acquired the business assets of Knee Creations, LLC (Knee Creations). The Knee Creations acquisition enhanced our product portfolio of joint preservation solutions. In June 2013, we acquired NORMED Medizin-Technik GmbH (Normed). The Normed acquisition strengthened our Extremities and Trauma product portfolios and brought new product development capabilities in the foot and ankle and hand and wrist markets. In January 2012, we acquired Synvasive Technology, Inc. (Synvasive). The Synvasive acquisition enhanced our product portfolio through the addition of the *STABLECUT*® surgical saw blades, as well as the *eLIBRA*® Dynamic Knee Balancing System™ for soft tissue balancing. In October 2012, we acquired Dornoch Medical Systems, Inc. (Dornoch). The Dornoch acquisition enhanced our product portfolio through the addition of a medical waste fluid management and disposal technology.

The results of operations of the acquired companies have been included in our consolidated results of operations subsequent to the transaction dates, and the respective assets and liabilities of the acquired companies have been recorded at their estimated fair values in our consolidated statement of financial position as of the transaction dates, with any excess purchase price being recorded as goodwill. Pro forma financial information and other information required by GAAP have not been included as the acquisitions, individually and in the aggregate, did not have a material impact upon our financial position or results of operations.

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Investments	12 Months Ended Dec. 31, 2014
Investments, Debt and Equity Securities [Abstract]	
Investments	

7. Investments

We invest in short and long-term investments classified as available-for-sale securities. Information regarding our investments is as follows (in millions):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair value
As of December 31, 2014				
Corporate debt securities	$ 516.9	$ 0.1	$ (0.5)	$516.5
U.S. government and agency debt securities	194.3	–	–	194.3
Commercial paper	57.8	–	–	57.8
Certificates of deposit	100.3	–	–	100.3
Total short and long-term investments	$ 869.3	$ 0.1	$ (0.5)	$868.9
As of December 31, 2013				
Corporate debt securities	$ 457.6	$ 0.4	$ (0.1)	$457.9
U.S. government and agency debt securities	211.1	0.1	–	211.2
Foreign government debt securities	3.1	–	–	3.1
Commercial paper	68.3	–	–	68.3
Certificates of deposit	67.2	–	–	67.2
Total short and long-term investments	$ 807.3	$ 0.5	$ (0.1)	$807.7

The amortized cost and fair value of our available-for-sale fixed-maturity securities by contractual maturity are as follows (in millions):

As of December 31, 2014	Amortized Cost	Fair Value
Due in one year or less	$ 612.6	$612.5
Due after one year through two years	256.7	256.4
Total	$ 869.3	$868.9

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Goodwill and Other Intangible Assets	12 Months Ended Dec. 31, 2014
Goodwill and Intangible Assets Disclosure [Abstract]	
Goodwill and Other Intangible Assets	

9. Goodwill and Other Intangible Assets

The following table summarizes the changes in the carrying amount of goodwill (in millions):

	Americas	Europe	Asia Pacific	Total
Balance at January 1, 2013				
Goodwill	$1,623.9	$1,128.6	$ 192.3	$2,944.8
Accumulated impairment losses	(373.0)	–	–	(373.0)
	1,250.9	1,128.6	192.3	2,571.8
Acquisitions	11.0	24.0	–	35.0
Currency translation	(5.0)	34.5	(25.1)	4.4
Balance at December 31, 2013				
Goodwill	1,629.9	1,187.1	167.2	2,984.2
Accumulated impairment losses	(373.0)	–	–	(373.0)
	1,256.9	1,187.1	167.2	2,611.2
Acquisitions	40.6	–	–	40.6
Currency translation	(4.3)	(119.4)	(13.9)	(137.6)
Balance at December 31, 2014				
Goodwill	1,666.2	1,067.7	153.3	2,887.2
Accumulated impairment losses	(373.0)	–	–	(373.0)
	$1,293.2	$1,067.7	$ 153.3	$2,514.2

The components of identifiable intangible assets were as follows (in millions):

	Technology	Intellectual Property Rights	Trademarks and Trade Names	Customer Relationships	Other	Total
As of December 31, 2014:						
Intangible assets subject to amortization:						
Gross carrying amount	$ 727.2	$ 173.4	$ 74.2	$ 213.8	$93.9	$1,282.5
Accumulated amortization	(458.3)	(157.7)	(34.1)	(99.6)	(58.3)	(808.0)
Intangible assets not subject to amortization:						
Gross carrying amount	–	–	129.0	–	–	129.0
Total identifiable intangible assets	$ 268.9	$ 15.7	$ 169.1	$ 114.2	$35.6	$603.5
As of December 31, 2013:						
Intangible assets subject to amortization:						
Gross carrying amount	$ 700.4	$ 173.4	$ 43.3	$ 216.2	$95.1	$1,228.4
Accumulated amortization	(401.4)	(142.5)	(33.9)	(76.4)	(43.9)	(698.1)
Intangible assets not subject to amortization:						
Gross carrying amount	–	–	177.4	–	–	177.4
Total identifiable intangible assets	$ 299.0	$ 30.9	$ 186.8	$ 139.8	$51.2	$707.7

Intangible amortization expense was recorded as follows (in millions):

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For the Years Ended December 31,	2014	2013	2012
Cost of products sold	$15.2	$ 18.3	$ 24.0
Selling, general and administrative	92.0	77.6	73.1
Total intangible amortization	$107.2	$ 95.9	$ 97.1

Estimated annual amortization expense based upon intangible assets recognized as of December 31, 2014 for the years ending December 31, 2015 through 2019 is (in millions):

For the Years Ending December 31,	
2015	$88.5
2016	81.6
2017	66.2
2018	50.9
2019	36.3

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Goodwill and Other Intangible Assets - Changes in Carrying Amount of Goodwill (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended	
	Dec. 31, 2014	Dec. 31, 2013
Goodwill [Line Items]		
Goodwill, Beginning Balance	$ 2,984.2	$ 2,944.8
Accumulated impairment losses, Beginning Balance	(373.0)	(373.0)
Goodwill, net of accumulated impairment losses, Beginning Balance	2,611.2	2,571.8
Acquisitions	40.6	35.0
Currency translation	(137.6)	4.4
Goodwill, Ending Balance	2,887.2	2,984.2
Accumulated impairment losses, Ending Balance	(373.0)	(373.0)
Goodwill, net of accumulated impairment losses, Ending Balance	2,514.2	2,611.2
Americas [Member]		
Goodwill [Line Items]		
Goodwill, Beginning Balance	1,629.9	1,623.9
Accumulated impairment losses, Beginning Balance	(373.0)	(373.0)
Goodwill, net of accumulated impairment losses, Beginning Balance	1,256.9	1,250.9
Acquisitions	40.6	11.0
Currency translation	(4.3)	(5.0)
Goodwill, Ending Balance	1,666.2	1,629.9
Accumulated impairment losses, Ending Balance	(373.0)	(373.0)
Goodwill, net of accumulated impairment losses, Ending Balance	1,293.2	1,256.9
Europe [Member]		
Goodwill [Line Items]		
Goodwill, Beginning Balance	1,187.1	1,128.6
Goodwill, net of accumulated impairment losses, Beginning Balance	1,187.1	1,128.6
Acquisitions		24.0
Currency translation	(119.4)	34.5
Goodwill, Ending Balance	1,067.7	1,187.1
Goodwill, net of accumulated impairment losses, Ending Balance	1,067.7	1,187.1
Asia Pacific [Member]		
Goodwill [Line Items]		
Goodwill, Beginning Balance	167.2	192.3
Goodwill, net of accumulated impairment losses, Beginning Balance	167.2	192.3
Currency translation	(13.9)	(25.1)
Goodwill, Ending Balance	153.3	167.2
Goodwill, net of accumulated impairment losses, Ending Balance	$ 153.3	$ 167.2

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Retirement Benefit Plan - Summary of Amounts Recognized in Other Comprehensive Income Loss (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
U.S. and Puerto Rico [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Unrecognized prior service cost	$ (9.4)	$ (12.0)
Unrecognized actuarial loss	176.1	113.3
Total amount recognized	166.7	101.3
Foreign-based Defined Benefit Plans [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Unrecognized prior service cost	(12.8)	(8.3)
Unrecognized actuarial loss	68.7	15.5
Total amount recognized	$ 55.9	$ 7.2

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Goodwill and Other Intangible Assets - Intangible Amortization Expense (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Finite Lived Intangible Assets Amortization [Line Items]			
Intangible amortization	$ 107.2	$ 95.9	$ 97.1
Cost of Products Sold [Member]			
Finite Lived Intangible Assets Amortization [Line Items]			
Intangible amortization	15.2	18.3	24.0
Selling, General and Administrative [Member]			
Finite Lived Intangible Assets Amortization [Line Items]			
Intangible amortization	$ 92.0	$ 77.6	$ 73.1

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Segment Data - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Segment Reporting Information [Line Items]			
Number of geographic segments	3		
Long-lived tangible assets in Europe	$ 1,288.8	$ 1,224.7	$ 1,210.7
Share of revenue from an individual country in net sales	Less than 10 percent		
Switzerland [Member]			
Segment Reporting Information [Line Items]			
Long-lived tangible assets in Europe	198.7		
US [Member]			
Segment Reporting Information [Line Items]			
Sales from United States region	$ 2,397.9	$ 2,418.2	$ 2,280.7

