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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2020

Commission File Number 001-16407

ZIMMER BIOMET HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-4151777**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**

345 East Main Street, Warsaw, IN 46580
(Address of principal executive offices)
Telephone: (574) 267-6131

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**ZBH**	**New York Stock Exchange**
1.414% Notes due 2022	**ZBH 22A**	**New York Stock Exchange**
2.425% Notes due 2026	**ZBH 26**	**New York Stock Exchange**
1.164% Notes due 2027	**ZBH 27**	**New York Stock Exchange**

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of July 20, 2020, 207,049,828 shares of the registrant's $.01 par value common stock were outstanding.

ZIMMER BIOMET HOLDINGS, INC.
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June 30, 2020

Part I – Financial Information

Item 1. Financial Statements

ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(in millions, except per share amounts, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net Sales	$ 1,226.1	$ 1,988.6	$ 3,009.9	$ 3,964.1
Cost of products sold, excluding intangible asset amortization	424.5	581.3	911.6	1,134.7
Intangible asset amortization	147.7	146.9	295.3	290.3
Research and development	87.7	112.1	186.1	213.8
Selling, general and administrative	665.0	838.8	1,493.9	1,635.2
Goodwill and intangible asset impairment	33.0	70.1	645.0	70.1
Restructuring and other cost reduction initiatives	28.0	6.9	73.0	11.6
Quality remediation	9.7	22.7	26.1	42.4
Acquisition, integration and related	2.2	5.1	6.6	11.1
Operating expenses	1,397.8	1,783.9	3,637.6	3,409.2
Operating (Loss) Profit	(171.7)	204.7	(627.7)	554.9
Other income (expense), net	3.8	(4.7)	6.8	(5.2)
Interest expense, net	(54.0)	(59.7)	(104.9)	(117.7)
(Loss) earnings before income taxes	(221.9)	140.3	(725.8)	432.0
(Benefit) provision for income taxes	(13.7)	8.4	(8.5)	53.9
Net (Loss) Earnings	(208.2)	131.9	(717.3)	378.1
Less: Net loss attributable to noncontrolling interest	(1.6)	(1.8)	(2.2)	(1.7)
Net (Loss) Earnings of Zimmer Biomet Holdings, Inc.	$ (206.6)	$ 133.7	$ (715.1)	$ 379.8
(Loss) Earnings Per Common Share				
Basic	$ (1.00)	$ 0.65	$ (3.46)	$ 1.86
Diluted	$ (1.00)	$ 0.65	$ (3.46)	$ 1.84
Weighted Average Common Shares Outstanding				
Basic	206.8	204.8	206.6	204.6
Diluted	206.8	206.2	206.6	206.0

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

ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net (Loss) Earnings	$ (208.2)	$ 131.9	$ (717.3)	$ 378.1
Other Comprehensive (Loss) Income:				
Foreign currency cumulative translation adjustments, net of tax	23.0	15.1	(31.2)	10.7
Unrealized cash flow hedge (losses) gains, net of tax	(22.7)	0.4	32.1	14.9
Reclassification adjustments on hedges, net of tax	(13.1)	(6.2)	(26.6)	(14.4)
Adjustments to prior service cost and unrecognized actuarial assumptions, net of tax	2.1	2.4	1.8	4.4
Total Other Comprehensive (Loss) Income	(10.7)	11.7	(23.9)	15.6
Comprehensive (Loss) Income	(218.9)	143.6	(741.2)	393.7
Comprehensive loss attributable to the noncontrolling interest	(1.6)	(1.8)	(2.2)	(1.7)
Comprehensive (Loss) Income Attributable to				
Zimmer Biomet Holdings, Inc.	$ (217.3)	$ 145.4	$ (739.0)	$ 395.4

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

ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except share amounts, unaudited)