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Fair Value Measurements of Assets and Liabilities - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Fair Value Measurements Disclosure [Line Items]			
Implied fair value, Goodwill			$ 41.0
Non-cash Goodwill impairment charges	0	0	96.0
Annual impairment test goodwill balance	2,887.2	2,984.2	2,944.8
Impairment charges in Special items related to indefinite lived intangible assets	14.2	2.8	11.6
U.S. Spine Reporting Unit [Member]			
Fair Value Measurements Disclosure [Line Items]			
Implied fair value, Goodwill			41.0
Reporting unit, percentage of fair value in excess of carrying amount	24.00%		
US Dental Reporting Unit [Member]			
Fair Value Measurements Disclosure [Line Items]			
Reporting unit, percentage of fair value in excess of carrying amount	24.00%	11.00%	
Annual impairment test goodwill balance	$ 169.1		

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Retirement Benefit Plans - Fair Value of U.S. and Puerto Rico Pension Plan Assets (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	$ 68.6	$ 68.2
U S and Puerto Rico [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	402.2	398.6
U S and Puerto Rico [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	1.4	0.8
U S and Puerto Rico [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	400.8	397.8
U S and Puerto Rico [Member] | Cash and Cash Equivalents [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	1.4	0.8
U S and Puerto Rico [Member] | Cash and Cash Equivalents [Member] | Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	1.4	0.8
U S and Puerto Rico [Member] | U.S. Large-cap [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	83.7	79.6
U S and Puerto Rico [Member] | U.S. Large-cap [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	83.7	79.6
U S and Puerto Rico [Member] | U.S. Small-cap [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	23.0	22.3
U S and Puerto Rico [Member] | U.S. Small-cap [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	23.0	22.3
U S and Puerto Rico [Member] | International [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	83.0	87.7

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U S and Puerto Rico [Member] | International [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	83.0	87.7
U S and Puerto Rico [Member] | Real Estate [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	49.1	43.4
U S and Puerto Rico [Member] | Real Estate [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	49.1	43.4
U S and Puerto Rico [Member] | Commodity- linked Mutual Funds [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	36.0	42.1
U S and Puerto Rico [Member] | Commodity- linked Mutual Funds [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	36.0	42.1
U S and Puerto Rico [Member] | Intermediate Fixed Income Debt Securities [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	126.0	122.7
U S and Puerto Rico [Member] | Intermediate Fixed Income Debt Securities [Member] | Fair Value Measurements at Reporting Date Using: Significant Other Observable Inputs (Level 2) [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Plan assets at fair market value	$ 126.0	$ 122.7

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Investments (Tables)	12 Months Ended Dec. 31, 2014

Investments, Debt and Equity Securities [Abstract]

Investments in Short and Long-Term Classified as Available-for-Sale Securities

We invest in short and long-term investments classified as available-for-sale securities. Information regarding our investments is as follows (in millions):

		Gross Unrealized		
	Amortized Cost	Gains	Losses	Fair value
As of December 31, 2014				
Corporate debt securities	$ 516.9	$ 0.1	$ (0.5)	$516.5
U.S. government and agency debt securities	194.3	–	–	194.3
Commercial paper	57.8	–	–	57.8
Certificates of deposit	100.3	–	–	100.3
Total short and long-term investments	$ 869.3	$ 0.1	$ (0.5)	$868.9
As of December 31, 2013				
Corporate debt securities	$ 457.6	$ 0.4	$ (0.1)	$457.9
U.S. government and agency debt securities	211.1	0.1	–	211.2
Foreign government debt securities	3.1	–	–	3.1
Commercial paper	68.3	–	–	68.3
Certificates of deposit	67.2	–	–	67.2
Total short and long-term investments	$ 807.3	$ 0.5	$ (0.1)	$807.7

Cost and Fair Value of Available-for-Sale Fixed-Maturity Securities by Contractual Maturity

The amortized cost and fair value of our available-for-sale fixed-maturity securities by contractual maturity are as follows (in millions):

As of December 31, 2014	Amortized Cost	Fair Value
Due in one year or less	$ 612.6	$612.5
Due after one year through two years	256.7	256.4
Total	$ 869.3	$868.9

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Share-Based Compensation - Additional Information (Detail) (USD $) In Millions, except Share data, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Stock Options [Member]			
Compensation Related Costs Share Based Payments Disclosure [Line Items]			
Shares available for future grants	8,700,000		
Vesting period	4 years		
Maximum contractual life	10 years		
Unrecognized share-based payment expense	$ 33.8		
Weighted average period expected to be recognized	2 years 7 months 6 days		
Stock Options [Member] | Minimum [Member]			
Compensation Related Costs Share Based Payments Disclosure [Line Items]			
Requisite service period for stock award	1 year		
Stock Options [Member] | Maximum [Member]			
Compensation Related Costs Share Based Payments Disclosure [Line Items]			
Requisite service period for stock award	4 years		
RSUs [Member]			
Compensation Related Costs Share Based Payments Disclosure [Line Items]			
Weighted average period expected to be recognized	2 years 2 months 12 days		
Estimated outstanding RSU	866,000		
Unrecognized share-based payment expense related to nonvested stock options	31.7		
Fair value of RSUs vesting during the year	$ 29.3	$ 32.5	$ 18.9
RSUs [Member] | Minimum [Member]			
Compensation Related Costs Share Based Payments Disclosure [Line Items]			
Vesting period	3 years		
Requisite service period for stock award	1 year		
RSUs [Member] | Maximum [Member]			
Compensation Related Costs Share Based Payments Disclosure [Line Items]			
Vesting period	4 years		
Requisite service period for stock award	4 years		

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Retirement Benefit Plans	12 Months Ended Dec. 31, 2014

Compensation and Retirement Disclosure [Abstract]

Retirement Benefit Plans

14.Retirement Benefit Plans

We have defined benefit pension plans covering certain U.S. and Puerto Rico employees. The employees who are not participating in the defined benefit plans receive additional benefits under our defined contribution plans. Plan benefits are primarily based on years of credited service and the participant's average eligible compensation. In addition to the U.S. and Puerto Rico defined benefit pension plans, we sponsor various foreign pension arrangements, including retirement and termination benefit plans required by local law or coordinated with government sponsored plans.

We use a December 31 measurement date for our benefit plans.

Defined Benefit Plans

The components of net pension expense for our defined benefit retirement plans were as follows (in millions):

	U.S. and Puerto Rico			Foreign		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012
Service cost	$10.9	$11.9	$11.4	$14.7	$16.1	$15.0
Interest cost	15.5	13.2	13.3	9.2	5.6	6.1
Expected return on plan assets	(30.8)	(28.7)	(25.5)	(11.0)	(6.7)	(7.6)
Settlement	–	–	0.7	–	–	–
Amortization of prior service cost	(2.6)	(2.6)	(2.0)	(1.3)	(1.3)	(0.9)
Amortization of unrecognized actuarial loss	10.6	14.8	11.4	0.5	1.8	1.9
Net periodic benefit cost	$3.6	$8.6	$9.3	$12.1	$15.5	$14.5

The weighted average actuarial assumptions used to determine net pension expense for our defined benefit retirement plans were as follows:

	U.S. and Puerto Rico			Foreign		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012
Discount rate	4.98%	4.32%	4.97%	2.46%	2.13%	2.58%
Rate of compensation increase	3.29%	3.29%	3.81%	1.48%	2.29%	2.77%
Expected long-term rate of return on plan assets	7.75%	7.75%	7.75%	2.88%	2.74%	3.51%

The expected long-term rate of return on plan assets is based on the historical and estimated future rates of return on the different asset classes held in the plans. The expected long-term rate of return is the weighted average of the target asset allocation of each individual asset class. We believe that historical asset results approximate expected market returns applicable to the funding of a long-term benefit obligation.

Discount rates were determined for each of our defined benefit retirement plans at their measurement date to reflect the yield of a portfolio of high quality bonds matched against the timing and amounts of projected future benefit payments.

Changes in projected benefit obligations and plan assets were (in millions):

	U.S. and Puerto Rico		Foreign	
For the Years Ended December 31,	2014	2013	2014	2013

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Projected benefit obligation – beginning of year	$316.7	$314.3	$371.5	$259.4
Service cost	10.9	11.9	14.7	16.1
Interest cost	15.5	13.2	9.2	5.6
Plan amendments	–	–	(7.0)	118.9
Employee contributions	–	–	18.5	15.9
Benefits paid	(10.0)	(10.4)	(22.6)	(29.4)
Actuarial (gain) loss	53.5	(12.3)	77.9	(17.7)
Expenses paid	–	–	(0.2)	(0.2)
Translation (gain) loss	–	–	(38.3)	2.9
Projected benefit obligation – end of year	$386.6	$316.7	$423.7	$371.5
Plan assets at fair market value – beginning of year	$398.6	$363.0	$372.3	$231.6
Actual return on plan assets	10.9	25.2	38.0	9.7
Employer contributions	2.7	20.8	14.7	15.0
Employee contributions	–	–	18.5	15.9
Plan amendments	–	–	–	126.7
Benefits paid	(10.0)	(10.4)	(22.6)	(29.4)
Expenses paid	–	–	(0.2)	(0.2)
Translation gain (loss)	–	–	(35.3)	3.0
Plan assets at fair market value – end of year	$402.2	$398.6	$385.4	$372.3
Funded status	$15.6	$81.9	$(38.3)	$0.8
Amounts recognized in consolidated balance sheet:				
Prepaid pension	$29.4	$92.7	$12.4	$12.1
Short-term accrued benefit liability	(0.7)	(0.7)	(0.5)	–
Long-term accrued benefit liability	(13.1)	(10.1)	(50.2)	(11.3)
Net amount recognized	$15.6	$81.9	$(38.3)	$0.8
Amounts recognized in accumulated other comprehensive income:				
Unrecognized prior service cost	$(9.4)	$(12.0)	$(12.8)	$(8.3)
Unrecognized actuarial loss	176.1	113.3	68.7	15.5
Total amount recognized	$166.7	$101.3	$55.9	$7.2

We estimate the following amounts recorded as part of accumulated other comprehensive income will be recognized as part of our net pension expense during 2015 (in millions):

	U.S. and Puerto Rico	Foreign
Unrecognized prior service cost	$ (2.6)	$(1.9)
Unrecognized actuarial loss	18.3	2.7
	$ 15.7	$0.8

The weighted average actuarial assumptions used to determine the projected benefit obligation for our defined benefit retirement plans were as follows:

	U.S. and Puerto Rico			Foreign		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012
Discount rate	4.10%	4.98%	4.32%	1.38%	2.45%	2.15%
Rate of compensation increase	3.29%	3.29%	3.29%	1.43%	1.52%	2.75%

Plans with projected benefit obligations in excess of plan assets were as follows (in millions):

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	U.S. and Puerto Rico		Foreign	
As of December 31,	2014	2013	2014	2013
Projected benefit obligation	$54.6	$10.8	$365.2	$318.1
Plan assets at fair market value	40.8	–	315.0	307.4

Total accumulated benefit obligations and plans with accumulated benefit obligations in excess of plan assets were as follows (in millions):

	U.S. and Puerto Rico		Foreign	
As of December 31,	2014	2013	2014	2013
Total accumulated benefit obligations	$337.5	$273.8	$413.1	$362.1
Plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligation	32.8	8.8	358.6	308.9
Plan assets at fair market value	22.0	–	315.0	303.7

The benefits expected to be paid out in each of the next five years and for the five years combined thereafter are as follows (in millions):

For the Years Ending December 31,	U.S. and Puerto Rico	Foreign
2015	$ 12.3	$ 17.0
2016	13.3	16.5
2017	15.0	16.9
2018	16.5	17.0
2019	18.4	17.9
2020-2024	113.2	89.1

The U.S. and Puerto Rico defined benefit retirement plans’ overall investment strategy is to maximize total returns by emphasizing long-term growth of capital while mitigating risk. We have established target ranges of assets held by the plans of 40 to 45 percent for equity securities, 30 to 35 percent for debt securities and 20 to 25 percent in non-traditional investments. The plans strive to have sufficiently diversified assets so that adverse or unexpected results from one asset class will not have an unduly detrimental impact on the entire portfolio. We regularly review the investments in the plans and we may rebalance them from time-to-time based upon the target asset allocation of the plans.

For the U.S. and Puerto Rico plans, we maintain an investment policy statement that guides the investment allocation in the plans. The investment policy statement describes the target asset allocation positions described above. Our benefits committee, along with our investment advisor, monitor compliance with and administer the investment policy statement and the plans’ assets and oversee the general investment strategy and objectives of the plans. Our benefits committee generally meets quarterly to review performance and to ensure that the current investment allocation is within the parameters of the investment policy statement.

The investment strategies of foreign based plans vary according to the plan provisions and local laws. The majority of the assets in foreign based plans are located in Switzerland-based plans. These assets are held in trusts and are commingled with the assets of other Swiss companies with representatives of all the companies making the investment decisions. The overall strategy is to maximize total returns while avoiding risk. The trustees of the assets have established target ranges of assets held by the plans of 30 to 50 percent in debt securities, 20 to 37 percent in equity securities, 15 to 24 percent in real estate, 3 to 15 percent in cash funds and 0 to 12 percent in other funds.

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The fair value of our U.S. and Puerto Rico pension plan assets by asset category was as follows (in millions):

	As of December 31, 2014			
		Fair Value Measurements at Reporting Date Using:		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$1.4	$ 1.4	$ –	$ –
Equity securities:				
U.S. large-cap	83.7	–	83.7	–
U.S. small-cap	23.0	–	23.0	–
International	83.0	–	83.0	–
Real estate	49.1	–	49.1	–
Commodity-linked mutual funds	36.0	–	36.0	–
Intermediate fixed income securities	126.0	–	126.0	–
Total	$402.2	$ 1.4	$ 400.8	$ –

	As of December 31, 2013			
		Fair Value Measurements at Reporting Date Using:		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$0.8	$ 0.8	$ –	$ –
Equity securities:				
U.S. large-cap	79.6	–	79.6	–
U.S. small-cap	22.3	–	22.3	–
International	87.7	–	87.7	–
Real estate	43.4	–	43.4	–
Commodity-linked mutual funds	42.1	–	42.1	–
Intermediate fixed income securities	122.7	–	122.7	–
Total	$398.6	$ 0.8	$ 397.8	$ –

The fair value of our foreign pension plan assets was as follows (in millions):

	As of December 31, 2014			
		Fair Value Measurements at Reporting Date Using:		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)

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Cash and cash equivalents	$31.0	$ 31.0	$ –	$ –
Equity securities:				
Energy	4.7	4.7	–	–
Materials	7.1	7.1	–	–
Industrials	7.5	7.5	–	–
Consumer discretionary	6.5	6.5	–	–
Consumer staples	7.5	7.5	–	–
Healthcare	6.8	6.8	–	–
Financials	16.3	16.3	–	–
Information technology	4.9	4.9	–	–
Telecommunication services	2.0	2.0	–	–
Utilities	3.4	3.4	–	–
Other	36.7	34.5	2.2	–
Fixed income securities:				
Government bonds	72.5	–	72.5	–
Corporate bonds	58.9	–	58.9	–
Asset-backed securities	22.0	–	22.0	–
Other debt	1.7	–	1.7	–
Other types of investments:				
Mortgage loans	9.2	–	9.2	–
Insurance contracts	6.1	–	6.1	–
Other investments	12.0	–	12.0	–
Real estate	68.6	–	–	68.6
Total	$385.4	$ 132.2	$ 184.6	$ 68.6

	As of December 31, 2013			
		Fair Value Measurements at Reporting Date Using:		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$13.9	$ 13.9	$ –	$ –
Equity securities:				
Energy	4.7	4.7	–	–
Materials	5.7	5.7	–	–
Industrials	7.6	7.6	–	–
Consumer discretionary	5.2	5.2	–	–
Consumer staples	6.8	6.8	–	–
Healthcare	9.7	9.7	–	–
Financials	15.8	15.8	–	–
Information technology	5.8	5.8	–	–
Telecommunication services	2.6	2.6	–	–
Utilities	3.4	3.4	–	–
Other	35.7	33.2	2.5	–
Fixed income securities:				
Government bonds	64.4	–	64.4	–

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Corporate bonds	65.9	–	65.9	–
Asset-backed securities	24.0	–	24.0	–
Other debt	2.8	–	2.8	–
Other types of investments:				
Mortgage loans	9.0	–	9.0	–
Insurance contracts	6.4	–	6.4	–
Other investments	14.7	–	14.7	–
Real estate	68.2	–	–	68.2
Total	$372.3	$ 114.4	$ 189.7	$ 68.2

As of December 31, 2014 and 2013, our defined benefit pension plans' assets did not hold any direct investment in Zimmer Holdings common stock.

Equity securities are valued using a market approach, based on quoted prices for the specific security from transactions in active exchange markets (Level 1), or in some cases where we are invested in mutual or collective funds, based upon the net asset value per unit of the fund which is determined from quoted market prices of the underlying securities in the fund's portfolio (Level 2). Fixed income securities are valued using a market approach, based upon quoted prices for the specific security or from institutional bid evaluations. Some fixed income securities are in funds with a net asset value per unit which is determined using similar techniques for the underlying securities in the fund's portfolio. Real estate is valued by discounting to present value the cash flows expected to be generated by the specific properties.

The following table provides a reconciliation of the beginning and ending balances of our foreign pension plan assets measured at fair value that used significant unobservable inputs (Level 3) (in millions):

	December 31, 2014
Beginning Balance	$ 68.2
Gains on assets sold	0.3
Change in fair value of assets	1.7
Net purchases and sales	4.8
Translation loss	(6.4)
Ending Balance	$ 68.6

We expect that we will have no legally required minimum funding requirements in 2015 for the qualified U.S. and Puerto Rico defined benefit retirement plans, nor do we expect to voluntarily contribute to these plans during 2015. Contributions to foreign defined benefit plans are estimated to be approximately $14.0 million in 2015. We do not expect the assets in any of our plans to be returned to us in the next year.

Defined Contribution Plans

We also sponsor defined contribution plans for substantially all of the U.S. and Puerto Rico employees and certain employees in other countries. The benefits offered under these plans are reflective of local customs and practices in the countries concerned. We expensed $32.8 million, $29.6 million and $26.5 million related to these plans for the years ended December 31, 2014, 2013 and 2012, respectively.

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Commitments and Contingencies	12 Months Ended Dec. 31, 2014
Commitments and Contingencies Disclosure [Abstract]	
Commitments and Contingencies	

19. Commitments and Contingencies

Product Liability-Related Claims

We are subject to product liability claims arising in the ordinary course of our business. We establish standard accruals for product liability claims in conjunction with outside counsel based on current information and historical settlement information for open claims, related legal fees and claims incurred but not reported. These standard product liability accruals are recognized in selling, general and administrative expense. We may also establish provisions for certain product liability claims outside of the standard accruals that are recorded separately on our statement of earnings, such as the provision for claims related to the *Durom* Cup discussed below. We maintain insurance, subject to self-insured retention requirements, for losses from these and other claims.