	June 30, 2020	December 31, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 713.4	$ 617.9
Accounts receivable, less allowance for doubtful accounts	1,064.5	1,363.9
Inventories	2,496.5	2,385.0
Prepaid expenses and other current assets	432.4	357.1
Total Current Assets	4,706.8	4,723.9
Property, plant and equipment, net	2,056.5	2,077.4
Goodwill	8,982.4	9,599.7
Intangible assets, net	6,937.4	7,257.6
Other assets	964.5	980.1
Total Assets	$ 23,647.6	$ 24,638.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 363.4	$ 400.9
Income taxes payable	121.9	126.7
Salaries, wages and benefits	214.7	314.1
Other current liabilities	1,011.2	1,099.8
Current portion of long-term debt	450.0	1,500.0
Total Current Liabilities	2,161.2	3,441.5
Deferred income taxes, net	804.9	840.1
Long-term income tax payable	689.4	685.1
Other long-term liabilities	588.9	557.8
Long-term debt	7,759.3	6,721.4
Total Liabilities	12,003.7	12,245.9
Commitments and Contingencies (Note 16)		
Stockholders' Equity:		
Zimmer Biomet Holdings, Inc. Stockholders' Equity:		
Common stock, $0.01 par value, one billion shares authorized, 310.7 million shares in 2020 (309.9 million in 2019) issued	3.1	3.1
Paid-in capital	9,014.0	8,920.1
Retained earnings	9,610.0	10,427.3
Accumulated other comprehensive loss	(265.8)	(241.9)
Treasury stock, 103.8 million shares in 2020 (103.9 million shares in 2019)	(6,719.9)	(6,720.5)
Total Zimmer Biomet Holdings, Inc. stockholders' equity	11,641.4	12,388.1
Noncontrolling interest	2.5	4.7
Total Stockholders' Equity	11,643.9	12,392.8
Total Liabilities and Stockholders' Equity	$ 23,647.6	$ 24,638.7

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

ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions, except per share amounts, unaudited)

	Zimmer Biomet Holdings, Inc. Stockholders								
	Common Shares		Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Shares		Noncontrolling Interest	Total Stockholders' Equity
	Number	Amount				Number	Amount		
Balance April 1, 2020	310.6	$ 3.1	$ 8,984.3	$ 9,866.2	$ (255.1)	(103.8)	$ (6,719.9)	$ 4.1	$ 11,882.7
Net loss	-	-	-	(206.6)	-	-	-	(1.6)	(208.2)
Other comprehensive loss	-	-	-	-	(10.7)	-	-	-	(10.7)
Cash dividends declared ($0.24 per share)	-	-	-	(49.7)	-	-	-	-	(49.7)
Stock compensation plans	0.1	-	29.7	0.1	-	-	-	-	29.8
Balance June 30, 2020	310.7	$ 3.1	$ 9,014.0	$ 9,610.0	$ (265.8)	(103.8)	$ (6,719.9)	$ 2.5	$ 11,643.9
Balance April 1, 2019	308.7	$ 3.1	$ 8,748.1	$ 9,688.1	$ (183.5)	(103.9)	$ (6,721.4)	$ 4.9	$ 11,539.3
Net earnings	-	-	-	133.7	-	-	-	(1.8)	131.9
Other comprehensive income	-	-	-	-	11.7	-	-	-	11.7
Cash dividends declared ($0.24 per share)	-	-	-	(49.1)	-	-	-	-	(49.1)
Stock compensation plans	0.1	-	28.4	-	-	-	-	-	28.4
Balance June 30, 2019	308.8	$ 3.1	$ 8,776.5	$ 9,772.7	$ (171.8)	(103.9)	$ (6,721.4)	$ 3.1	$ 11,662.2
Balance January 1, 2020	309.9	$ 3.1	$ 8,920.1	$ 10,427.3	$ (241.9)	(103.9)	$ (6,720.5)	$ 4.7	$ 12,392.8
Net loss	-	-	-	(715.1)	-	-	-	(2.2)	(717.3)
Other comprehensive loss	-	-	-	-	(23.9)	-	-	-	(23.9)
Cash dividends declared ($0.48 per share)	-	-	-	(99.3)	-	-	-	-	(99.3)
Adoption of new accounting standard	-	-	-	(3.1)	-	-	-	-	(3.1)
Stock compensation plans	0.8	-	93.9	0.2	-	0.1	0.6	-	94.7
Balance June 30, 2020	310.7	$ 3.1	$ 9,014.0	$ 9,610.0	$ (265.8)	(103.8)	$ (6,719.9)	$ 2.5	$ 11,643.9
Balance January 1, 2019	307.9	$ 3.1	$ 8,686.1	$ 9,491.2	$ (187.4)	(103.9)	$ (6,721.7)	$ 4.8	$ 11,276.1
Net earnings	-	-	-	379.8	-	-	-	(1.7)	378.1
Other comprehensive income	-	-	-	-	15.6	-	-	-	15.6
Cash dividends declared ($0.48 per share)	-	-	-	(98.3)	-	-	-	-	(98.3)
Stock compensation plans	0.9	-	90.4	-	-	-	0.3	-	90.7
Balance June 30, 2019	308.8	$ 3.1	$ 8,776.5	$ 9,772.7	$ (171.8)	(103.9)	$ (6,721.4)	$ 3.1	$ 11,662.2