On July 22, 2008, we temporarily suspended marketing and distribution of the *Durom* Cup in the U.S. Subsequently, a number of product liability lawsuits were filed against us in various U.S. and foreign jurisdictions. The plaintiffs seek damages for personal injury, and they generally allege that the *Durom* Cup contains defects that result in complications and premature revision of the device. We have settled some of these claims and others are still pending. The majority of the pending U.S. lawsuits are currently in a federal Multidistrict Litigation (MDL) in the District of New Jersey (*In Re: Zimmer Durom Hip Cup Products Liability Litigation*). Multi-plaintiff state court cases are pending in St. Clair County, Illinois (*Santas, et al. v. Zimmer, Inc., et al.*) and Los Angeles County, California (*McAllister, et al. v. Zimmer, Inc., et al.*). As of December 31, 2014, case specific discovery in these lawsuits was on-going. The initial trial in Santas took place in November 2014 and initial trials in *McAllister* and the MDL are expected to commence in the second quarter of 2015. Other lawsuits are pending in various jurisdictions, and additional claims may be asserted in the future.

Since 2008, we have recognized expense of $471.7 million for *Durom* Cup-related claims, including $21.5 million, $47.0 million and $15.0 million during the years ended December 31, 2014, 2013 and 2012, respectively.

We maintain insurance for product liability claims, subject to self-insurance retention requirements. In 2008, we notified our insurance carriers of potential claims related to the *Durom* Cup. As of December 31, 2014, we have exhausted our self-insured retention under our insurance program and have a claim for insurance proceeds for ultimate losses which exceed the self-insured retention amount, subject to a 20 percent co-payment requirement and a cap. We believe our contracts with the insurance carriers are enforceable for these claims and, therefore, it is probable that we will recover some amount from our insurance carriers. We have received an initial amount of the insurance proceeds we estimate to recover and expect to receive more in the near future. We have a $170.3 million receivable in “Other assets” remaining on our consolidated balance sheet as of December 31, 2014 for estimated insurance recoveries. As is customary in this process, our insurance carriers have reserved all rights under their respective policies and could still ultimately deny coverage for some or all of our insurance claims.

Our estimate as of December 31, 2014 of the remaining liability for all *Durom* Cup-related claims is $357.2 million, of which $50.0 million is classified as short-term in “Other current

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liabilities" and $307.2 million is classified as long-term in "Other long-term liabilities" on our consolidated balance sheet. We expect to pay the majority of the *Durom* Cup-related claims within the next few years.

Our understanding of clinical outcomes with the *Durom* Cup and other large diameter hip cups continues to evolve. We rely on significant estimates in determining the provisions for *Durom* Cup-related claims, including our estimate of the number of claims that we will receive and the average amount we will pay per claim. The actual number of claims and the actual amount we pay per claim may differ from our estimates. Among other factors, since our understanding of the clinical outcomes is still evolving, we cannot reasonably estimate the possible loss or range of loss that may result from *Durom* Cup-related claims in excess of the losses we have accrued.

On August 20, 2008, Margo and Daniel Polett filed an action against us and an unrelated third party, Public Communications, Inc. (PCI), in the Court of Common Pleas, Philadelphia, Pennsylvania seeking an unspecified amount of damages for injuries and loss of consortium allegedly suffered by Mrs. Polett and her spouse, respectively. The complaint alleged that defendants were negligent in connection with Mrs. Polett's participation in a promotional video featuring one of our knee products. The case was tried in November 2010 and the jury returned a verdict in favor of plaintiffs. The jury awarded $27.6 million in compensatory damages and apportioned fault 30 percent to plaintiffs, 34 percent to us and 36 percent to PCI. Under applicable law, we may be liable for any portion of the damages apportioned to PCI that it does not pay. On December 2, 2010, we and PCI filed a Motion for Post-Trial Relief seeking a judgment notwithstanding the verdict, a new trial or a remittitur. On June 10, 2011, the trial court entered an order denying our Motion for Post-Trial Relief and affirming the jury verdict in full and entered judgment for $20.3 million against us and PCI. On June 29, 2011, we filed a Notice of Appeal to the Superior Court of Pennsylvania and posted a bond for the verdict amount plus interest. Oral argument before the appellate court in Philadelphia, Pennsylvania was held on March 13, 2012. On March 1, 2013, the Superior Court of Pennsylvania vacated the $27.6 million judgment and remanded the case for a new trial. On March 15, 2013, plaintiffs filed a motion for re-argument *en banc*, and on March 28, 2013, we filed our response in opposition. On May 9, 2013, the Superior Court of Pennsylvania granted plaintiffs' motion for re-argument *en banc*. Oral argument (re-argument *en banc*) before the Superior Court of Pennsylvania was held on October 16, 2013. On December 20, 2013, the Court issued its opinion again vacating the trial court judgment and remanding the case for a new trial. On January 21, 2014, plaintiffs filed a petition for allowance of appeal in the Supreme Court of Pennsylvania, which was granted on May 21, 2014. Oral argument before the Supreme Court of Pennsylvania took place on October 8, 2014. Although we are defending this lawsuit vigorously, its ultimate resolution is uncertain.

Following a wide-spread advertising campaign conducted by certain law firms beginning in 2010, a number of product liability lawsuits have been filed against us in various jurisdictions. The plaintiffs seek damages for personal injury, alleging that certain products within the *NexGen* Knee System suffer from defects that cause them to loosen prematurely. The majority of the cases are currently pending in a federal Multidistrict Litigation in the Northern District of Illinois (*In Re: Zimmer NexGen Knee Implant Products Liability Litigation*). Other cases are pending in other state and federal courts, and additional lawsuits may be filed. As of December 31, 2014, discovery in these lawsuits was on-going. Bellwether trials are expected to commence in the third quarter of 2015. We have not accrued an estimated loss relating to these lawsuits because we believe the plaintiffs' allegations are not consistent with the record of clinical success for these products. As a result, we do not believe that it is probable that we have incurred a liability, and we cannot reasonably estimate any loss that might eventually be incurred. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain.

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Intellectual Property-Related Claims

On December 10, 2010, Stryker Corporation and related entities (Stryker) filed suit against us in the U.S. District Court for the Western District of Michigan, alleging that certain of our *Pulsavac* Plus Wound Debridement Products infringe three U.S. patents assigned to Stryker. The case was tried beginning on January 15, 2013, and on February 5, 2013, the jury found that we infringed certain claims of the subject patents. The jury awarded $70.0 million in monetary damages for lost profits. The jury also found that we willfully infringed the subject patents. We filed multiple post-trial motions, including a motion seeking a new trial. On August 7, 2013, the trial court issued a ruling denying all of our motions and awarded treble damages and attorneys' fees to Stryker. We filed a notice of appeal to the Court of Appeals for the Federal Circuit to seek reversal of both the jury's verdict and the trial court's rulings on our post-trial motions. Oral argument before the Federal Circuit took place on September 8, 2014. On December 19, 2014, the Federal Circuit issued a decision affirming the $70.0 million lost profits award but reversed the willfulness finding, vacating the treble damages award and vacating and remanding the attorneys' fees award. We accrued an estimated loss of $70.0 million related to this matter in the year ended December 31, 2014. On January 20, 2015, Stryker filed a motion with the Federal Circuit for a rehearing en banc. Although we are defending this lawsuit vigorously, its ultimate resolution is uncertain.

Shareholder Derivative Action

On June 16, 2014, a shareholder derivative action, *Hays v. Dvorak et al.*, was filed in the Court of Chancery of the State of Delaware. The plaintiff sought to maintain the action purportedly on our behalf against certain of our current and former directors and two non-director executive officers. The plaintiff alleged, among other things, breaches of fiduciary duties, abuse of control, unjust enrichment and gross mismanagement by the named defendants based on the trial court's ruling in the patent infringement lawsuit brought by Stryker described above relating to certain of our *Pulsavac* Plus Wound Debridement Products. The plaintiff did not seek damages from us, but instead requested damages of an unspecified amount on our behalf. The plaintiff also sought equitable relief to remedy the individual defendants' alleged misconduct, attorneys' fees, costs and other relief. On August 18, 2014, we filed a motion to stay or dismiss the complaint, and the individual defendants filed a joinder motion. On December 15, 2014, the Delaware Court of Chancery granted our motion to stay pending a ruling from the Federal Circuit on the appeal in the Stryker patent infringement case. The Federal Circuit issued a ruling on December 19, 2014, as described above. On February 6, 2015, all claims pending in this shareholder derivative action were dismissed without prejudice pursuant to a stipulation of dismissal.

Regulatory Matters

In September 2012, we received a warning letter from the FDA citing concerns relating to certain manufacturing and validation processes pertaining to *Trilogy* Acetabular System products manufactured at our Ponce, Puerto Rico manufacturing facility. We have provided detailed responses to the FDA as to our corrective actions and will continue to work expeditiously to address the issues identified by the FDA during inspections in Ponce. As of December 31, 2014, the warning letter remains pending. Until the violations are corrected, we may be subject to additional regulatory action by the FDA, including seizure, injunction and/or civil monetary penalties. Additionally, requests for Certificates to Foreign Governments related to products manufactured at the Ponce facility may not be granted and premarket approval applications for Class III devices to which the quality system regulation deviations are reasonably related will not be approved until the violations have been corrected. In addition to responding to the warning

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letter described above, we are in the process of addressing various FDA Form 483 inspectional observations at certain of our manufacturing facilities. The ultimate outcome of these matters is presently uncertain.

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Income Taxes - Components of Earnings Before Taxes and Income Taxes Paid (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Income Tax Disclosure [Abstract]			
United States operations	$ 395.6	$ 400.7	$ 409.9
Foreign operations	548.3	580.4	580.2
Earnings before income taxes	943.9	981.1	990.1
Current:			
Federal	177.6	199.0	179.8
State	16.3	20.6	13.8
Foreign	115.2	128.5	108.4
Current, Total	309.1	348.1	302.0
Deferred:			
Federal	(56.9)	(87.7)	(58.8)
State	(6.6)	(8.5)	0.7
Foreign	(20.7)	(30.0)	(6.7)
Deferred, Total	(84.2)	(126.2)	(64.8)
Provision for income taxes	224.9	221.9	237.2
Income taxes paid	$ 340.1	$ 272.3	$ 227.6

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Significant Accounting Policies - Summary of Expenses in Special Items (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Disclosure Significant Accounting Policies Summary Of Expenses In Special Items [Abstract]			
Impairment/loss on disposal of assets	$ 32.4	$ 10.9	$ 14.6
Consulting and professional fees	176.7	99.1	90.1
Employee severance and retention, including share-based compensation acceleration	0.9	14.2	8.2
Dedicated project personnel	50.8	34.0	15.1
Certain R&D agreements	4.5	0.8	
Relocated facilities	0.7	3.6	1.8
Distributor acquisitions	0.6	0.4	0.8
Certain litigation matters	70.0	26.9	13.7
Contract terminations	6.2	3.9	6.6
Contingent consideration adjustments	0.6	9.0	(2.8)
Accelerated software amortization	6.0	6.0	4.5
Other	7.1	7.9	2.8
Special items	$ 356.5	$ 216.7	$ 155.4

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Leases - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Leases [Abstract]			
Lease rent expenses	$ 48.4	$ 49.2	$ 46.3

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Retirement Benefit Plans (Tables)

12 Months Ended Dec. 31, 2014

Components of Net Pension Expense

The components of net pension expense for our defined benefit retirement plans were as follows (in millions):

	U.S. and Puerto Rico			Foreign		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012
Service cost	$10.9	$11.9	$11.4	$14.7	$16.1	$15.0
Interest cost	15.5	13.2	13.3	9.2	5.6	6.1
Expected return on plan assets	(30.8)	(28.7)	(25.5)	(11.0)	(6.7)	(7.6)
Settlement	–	–	0.7	–	–	–
Amortization of prior service cost	(2.6)	(2.6)	(2.0)	(1.3)	(1.3)	(0.9)
Amortization of unrecognized actuarial loss	10.6	14.8	11.4	0.5	1.8	1.9
Net periodic benefit cost	$3.6	$8.6	$9.3	$12.1	$15.5	$14.5

Weighted Average Actuarial Assumptions Used to Determine Net Pension Expense for Our Defined Benefit Retirement Plans

The weighted average actuarial assumptions used to determine net pension expense for our defined benefit retirement plans were as follows:

	U.S. and Puerto Rico			Foreign		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012
Discount rate	4.98%	4.32%	4.97%	2.46%	2.13%	2.58%
Rate of compensation increase	3.29%	3.29%	3.81%	1.48%	2.29%	2.77%
Expected long-term rate of return on plan assets	7.75%	7.75%	7.75%	2.88%	2.74%	3.51%

Changes in Projected Benefit Obligations and Plan Assets

Changes in projected benefit obligations and plan assets were (in millions):

	U.S. and Puerto Rico		Foreign	
For the Years Ended December 31,	2014	2013	2014	2013
Projected benefit obligation – beginning of year	$316.7	$314.3	$371.5	$259.4
Service cost	10.9	11.9	14.7	16.1
Interest cost	15.5	13.2	9.2	5.6
Plan amendments	–	–	(7.0)	118.9
Employee contributions	–	–	18.5	15.9
Benefits paid	(10.0)	(10.4)	(22.6)	(29.4)
Actuarial (gain) loss	53.5	(12.3)	77.9	(17.7)
Expenses paid	–	–	(0.2)	(0.2)
Translation (gain) loss	–	–	(38.3)	2.9
Projected benefit obligation – end of year	$386.6	$316.7	$423.7	$371.5

Changes in Fair Value of Plan Assets

Plan assets at fair market value – beginning of year	$398.6	$363.0	$372.3	$231.6
Actual return on plan assets	10.9	25.2	38.0	9.7
Employer contributions	2.7	20.8	14.7	15.0
Employee contributions	–	–	18.5	15.9
Plan amendments	–	–	–	126.7
Benefits paid	(10.0)	(10.4)	(22.6)	(29.4)
Expenses paid	–	–	(0.2)	(0.2)

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Translation gain (loss)	–	–	(35.3)	3.0
Plan assets at fair market value – end of year	$402.2	$398.6	$385.4	$372.3
Funded status	$15.6	$81.9	$(38.3)	$0.8

Summary of Amounts Recognized in Balance Sheet

Amounts recognized in consolidated balance sheet:				
Prepaid pension	$29.4	$92.7	$12.4	$12.1
Short-term accrued benefit liability	(0.7)	(0.7)	(0.5)	–
Long-term accrued benefit liability	(13.1)	(10.1)	(50.2)	(11.3)
Net amount recognized	$15.6	$81.9	$(38.3)	$0.8

Summary of Amounts Recognized in Other Comprehensive Income Loss

Amounts recognized in accumulated other comprehensive income:				
Unrecognized prior service cost	$(9.4)	$(12.0)	$(12.8)	$(8.3)
Unrecognized actuarial loss	176.1	113.3	68.7	15.5
Total amount recognized	$166.7	$101.3	$55.9	$7.2

Part of Accumulated Other Comprehensive Income

We estimate the following amounts recorded as part of accumulated other comprehensive income will be recognized as part of our net pension expense during 2015 (in millions):

	U.S. and Puerto Rico	Foreign
Unrecognized prior service cost	$ (2.6)	$(1.9)
Unrecognized actuarial loss	18.3	2.7
	$ 15.7	$0.8

Weighted Average Actuarial Assumptions Used to Determine Projected Benefit Obligation for Defined Benefit Retirement Plans

The weighted average actuarial assumptions used to determine the projected benefit obligation for our defined benefit retirement plans were as follows:

	U.S. and Puerto Rico			Foreign		
For the Years Ended December 31,	2014	2013	2012	2014	2013	2012
Discount rate	4.10%	4.98%	4.32%	1.38%	2.45%	2.15%
Rate of compensation increase	3.29%	3.29%	3.29%	1.43%	1.52%	2.75%

Plans with Benefit Obligations in Excess of Plan Assets

Plans with projected benefit obligations in excess of plan assets were as follows (in millions):

	U.S. and Puerto Rico		Foreign	
As of December 31,	2014	2013	2014	2013
Projected benefit obligation	$54.6	$10.8	$365.2	$318.1
Plan assets at fair market value	40.8	–	315.0	307.4

Total Accumulated Benefit Obligations and Plans with Accumulated Benefit Obligations in Excess of Plan Assets

Total accumulated benefit obligations and plans with accumulated benefit obligations in excess of plan assets were as follows (in millions):

	U.S. and Puerto Rico		Foreign	
As of December 31,	2014	2013	2014	2013
Total accumulated benefit obligations	$337.5	$273.8	$413.1	$362.1

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Plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligation	32.8	8.8	358.6	308.9
Plan assets at fair market value	22.0	–	315.0	303.7

Summary of Benefits Expected to be Paid Out

The benefits expected to be paid out in each of the next five years and for the five years combined thereafter are as follows (in millions):

For the Years Ending December 31,	U.S. and Puerto Rico	Foreign
2015	$ 12.3	$ 17.0
2016	13.3	16.5
2017	15.0	16.9
2018	16.5	17.0
2019	18.4	17.9
2020-2024	113.2	89.1

Reconciliation of Beginning and Ending Balances of Foreign Pension Plan Assets Measured at Fair Value

The following table provides a reconciliation of the beginning and ending balances of our foreign pension plan assets measured at fair value that used significant unobservable inputs (Level 3) (in millions):

	December 31, 2014
Beginning Balance	$ 68.2
Gains on assets sold	0.3
Change in fair value of assets	1.7
Net purchases and sales	4.8
Translation loss	(6.4)
Ending Balance	$ 68.6

U.S. and Puerto Rico [Member]

Fair Value of Pension Plan Assets

The fair value of our U.S. and Puerto Rico pension plan assets by asset category was as follows (in millions):

	As of December 31, 2014			
		Fair Value Measurements at Reporting Date Using:		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$1.4	$ 1.4	$ –	$ –
Equity securities:				
U.S. large-cap	83.7	–	83.7	–
U.S. small-cap	23.0	–	23.0	–
International	83.0	–	83.0	–
Real estate	49.1	–	49.1	–
Commodity-linked mutual funds	36.0	–	36.0	–

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Intermediate fixed income securities	126.0	–	126.0	–
Total	$402.2	$ 1.4	$ 400.8	$ –

	As of December 31, 2013			
		Fair Value Measurements at Reporting Date Using:		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$0.8	$ 0.8	$ –	$ –
Equity securities:				
U.S. large-cap	79.6	–	79.6	–
U.S. small-cap	22.3	–	22.3	–
International	87.7	–	87.7	–
Real estate	43.4	–	43.4	–
Commodity-linked mutual funds	42.1	–	42.1	–
Intermediate fixed income securities	122.7	–	122.7	–
Total	$398.6	$ 0.8	$ 397.8	$ –

Foreign-based Defined Benefit Plans [Member]

Fair Value of Pension Plan Assets

The fair value of our foreign pension plan assets was as follows (in millions):

	As of December 31, 2014			
		Fair Value Measurements at Reporting Date Using:		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$31.0	$ 31.0	$ –	$ –
Equity securities:				
Energy	4.7	4.7	–	–
Materials	7.1	7.1	–	–
Industrials	7.5	7.5	–	–
Consumer discretionary	6.5	6.5	–	–
Consumer staples	7.5	7.5	–	–
Healthcare	6.8	6.8	–	–
Financials	16.3	16.3	–	–
Information technology	4.9	4.9	–	–