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

ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions, unaudited)

	For the Six Months Ended June 30,	
	2020	**2019**
Cash flows provided by (used in) operating activities:		
Net (loss) earnings	$ (717.3)	$ 378.1
Adjustments to reconcile net (loss) earnings to cash provided by operating activities:		
Depreciation and amortization	508.7	500.7
Share-based compensation	38.3	40.0
Goodwill and intangible asset impairment	645.0	70.1
Changes in operating assets and liabilities, net of acquired assets and liabilities		
Income taxes	(46.1)	(44.2)
Receivables	272.7	29.3
Inventories	(122.6)	(83.0)
Accounts payable and accrued liabilities	(233.9)	(269.8)
Other assets and liabilities	53.3	(36.6)
Net cash provided by operating activities	398.1	584.6
Cash flows provided by (used in) investing activities:		
Additions to instruments	(159.3)	(144.8)
Additions to other property, plant and equipment	(59.2)	(96.7)
Net investment hedge settlements	26.8	21.3
Acquisition of intellectual property rights	-	(197.6)
Investments in other assets	(14.8)	(9.9)
Net cash used in investing activities	(206.5)	(427.7)
Cash flows provided by (used in) financing activities:		
Proceeds from senior notes	1,497.1	-
Redemption of senior notes	(1,500.0)	-
Proceeds from term loans	-	200.0
Payments on term loans	-	(425.0)
Dividends paid to stockholders	(99.1)	(98.1)
Proceeds from employee stock compensation plans	61.7	54.8
Net cash flows from unremitted collections from factoring programs	(19.6)	(25.6)
Business combination contingent consideration payments	(7.5)	-
Debt issuance costs	(19.4)	-
Other financing activities	(6.1)	(4.9)
Net cash used in financing activities	(92.9)	(298.8)
Effect of exchange rates on cash and cash equivalents	(3.2)	2.2
Increase (decrease) in cash and cash equivalents	95.5	(139.7)
Cash and cash equivalents, beginning of year	617.9	542.8
Cash and cash equivalents, end of period	$ 713.4	$ 403.1

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

1. Basis of Presentation

The financial data presented herein is unaudited and should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2019.

In our opinion, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of the financial position, results of operations and cash flows for the interim periods presented. The December 31, 2019 condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). Results for interim periods should not be considered indicative of results for the full year.

Risks and Uncertainties - Our results have been and are expected to continue to be significantly impacted by the COVID-19 global pandemic. The vast majority of our net sales are derived from products used in elective surgical procedures which are being deferred due to lockdowns, stay-at-home measures and other precautions. The consequences of COVID-19 continue to be extremely fluid and there are many market dynamics and impacts that we are unable to quantify at this time. The COVID-19 pandemic is expected to have a significant unfavorable effect on our financial position, results of operations and cash flows in the near term.