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Telecommunication services	2.0	2.0	–	–
Utilities	3.4	3.4	–	–
Other	36.7	34.5	2.2	–
Fixed income securities:				
Government bonds	72.5	–	72.5	–
Corporate bonds	58.9	–	58.9	–
Asset-backed securities	22.0	–	22.0	–
Other debt	1.7	–	1.7	–
Other types of investments:				
Mortgage loans	9.2	–	9.2	–
Insurance contracts	6.1	–	6.1	–
Other investments	12.0	–	12.0	–
Real estate	68.6	–	–	68.6
Total	$385.4	$ 132.2	$ 184.6	$ 68.6

	As of December 31, 2013			
		Fair Value Measurements at Reporting Date Using:		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$13.9	$ 13.9	$ –	$ –
Equity securities:				
Energy	4.7	4.7	–	–
Materials	5.7	5.7	–	–
Industrials	7.6	7.6	–	–
Consumer discretionary	5.2	5.2	–	–
Consumer staples	6.8	6.8	–	–
Healthcare	9.7	9.7	–	–
Financials	15.8	15.8	–	–
Information technology	5.8	5.8	–	–
Telecommunication services	2.6	2.6	–	–
Utilities	3.4	3.4	–	–
Other	35.7	33.2	2.5	–
Fixed income securities:				
Government bonds	64.4	–	64.4	–
Corporate bonds	65.9	–	65.9	–
Asset-backed securities	24.0	–	24.0	–
Other debt	2.8	–	2.8	–
Other types of investments:				

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Mortgage loans	9.0	–	9.0	–
Insurance contracts	6.4	–	6.4	–
Other investments	14.7	–	14.7	–
Real estate	68.2	–	–	68.2
Total	$372.3	$ 114.4	$ 189.7	$ 68.2

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Commitments and Contingencies - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended			84 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2014	Mar. 01, 2013	Jun. 10, 2011
Loss Contingencies [Line Items]						
Certain claims selling, general and administrative, net	$ 21.5	$ 47.0	$ 15.0	$ 471.7		
Self-insured retention amount	20.00%					
Receivables in other assets	170.3			170.3		
Compensatory damages awarded	27.6					
Percentage of fault apportioned to plaintiffs	30.00%					
Percentage of fault apportioned to company	34.00%					
Percentage of fault apportioned to unrelated third party	36.00%					
Verdict in full and entered judgment						20.3
Compensatory damages vacated					27.6	
Stryker Corporation [Member]						
Loss Contingencies [Line Items]						
Number of patents infringed	3			3		
Monetary damages for lost profits	70.0					
Estimated charges	70.0					
Durom Cup Related Claims [Member]						
Loss Contingencies [Line Items]						
Estimated liability outstanding	357.2			357.2		
Estimated liability classified as short-term	50.0			50.0		
Estimated liability classified as long-term	$ 307.2			$ 307.2		

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Consolidated Balance Sheets (Parenthetical) (USD $)	Dec. 31, 2014	Dec. 31, 2013
Statement of Financial Position [Abstract]		
Common stock, par value	$ 0.01	$ 0.01
Common stock, shares authorized	1,000,000,000	1,000,000,000
Common stock, shares issued	268,400,000	264,300,000
Treasury stock, shares	98,700,000	94,500,000

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Retirement Benefit Plans - Plans with Benefit Obligations in Excess of Plan Assets (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
U.S. and Puerto Rico [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Projected benefit obligation	$ 54.6	$ 10.8
Plan assets at fair market value	40.8	
Foreign-based Defined Benefit Plans [Member]		
Pension Plans, Postretirement and Other Employee Benefits [Line Items]		
Projected benefit obligation	365.2	318.1
Plan assets at fair market value	$ 315.0	$ 307.4

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Share-Based Compensation	12 Months Ended Dec. 31, 2014
Disclosure of Compensation Related Costs, Share-based Payments [Abstract]	
Share-Based Compensation	

3. Share-Based Compensation

Our share-based payments primarily consist of stock options and restricted stock units (RSUs). Share-based compensation expense was as follows (in millions):

For the Years Ended December 31,	2014	2013	2012
Stock options	$24.2	$24.7	$32.4
RSUs	25.2	23.8	22.6
Total expense, pre-tax	49.4	48.5	55.0
Tax benefit related to awards	(15.5)	(15.6)	(16.6)
Total expense, net of tax	$33.9	$32.9	$38.4

Stock Options

We had two equity compensation plans in effect at December 31, 2014: the 2009 Stock Incentive Plan (2009 Plan) and the Stock Plan for Non-Employee Directors. The 2009 Plan succeeded the 2006 Stock Incentive Plan (2006 Plan) and the TeamShare Stock Option Plan (TeamShare Plan). No further awards have been granted under the 2006 Plan or under the TeamShare Plan since May 2009, and shares remaining available for grant under those plans have been merged into the 2009 Plan. Vested stock options previously granted under the 2006 Plan, the TeamShare Plan and another prior plan, the 2001 Stock Incentive Plan, remained outstanding as of December 31, 2014. We have reserved the maximum number of shares of common stock available for award under the terms of each of these plans. We have registered 57.9 million shares of common stock under these plans. The 2009 Plan provides for the grant of nonqualified stock options and incentive stock options, long-term performance awards in the form of performance shares or units, restricted stock, RSUs and stock appreciation rights. The Compensation and Management Development Committee of the Board of Directors determines the grant date for annual grants under our equity compensation plans. The date for annual grants under the 2009 Plan to our executive officers is expected to occur in the first quarter of each year following the earnings announcements for the previous quarter and full year. The Stock Plan for Non-Employee Directors provides for awards of stock options, restricted stock and RSUs to non-employee directors. It has been our practice to issue shares of common stock upon exercise of stock options from previously unissued shares, except in limited circumstances where they are issued from treasury stock. The total number of awards which may be granted in a given year and/or over the life of the plan under each of our equity compensation plans is limited. At December 31, 2014, an aggregate of 8.7 million shares were available for future grants and awards under these plans.

Stock options granted to date under our plans vest over four years and have a maximum contractual life of 10 years. As established under our equity compensation plans, vesting may accelerate upon retirement after the first anniversary date of the award if certain criteria are met. We recognize expense related to stock options on a straight-line basis over the requisite service period, less awards expected to be forfeited using estimated forfeiture rates. Due to the accelerated retirement provisions, the requisite service period of our stock options range from one to four years. Stock options are granted with an exercise price equal to the market price of our

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common stock on the date of grant, except in limited circumstances where local law may dictate otherwise.

A summary of stock option activity for the year ended December 31, 2014 is as follows (options in thousands):

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value (in millions)
Outstanding at January 1, 2014	10,741	$ 70.06		
Options granted	1,193	94.58		
Options exercised	(3,811)	73.55		
Options forfeited	(235)	75.84		
Options expired	(42)	71.25		
Outstanding at December 31, 2014	7,846	$ 71.94	5.5	$ 325.5
Vested or expected to vest as of December 31, 2014	7,485	$ 71.47	5.4	$ 314.0
Exercisable at December 31, 2014	4,927	$ 67.91	3.9	$ 224.2

We use a Black-Scholes option-pricing model to determine the fair value of our stock options. For stock options granted in 2012, expected volatility was derived from the implied volatility of traded options on our stock that were actively traded around the grant date of the stock options with exercise prices similar to the stock options and maturities of over one year. In 2013 and 2014, we used a combination of historical volatility and implied volatility because the traded options that were actively traded around the grant date of our stock options did not have maturities of over one year. The expected term of the stock options has been derived from historical employee exercise behavior. The risk-free interest rate was determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term approximating the expected life of the options. The dividend yield was determined by using an estimated annual dividend and dividing it by the market price of our stock on the grant date.

The following table presents information regarding the weighted average fair value for stock options granted, the assumptions used to determine fair value, and the intrinsic value of options exercised in the indicated year:

For the Years Ended December 31,	2014	2013	2012
Dividend yield	0.9 %	1.1 %	1.1 %
Volatility	25.2 %	24.5 %	25.6 %
Risk-free interest rate	1.8 %	1.1 %	1.5 %
Expected life (years)	5.5	6.1	6.1
Weighted average fair value of options granted	$22.59	$16.33	$15.40
Intrinsic value of options exercised (in millions)	$99.6	$97.9	$17.1

As of December 31, 2014, there was $33.8 million of unrecognized share-based payment expense related to nonvested stock options granted under our plans. That expense is expected to be recognized over a weighted average period of 2.6 years.

RSUs

We have awarded RSUs to our employees. The terms of the awards have been three to four years. Some of the awards have only service conditions while some have performance and market conditions in addition to service conditions. The service condition-only awards vest ratably on the

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anniversary date of the award. The awards that have performance and market conditions vest all at once on the third anniversary date. Future service conditions may be waived if an employee retires after the first anniversary date of the award, but performance and market conditions continue to apply. Accordingly, the requisite service period used for share-based payment expense on our RSUs range from one to four years.

A summary of nonvested RSU activity for the year ended December 31, 2014 is as follows (RSUs in thousands):

	RSUs	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2014	1,454	$ 67.42
Granted	455	94.48
Vested	(306)	61.46
Forfeited	(128)	72.54
Outstanding at December 31, 2014	1,475	76.60

For the RSUs with service conditions only, the fair value of the awards was determined based upon the fair market value of our common stock on the date of grant. For the RSUs with market conditions, a Monte Carlo valuation technique was used to simulate the market conditions of the awards. The outcome of the simulation was used to determine the fair value of the awards.