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

We reclassified certain prior period amounts to conform to the current period presentation.

2. Significant Accounting Policies

Use of Estimates - The accompanying unaudited condensed consolidated financial statements are prepared in conformity with GAAP, which requires 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. We have made our best estimates, as appropriate under GAAP, in the recognition of our assets and liabilities. These estimates have considered the impact the COVID-19 pandemic may have on our financial position, results of operations and cash flows. Such estimates included, but were not limited to, variable consideration to our customers, our allowance for doubtful accounts for expected credit losses, the net realizable value of our inventory, the fair value of our goodwill and the recoverability of other long-lived assets. Actual results could differ materially from these estimates.

Accounting Pronouncements Recently Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326). The new guidance describes the current expected credit loss ("CECL") model which requires an estimate of expected impairment on financial instruments over the lifetime of the assets at each reporting date. Financial instruments in scope of the guidance include financial assets measured at amortized cost. Previous accounting guidance required recognition of impairment when it was probable the loss has been incurred. Under the CECL model, lifetime expected credit losses are measured and recognized at each reporting date based on historical experience, current conditions and forecasted information. We adopted this standard as of January 1, 2020. Adoption of this standard required the modified retrospective transition method, which resulted in a cumulative-effect adjustment to retained earnings of $3.1 million. The adoption primarily impacted our trade receivables. Our concentrations of credit risks are limited due to the large number of customers and their dispersion across a number of geographic areas. 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 dealers who operate in international markets. Our historical credit losses have not been significant due to this dispersion and the financial stability of our customers. We consider credit losses immaterial to our business and, therefore, have not provided all the disclosures otherwise required by the standard. We have updated our accounting policy disclosure for accounts receivable as follows:

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 expected credit losses. Our concentrations of credit risks are limited due to the large number of customers and their dispersion across a number of geographic areas. 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 $77.3 million and $65.0 million as of June 30, 2020 and December 31, 2019, respectively.

In August 2018, the FASB issued ASU 2018-15, Intangibles-Goodwill and Other-Internal-Use Software. ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. Our policy for capitalizing implementation costs in a hosting arrangement was already aligned with the new guidance. ASU 2018-15 also provides guidance on how these implementation costs are to be recorded in the statement of earnings, balance sheet and statement of cash flows. We adopted this standard on a prospective basis as of January 1, 2020. The adoption of this standard did not have a material impact on our financial position, results of operations or cash flows.

There are no 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. Revenue

Net sales by geography are as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Americas	$ 733.7	$ 1,214.3	$ 1,835.0	$ 2,408.4
EMEA	218.7	438.0	616.8	901.9
Asia Pacific	273.7	336.3	558.1	653.8
Total	$ 1,226.1	$ 1,988.6	$ 3,009.9	$ 3,964.1

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Knees	$ 374.2	$ 703.5	$ 1,004.0	$ 1,397.6
Hips	329.7	478.5	762.3	961.9
S.E.T.	252.6	357.0	586.2	713.8
Dental, Spine & CMFT	182.5	292.4	434.2	579.7
Other	87.1	157.2	223.2	311.1
Total	$ 1,226.1	$ 1,988.6	$ 3,009.9	$ 3,964.1

Starting in the first quarter of 2020, we have updated our product category revenue reporting format. These changes are designed to further align with our recent reorganization. Product category sales include the following changes:

- Surgical products, previously reported in the S.E.T. (Sports Medicine, Extremities and Trauma) product category, are included in the Other product category;
- Dental products are combined with Spine and CMF (Craniomaxillofacial) products into one product category;
- The CMF product category name has been changed to CMFT (Craniomaxillofacial and Thoracic), to reflect the Thoracic business, which is included in that category; and
- Other immaterial adjustments related to brand alignment within product categories in the Asia Pacific region have been made.

Prior period product category sales have been reclassified to conform to the current presentation.

4. Restructuring

In December 2019, our Board of Directors approved, and we initiated, a new global restructuring program (the "2019 Restructuring Plan") with an objective of reducing costs to allow us to further invest in higher priority growth opportunities. The 2019 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately $350 million to $400 million and reduce gross annual pre-tax operating expenses by approximately $200 million to $300 million by the end of 2023 as program benefits are realized. The pre-tax restructuring charges consist of employee termination benefits; contract terminations for facilities and sales agents; and other charges, such as consulting fees, project management and relocation costs. The restructuring charges incurred in the first six months of 2020 primarily related to employee termination benefits, distributor contract terminations, consulting and project management. The following table summarizes the liabilities recognized related to the 2019 Restructuring Plan (in millions):

	Employee Termination Benefits	Contract Terminations	Other	Total
Expenses incurred in the three months ended June 30, 2020	$ 6.5	$ 4.4	$ 13.7	$ 24.6
Balance, December 31, 2019	$ 23.2	$ -	$ 4.1	$ 27.3
Expenses incurred in the six months ended June 30, 2020	36.7	9.3	21.3	67.3
Cash payments	(30.8)	(3.0)	(6.7)	(40.5)
Balance, June 30, 2020	$ 29.1	$ 6.3	$ 18.7	$ 54.1
Expense incurred since the start of the 2019 Restructuring Plan	$ 59.9	$ 9.3	$ 34.4	$ 103.6
Expense estimated to be recognized for the 2019 Restructuring Plan	$ 155.0	$ 40.0	$ 180.0	$ 375.0

For the expense estimated to be recognized for the 2019 Restructuring Plan, we have disclosed the midpoint in our estimated range of expenses. We do not include restructuring charges in the operating profit of our reportable segments.

In our condensed consolidated statement of earnings, we report restructuring charges in our "Restructuring and other cost reduction initiatives" financial statement line item. We report the expenses for other cost reduction initiatives with restructuring expenses because these activities also have the goal of reducing costs across the organization. However, since the cost reduction initiative expenses are not considered restructuring, they have been excluded from the amounts presented in this note.

5. Inventories

	June 30, 2020	December 31, 2019
	(in millions)	
Finished goods	$ 1,996.8	$ 1,875.4
Work in progress	219.7	231.0
Raw materials	280.0	278.6
Inventories	$ 2,496.5	$ 2,385.0

6. Property, Plant and Equipment

	June 30, 2020	December 31, 2019
	(in millions)	
Land	$ 27.5	$ 27.6
Buildings and equipment	2,097.9	2,007.0
Capitalized software costs	489.5	482.4
Instruments	3,373.9	3,250.5
Construction in progress	141.2	149.3
	6,130.0	5,916.8
Accumulated depreciation	(4,073.5)	(3,839.4)
Property, plant and equipment, net	$ 2,056.5	$ 2,077.4

We had $43.5 million and $39.8 million of property, plant and equipment included in accounts payable as of June 30, 2020 and December 31, 2019, respectively.

7. Goodwill and Intangible Assets

The following table summarizes the changes in the carrying amount of goodwill by reportable segment, including the effects of changes to our reportable segments (in millions):

	Americas and Global Businesses	EMEA	Asia Pacific	Immaterial Product Category Operating Segments	Total
Balance at December 31, 2019					
Goodwill	$ 7,699.8	$ 1,316.8	$ 507.4	$ 1,729.3	$ 11,253.3
Accumulated impairment losses	-	(567.0)	-	(1,086.6)	(1,653.6)
	$ 7,699.8	$ 749.8	$ 507.4	$ 642.7	$ 9,599.7
Goodwill reportable segment change	1,661.3	17.0	51.0	(1,729.3)	-
Accumulated impairment losses reportable segment change	(1,086.6)	-	-	1,086.6	-
Purchase accounting adjustments	0.3	-	-	-	0.3
Impairment	(142.0)	(470.0)	-	-	(612.0)
Currency translation	(1.2)	(4.1)	(0.3)	-	(5.6)
Balance at June 30, 2020					
Goodwill	$ 9,360.2	$ 1,329.7	$ 558.1	$ -	$ 11,248.0
Accumulated impairment losses	(1,228.6)	(1,037.0)	-	-	(2,265.6)
	$ 8,131.6	$ 292.7	$ 558.1	$ -	$ 8,982.4