We are required to estimate the number of RSUs that will vest and recognize share-based payment expense on a straight-line basis over the requisite service period. As of December 31, 2014, we estimate that approximately 866,000 outstanding RSUs will vest. If our estimate were to change in the future, the cumulative effect of the change in estimate will be recorded in that period. Based upon the number of RSUs that we expect to vest, the unrecognized share-based payment expense as of December 31, 2014 was $31.7 million and is expected to be recognized over a weighted-average period of 2.2 years. The fair value of RSUs vesting during the years ended December 31, 2014, 2013 and 2012 based upon our stock price on the date of vesting was $29.3 million, $32.5 million and $18.9 million, respectively.

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Property, Plant and Equipment - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Property Plant and Equipment Useful Life and Values [Abstract]			
Depreciation expense	$ 268.6	$ 262.6	$ 266.0

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Retirement Benefit Plans - Changes in Projected Benefit Obligations and Plan Assets (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
U.S. and Puerto Rico [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Projected benefit obligation-beginning of year	$ 316.7	$ 314.3	
Service cost	10.9	11.9	11.4
Interest cost	15.5	13.2	13.3
Benefits paid	(10.0)	(10.4)	
Actuarial (gain) loss	53.5	(12.3)	
Projected benefit obligation-end of year	386.6	316.7	314.3
Foreign-based Defined Benefit Plans [Member]			
Pension Plans, Postretirement and Other Employee Benefits [Line Items]			
Projected benefit obligation-beginning of year	371.5	259.4	
Service cost	14.7	16.1	15.0
Interest cost	9.2	5.6	6.1
Plan amendments	(7.0)	118.9	
Employee contributions	18.5	15.9	
Benefits paid	(22.6)	(29.4)	
Actuarial (gain) loss	77.9	(17.7)	
Expenses paid	(0.2)	(0.2)	
Translation (gain) loss	(38.3)	2.9	
Projected benefit obligation-end of year	$ 423.7	$ 371.5	$ 259.4

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Leases - Schedule of Future Minimum Rental Commitments Under Non-Cancelable Operating Leases (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014
Leases [Abstract]	
2015	$ 46.5
2016	36.1
2017	27.0
2018	21.4
2019	19.6
Thereafter	$ 32.3

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Debt - Summary of Debt Instruments (Detail) (USD $) In Millions, unless otherwise specified	Dec. 31, 2014	Dec. 31, 2013
Long-term debt		
Term Loan	$ 98.0	$ 112.4
Other long-term debt	4.9	2.1
Debt discount	(1.4)	(1.5)
Adjustment related to interest rate swaps	24.0	9.3
Total long-term debt	1,425.5	1,672.3
Senior Notes due 2014 [Member]		
Long-term debt		
Senior Notes due		250.0
Senior Notes Due 2019 [Member]		
Long-term debt		
Senior Notes due	500.0	500.0
Senior Notes Due 2021 [Member]		
Long-term debt		
Senior Notes due	300.0	300.0
Senior Notes Due 2039 [Member]		
Long-term debt		
Senior Notes due	$ 500.0	$ 500.0

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Quarterly Financial Information (Unaudited)	12 Months Ended Dec. 31, 2014
Quarterly Financial Information Disclosure [Abstract]	
Quarterly Financial Information (Unaudited)	**20.Quarterly Financial Information (Unaudited)**

(in millions, except per share data)

	2014 Quarter Ended				2013 Quarter Ended			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Net sales	$1,161.5	$1,182.9	$1,106.0	$1,222.9	$1,138.9	$1,169.5	$1,074.3	$1,240.7
Gross profit	856.1	849.7	807.7	910.0	846.0	845.9	745.5	899.9
Net earnings of Zimmer Holdings, Inc.	221.5	176.5	165.5	156.6	218.6	152.1	154.4	235.9
Earnings per common share								
Basic	1.31	1.05	0.98	0.92	1.30	0.90	0.91	1.38
Diluted	1.29	1.03	0.96	0.91	1.28	0.89	0.90	1.36

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Derivative Instruments and Hedging Activities - Additional Information (Detail)	12 Months Ended							12 Months Ended		12 Months Ended		12 Months Ended						
	Dec. 31, 2014 USD ($)	Dec. 31, 2013 USD ($)	Dec. 31, 2012 USD ($)	Dec. 31, 2014 Cost of Products Sold [Member] USD ($)	Dec. 31, 2014 Interest expense net [Member] USD ($)	Dec. 31, 2014 Cash Flow Hedges [Member] USD ($)	Dec. 31, 2011 Variable-Rate Debt [Member] USD ($)	Dec. 31, 2014 Senior Notes Due 2019 [Member] USD ($)	Dec. 31, 2014 Senior Notes Due 2019 [Member] LIBOR [Member]	Dec. 31, 2014 Senior Notes Due 2021 [Member] USD ($)	Dec. 31, 2014 Senior Notes Due 2021 [Member] LIBOR [Member]	Dec. 31, 2014 Senior Notes [Member]	Dec. 31, 2014 Foreign Exchange Contract [Member] U.S. Dollars [Member] USD ($)	Dec. 31, 2014 Foreign Exchange Contract [Member] Swiss Francs [Member] USD ($)	Dec. 31, 2014 Forward Starting Interest Rate Swaps [Member] USD ($)	Dec. 31, 2014 Cross-Currency Interest Rate Swap [Member] JPY (¥)	Dec. 31, 2014 Foreign Exchange Forward Contracts [Member] Nondesignated [Member] Minimum [Member] USD ($)	Dec. 31, 2014 Foreign Exchange Forward Contracts [Member] Nondesignated [Member] Maximum [Member] USD ($)
Derivative Instruments, Gain (Loss) [Line Items]																		
Derivative notional amount, Total								$ 250,000,000		$ 300,000,000			$ 1,289,800,000	$ 306,300,000	$ 1,000,000,000	¥ 11,798,000,000	$ 1,200,000,000	$ 1,700,000,000
Interest rate of Senior Notes								4.625%		3.375%								
Derivative description of terms	On the forward starting interest rate swaps, we receive variable interest equal to three-month LIBOR and pay a fixed interest weighted average rate of 3.01 percent.							Receive a fixed interest rate of 4.625 percent and pay variable interest equal to the three-month LIBOR plus an average of 133 basis points.		We receive a fixed interest rate of 3.375 percent and pay variable interest equal to the three-month LIBOR plus an average of 99 basis points.								
Description of variable interest rate basis								Three-month LIBOR		Three-month LIBOR								
Interest rate swap basis spread on variable rate									1.33%		0.99%							
Interest rate of Senior Notes	3.01%																	
Derivative maturity year	2045-03																	
Debt instrument term												30 years						
Expected months of hedging of inter company sales of inventory to minimize the effects of foreign exchange rate movements	30 months																	
Senior Credit Facility							143,000,000											
Amounts excluded from the assessment of hedge effectiveness	0	0	0															
Fair value of outstanding derivative instruments, net unrealized gain deferred in other comprehensive income	87,900,000																	
Fair value of outstanding derivative instruments, unrealized gain net of taxes deferred in other comprehensive income						70,000,000												
Fair value of outstanding derivative instruments, net unrealized gain expected to be reclassified to earnings				89,500,000	(700,000)													
Fair value of outstanding derivative instruments, unrealized gain net of taxes expected to be reclassified to earnings				$ 66,000,000	$ (500,000)													

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Debt (Tables)

12 Months Ended Dec. 31, 2014

Debt Disclosure [Abstract]

Summary of Debt Instruments

Our debt consisted of the following (in millions):

As of December 31,	2014	2013
Long-term debt		
Senior Notes due 2014	$–	$250.0
Senior Notes due 2019	500.0	500.0
Senior Notes due 2021	300.0	300.0
Senior Notes due 2039	500.0	500.0
Term Loan	98.0	112.4
Other long-term debt	4.9	2.1
Debt discount	(1.4)	(1.5)
Adjustment related to interest rate swaps	24.0	9.3
Total long-term debt	$1,425.5	$1,672.3

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Derivative Instruments and Hedging Activities	12 Months Ended Dec. 31, 2014
Derivative Instruments and Hedging Activities Disclosure [Abstract]	
Derivative Instruments and Hedging Activities	

13. Derivative Instruments and Hedging Activities

We are exposed to certain market risks relating to our ongoing business operations, including foreign currency exchange rate risk, commodity price risk, interest rate risk and credit risk. We manage our exposure to these and other market risks through regular operating and financing activities. Currently, the only risks that we manage through the use of derivative instruments are interest rate risk and foreign currency exchange rate risk.

Interest Rate Risk

Derivatives Designated as Fair Value Hedges

We use interest rate derivative instruments to manage our exposure to interest rate movements by converting fixed-rate debt into variable-rate debt. Under these agreements, we agree to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. The objective of the instruments is to more closely align interest expense with interest income received on cash and cash equivalents. These derivative instruments are designated as fair value hedges under GAAP. Changes in the fair value of the derivative instrument are recorded in current earnings and are offset by gains or losses on the underlying debt instrument.

We have multiple fixed-to-variable interest rate swap agreements that we have designated as fair value hedges of the fixed interest rate obligations on our senior notes due 2019 and 2021. The total notional amounts are $250 million and $300 million for the senior notes due 2019 and 2021, respectively. On the interest rate swap agreements for the senior notes due 2019, we receive a fixed interest rate of 4.625 percent and pay variable interest equal to the three-month LIBOR plus an average of 133 basis points. On the interest rate swap agreements for the senior notes due 2021, we receive a fixed interest rate of 3.375 percent and pay variable interest equal to the three-month LIBOR plus an average of 99 basis points.