As discussed further in Note 15, in connection with the 2019 Restructuring Plan, our operating segments and reportable segments have changed. Goodwill has been reallocated from our previous reportable segments to reflect the new structure. We now have five reporting units with goodwill assigned to them.

As of March 31, 2020, we tested three of our reporting units for impairment due to: i) the significant adverse effect the COVID-19 pandemic was expected to have on our operating results, and ii) the change in reportable segments, which changed the cash flows and asset compositions of certain reporting units. This resulted in goodwill impairment charges of $470.0 million and $142.0 million recognized for our Europe, Middle East and Africa ("EMEA") reporting unit and Dental reporting unit, respectively. The remaining two reporting units with goodwill assigned to them were not tested for impairment as we concluded it is more likely than not the fair value of these reporting units exceeds their carrying value.

The impairment charge of $470.0 million in our EMEA reporting unit was due to the COVID-19 pandemic and reportable segment change. The COVID-19 pandemic has had a significant adverse effect on both the operational and non-operational assumptions used to estimate the fair value of our EMEA reporting unit. The significant decline in our share price and that of most other publicly-traded companies resulted in us utilizing a higher risk-adjusted discount rate compared to the rate used in our last annual goodwill impairment test to discount our future estimated cash flows to present value. On an operational basis, due to the deferral of elective surgical procedures, our estimated cash flows in 2020 will be significantly lower than previously estimated in our last annual goodwill impairment test. The change in reportable segments resulted in additional impairment due to additional assets being allocated to the EMEA reporting unit. As of June 30, 2020, $292.7 million of goodwill remains in the EMEA reporting unit.

The impairment charge of $142.0 million in our Dental reporting unit was driven by the COVID-19 pandemic. Similar to our EMEA reporting unit, changes in the market have caused an increase to the risk-adjusted discount rates utilized to discount our future estimated cash flows to present value, and we expected that the deferral of elective dental procedures would have an adverse effect on our cash flows. We estimate the cash flows from our Dental reporting unit may recover more slowly than our other reporting units because many dental procedures are not covered by insurance. Therefore, economic uncertainty will likely result in patients deferring dental procedures for a longer period of time than procedures involving our other products. As of June 30, 2020, $255.0 million of goodwill remains in the Dental reporting unit.

The third reporting unit we tested for impairment, Americas CMFT, had an estimated fair value that exceeded its carrying value by less than 5 percent. The Americas CMFT reporting unit's estimated fair value has also been adversely impacted by the COVID-19 pandemic similar to our EMEA and Dental reporting units.

We estimated the fair value of the EMEA, Dental and Americas CMFT reporting units based on 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 EMEA, Dental and Americas CMFT reporting units and considers differences between our reporting unit and the comparable companies.

In estimating the future cash flows of the reporting units, we utilized a combination of market and company-specific inputs that a market participant would use in assessing the fair value of the reporting units. 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. In the near term, the COVID-19 pandemic is expected to result in a decline to our revenue when compared to the same prior year periods. Significant company specific inputs included assumptions regarding how the reporting units could leverage operating expenses as revenue grows and the impact any of our differentiated products or 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.

We will continue to monitor the fair value of our EMEA, Dental and Americas CMFT reporting units as well as our other two reporting units in our interim and annual reporting periods. If our estimated cash flows for these reporting units decrease, we may have to record further impairment charges in the future. Factors that could result in our cash flows being lower than our current estimates include: 1) the COVID-19 pandemic causes elective surgical procedures to be deferred longer than our estimates, 2) 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 3) 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 and comparable company valuation indicators, which may impact our estimated fair values.

In the three and six-month periods ended June 30, 2020 and 2019, we recognized $33.0 million and $70.1 million, respectively, of in-process research and development ("IPR&D") intangible asset impairments on certain IPR&D projects. The $33.0 million charge in 2020 includes a $19.0 million impairment related to a project that requires additional research and development costs to complete, which delays the cash inflows and results in a decreased estimated fair value. The remaining $14.0 million impairment charge in 2020 and the entire $70.1 million charge from 2019 are related to terminated IPR&D projects. The termination of these projects is the result of prioritizing our internal research and development portfolio as a result of COVID-19 and to focus our engineering resources on the opportunities that most closely link to our mission. Since these projects were not a priority, their terminations are not expected to have a significant impact on our future cash flows.

8. Transfers of Financial Assets

We have receivables purchase arrangements with unrelated third parties to liquidate portions of our trade accounts receivable balance. The receivables relate to products sold to customers and are short-term in nature. The factorings are treated as sales of our accounts receivable. Proceeds from the transfers reflect either the face value of the accounts receivable or the face value less factoring fees.

In the U.S. and Japan, our programs are executed on a revolving basis with a maximum funding limit as of June 30, 2020 of $450.0 million combined. We act as the collection agent on behalf of the third party, but have no significant retained interests or servicing liabilities related to the accounts receivable sold. In order to mitigate credit risk, we purchased credit insurance for the factored accounts receivable. As a result, our risk of loss is limited to the factored accounts receivable not covered by the insurance. Additionally, we have provided guarantees for the factored accounts receivable. The maximum exposures to loss associated with these arrangements were $11.0 million and $21.8 million as of June 30, 2020 and December 31, 2019, respectively.

In Europe, we sell to a third party and have no continuing involvement or significant risk with the factored accounts receivable.

Funds received from the transfers are recorded as an increase to cash and a reduction to accounts receivable outstanding in the condensed consolidated balance sheets. We report the cash flows attributable to the sale of receivables to third parties in cash flows from operating activities in our condensed consolidated statements of cash flows. Net expenses resulting from the sales of receivables are recognized in selling, general and administrative expense. Net expenses include any resulting gains or losses from the sales of receivables, credit insurance and factoring fees.

In the six-month periods ended June 30, 2020 and 2019, we sold receivables having an aggregate face value of $980.9 million and $1,595.9 million to third parties in exchange for cash proceeds of $979.9 million and $1,594.9 million, respectively. Expenses recognized on these sales during the six-month periods ended June 30, 2020 and 2019 were not significant. In the six-month periods ended June 30, 2020 and 2019, under the U.S. and Japan programs, we collected $885.8 million and $1,438.3 million, respectively, from our customers and remitted that amount to the third party, and we effectively repurchased $84.1 million and $73.9 million, respectively, of previously sold accounts receivable from the third party, due to the programs' revolving nature. At June 30, 2020 and December 31, 2019, we had collected $35.4 million and $54.6 million, respectively, of funds that were unremitted to the third party, which are reflected in our condensed consolidated balance sheets under other current liabilities. The initial collection of cash from customers and its remittance to the third party is reflected in net cash provided by/(used in) financing activities in our condensed consolidated statements of cash flows.

At June 30, 2020 and December 31, 2019, the outstanding principal amount of receivables that has been derecognized under the U.S. and Japan revolving arrangements amounted to $220.3 million and $270.2 million, respectively.