Derivatives Designated as Cash Flow Hedges

In 2014, we entered into forward starting interest rate swaps that we have designated as cash flow hedges of our anticipated issuance of senior notes related to the pending Biomet merger that we anticipate will mature in March 2045. The forward starting interest rate swaps mitigate the risk of changes in interest rates prior to completion of the senior notes offering. The total notional amounts of the forward starting interest rate swaps are $1 billion and will settle in March 2015. On the forward starting interest rate swaps, we receive variable interest equal to three-month LIBOR and pay a fixed interest weighted average rate of 3.01 percent. We will defer the effective portion of the forward starting interest rate swaps over the maturity period of the hedged senior notes, which is thirty years, and recognize any ineffective portion immediately in earnings.

Foreign Currency Exchange Rate Risk

We operate on a global basis and are exposed to the risk that our financial condition, results of operations and cash flows could be adversely affected by changes in foreign currency exchange rates. To reduce the potential effects of foreign currency exchange rate movements on net earnings, we enter into derivative financial instruments in the form of foreign currency exchange

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forward contracts and options with major financial institutions. We are primarily exposed to foreign currency exchange rate risk with respect to transactions and net assets denominated in Euros, Swiss Francs, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles and Indian Rupees. We do not use derivative financial instruments for trading or speculative purposes.

Derivatives Designated as Cash Flow Hedges

Our revenues are generated in various currencies throughout the world. However, a significant amount of our inventory is produced in U.S. Dollars. Therefore, movements in foreign currency exchange rates may have different proportional effects on our revenues compared to our cost of products sold. To minimize the effects of foreign currency exchange rate movements on cash flows, we hedge intercompany sales of inventory expected to occur within the next 30 months with foreign currency exchange forward contracts and options. We designate these derivative instruments as cash flow hedges.

We perform quarterly assessments of hedge effectiveness by verifying and documenting the critical terms of the hedge instrument and that forecasted transactions have not changed significantly. We also assess on a quarterly basis whether there have been adverse developments regarding the risk of a counterparty default. For derivatives which qualify as hedges of future cash flows, the effective portion of changes in fair value is temporarily recorded in other comprehensive income and then recognized in cost of products sold when the hedged item affects net earnings. The ineffective portion of a derivative's change in fair value, if any, is immediately reported in cost of products sold.

For foreign currency exchange forward contracts and options outstanding at December 31, 2014, we had obligations to purchase U.S. Dollars and sell Euros, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles and Indian Rupees and obligations to purchase Swiss Francs and sell U.S. Dollars. These derivatives mature at dates ranging from January 2015 through June 2017. As of December 31, 2014, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase U.S. Dollars were $1,289.8 million. As of December 31, 2014, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase Swiss Francs were $306.3 million.

Derivatives Not Designated as Hedging Instruments

We enter into foreign currency forward exchange contracts with terms of one month to manage currency exposures for monetary assets and liabilities denominated in a currency other than an entity's functional currency. As a result, any foreign currency remeasurement gains/losses recognized in earnings are generally offset with gains/losses on the foreign currency forward exchange contracts in the same reporting period. These offsetting gains/losses are recorded in cost of products sold as the underlying assets and liabilities exposed to remeasurement include inventory-related transactions. These contracts are settled on the last day of each reporting period. Therefore, there is no outstanding balance related to these contracts recorded on the balance sheet as of the end of the reporting period. The notional amounts of these contracts are typically in a range of $1.2 billion to $1.7 billion per quarter.

Foreign Currency Exchange and Interest Rate Risk

Derivatives Designated as Cash Flow Hedges

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In 2011, our subsidiary in Japan, with a functional currency of Japanese Yen, borrowed variable-rate debt of $143.0 million denominated in U.S. Dollars under our previous credit facility. To manage the foreign currency exchange risk associated with remeasuring the debt to Japanese Yen and the interest rate risk associated with the variable-rate debt, we entered into multiple cross-currency interest rate swap agreements with a total notional amount of 11,798 million Japanese Yen. We designated these swaps as cash flow hedges of the foreign currency exchange and interest rate risks. The effective portion of changes in fair value of the cross-currency interest rate swaps was temporarily recorded in other comprehensive income and then recognized in interest expense when the hedged item affected net earnings. The cross-currency interest rate swap agreements matured in 2012 and we paid off the subsidiary's U.S. Dollar debt with Japanese Yen debt borrowed under our previous credit facility.

Income Statement Presentation

Derivatives Designated as Fair Value Hedges

Derivative instruments designated as fair value hedges had the following effects on our consolidated statements of earnings (in millions):

		Gain / (Loss) on Instrument			Gain / (Loss) on Hedged Item		
		Year Ended December 31,			Year Ended December 31,		
Derivative Instrument	Location on Statement of Earnings	2014	2013	2012	2014	2013	2012
Interest rate swaps	Interest expense	$14.7	$(24.6)	$6.1	$(14.7)	$24.6	$(6.1)

We had no ineffective fair value hedging instruments nor any amounts excluded from the assessment of hedge effectiveness during the years ended December 31, 2014, 2013 and 2012.

Derivatives Designated as Cash Flow Hedges

Derivative instruments designated as cash flow hedges had the following effects, before taxes, on OCI and net earnings on our consolidated statements of earnings, consolidated statements of comprehensive income and consolidated balance sheets (in millions):

	Amount of Gain / (Loss) Recognized in OCI				Amount of Gain / (Loss) Reclassified from OCI		
	Year Ended December 31,				Year Ended December 31,		
Derivative Instrument	2014	2013	2012	Location on Statement of Earnings	2014	2013	2012
Foreign exchange forward contracts	$119.8	$63.9	$16.3	Cost of products sold	$33.3	$8.0	$(12.0)
Foreign exchange options	–	(0.3)	(1.1)	Cost of products sold	–	(0.2)	(0.4)
Forward starting interest rate swaps	(59.3)	–	–	Interest expense	–	–	–
Cross-currency interest rate swaps	–	–	–	Interest expense	–	–	0.2
	$60.5	$63.6	$15.2		$33.3	$7.8	$(12.2)

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The net amount recognized in earnings during the years ended December 31, 2014, 2013 and 2012 due to ineffectiveness and amounts excluded from the assessment of hedge effectiveness were not significant.

The fair value of outstanding derivative instruments designated as cash flow hedges and recorded on the balance sheet at December 31, 2014, together with settled derivatives where the hedged item has not yet affected earnings, was a net unrealized gain of $87.9 million, or $70.0 million after taxes, which is deferred in accumulated other comprehensive income. Of the net unrealized gain, $89.5 million, or $66.0 million after taxes, is expected to be reclassified to earnings in cost of products sold and a loss of $0.7 million, or $0.5 million after taxes, is expected to be reclassified to earnings in interest expense over the next twelve months.

Derivatives Not Designated as Hedging Instruments

The following gains/(losses) from these derivative instruments were recognized on our consolidated statements of earnings (in millions):

		Year Ended December 31,		
Derivative Instrument	Location on Statement of Earnings	2014	2013	2012
Foreign exchange forward contracts	Cost of products sold	$15.3	$ –	$(2.0)

This impact does not include any offsetting gains/losses recognized in earnings as a result of foreign currency remeasurement of monetary assets and liabilities denominated in a currency other than an entity's functional currency.

Balance Sheet Presentation

As of December 31, 2014 and December 31, 2013, all derivative instruments designated as fair value hedges and cash flow hedges are recorded at fair value on the balance sheet. On our consolidated balance sheets, we recognize individual forward contracts and options with the same counterparty on a net asset/liability basis if we have a master netting agreement with the counterparty. Under these master netting agreements, we are able to settle derivative instrument assets and liabilities with the same counterparty in a single transaction, instead of settling each derivative instrument separately. We have master netting agreements with all of our counterparties. The fair value of derivative instruments on a gross basis is as follows (in millions):

	As of December 31, 2014		As of December 31, 2013	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Asset Derivatives				
Foreign exchange forward contracts	Other current assets	$98.7	Other current assets	$60.2
Foreign exchange forward contracts	Other assets	53.1	Other assets	30.2
Interest rate swaps	Other assets	24.0	Other assets	16.3
Total asset derivatives		$175.8		$106.7
Liability Derivatives				
Foreign exchange forward contracts	Other current liabilities	$16.4	Other current liabilities	$26.4

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Forward starting interest rate swaps	Other current liabilities	59.3	Other current liabilities	–
Foreign exchange forward contracts	Other long-term liabilities	11.6	Other current liabilities	15.9
Interest rate swaps	Other long-term liabilities	–	Other long-term liabilities	7.0
Total liability derivatives		$87.3		$49.3

The table below presents the effects of our master netting agreements on our consolidated balance sheets (in millions):

		As of December 31, 2014			As of December 31, 2013		
Description	Location	Gross Amount	Offset	Net Amount in Balance Sheet	Gross Amount	Offset	Net Amount in Balance Sheet
Asset Derivatives							
Cash flow hedges	Other current assets	$ 98.7	$15.9	$ 82.8	$ 60.2	$13.5	$ 46.7
Cash flow hedges	Other assets	53.1	10.4	42.7	30.2	8.2	22.0
Liability Derivatives							
Cash flow hedges	Other current liabilities	16.4	15.9	0.5	26.4	13.5	12.9
Cash flow hedges	Other long-term liabilities	11.6	10.4	1.2	15.9	8.2	7.7

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Capital Stock and Earnings per Share - Reconciliation of Weighted Average Share for Basic and Diluted Share Computations (Detail) In Millions, unless otherwise specified	12 Months Ended		
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012
Earnings Per Share [Abstract]			
Weighted average shares outstanding for basic net earnings per share	169.0	169.6	174.9
Effect of dilutive stock options and other equity awards	2.7	2.2	1.1
Weighted average shares outstanding for diluted net earnings per share	171.7	171.8	176.0

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