9. Debt

Our debt consisted of the following (in millions):

	June 30, 2020	December 31, 2019
Current portion of long-term debt		
2.700% Senior Notes due 2020	$ -	$ 1,500.0
Floating Rate Notes due 2021	450.0	-
Total current portion of long-term debt	$ 450.0	$ 1,500.0
Long-term debt		
Floating Rate Notes due 2021	$ -	$ 450.0
3.375% Senior Notes due 2021	300.0	300.0
3.150% Senior Notes due 2022	750.0	750.0
3.700% Senior Notes due 2023	300.0	300.0
3.550% Senior Notes due 2025	2,000.0	2,000.0
3.050% Senior Notes due 2026	600.0	-
3.550% Senior Notes due 2030	900.0	-
4.250% Senior Notes due 2035	253.4	253.4
5.750% Senior Notes due 2039	317.8	317.8
4.450% Senior Notes due 2045	395.4	395.4
1.414% Euro Notes due 2022	561.6	561.3
2.425% Euro Notes due 2026	561.6	561.3
1.164% Euro Notes due 2027	561.6	561.3
Japan Term Loan A	108.6	106.9
Japan Term Loan B	197.8	194.7
Debt discount and issuance costs	(53.2)	(37.1)
Adjustment related to interest rate swaps	4.7	6.4
Total long-term debt	$ 7,759.3	$ 6,721.4

At June 30, 2020, our total current and non-current debt of $8.2 billion consisted of $8.0 billion aggregate principal amount of our senior notes, which included $1.7 billion of Euro-denominated senior notes (“Euro Notes”), an 11.7 billion Japanese Yen term loan agreement (“Japan Term Loan A”) and a 21.3 billion Japanese Yen term loan agreement (“Japan Term Loan B”) that will each mature on September 27, 2022, and fair value adjustments totaling $4.7 million, partially offset by debt discount and issuance costs of $53.2 million.

On March 20, 2020, we completed the offering of $600.0 million aggregate principal amount of our 3.050% senior notes due on January 15, 2026 and $900.0 million aggregate principal amount of our 3.550% senior notes due on March 20, 2030. Interest payable on the 3.050% senior notes is payable semi-annually, commencing on July 15, 2020 until maturity. Interest payable on the 3.550% senior notes is payable semi-annually, commencing on September 20, 2020 until maturity. The proceeds from the offering, together with cash on hand, were used to repay at maturity the $1.5 billion principal amount of 2.700% senior notes due on April 1, 2020.

On November 1, 2019, we entered into a revolving credit agreement (the “2019 Credit Agreement”), which contains a five-year unsecured multicurrency revolving facility of $1.5 billion (the “2019 Multicurrency Revolving Facility”), which replaced the previous $1.5 billion multicurrency revolving credit facility (the “2016 Multicurrency Revolving Facility”) and U.S term loan (“U.S Term Loan B”) under our credit agreement executed in September 2016 (as amended, the “2016 Credit Agreement”). U.S. Term Loan B was paid in full during the six months ended June 30, 2019. The 2019 Credit Agreement will mature on November 1, 2024, with two one-year extensions exercisable at our discretion and subject to required lender consent. As of June 30, 2020, there were no outstanding borrowings under the 2019 Multicurrency Revolving Facility.

Borrowings under the 2019 Credit Agreement generally bear interest at floating rates. We pay a facility fee on the aggregate amount of the 2019 Multicurrency Revolving Facility. The 2019 Credit Agreement contains customary affirmative and negative covenants and events of default for unsecured financing arrangements, including, among other things, limitations on consolidations, mergers, and sales of assets. On April 23, 2020, we entered into an amendment to the 2019 Credit Agreement to temporarily increase the maximum permitted consolidated indebtedness to consolidated EBITDA ratio ("Consolidated Leverage Ratio"), temporarily increase the interest rate margin applicable to revolving loans and the facility fee, and make other administrative changes. Pursuant to the amendment, the maximum permitted Consolidated Leverage Ratio as of the last day of any period of four consecutive fiscal quarters under the 2019 Credit Agreement will be (i) 5.75 to 1.00 for periods ending between April 1, 2020 and including December 31, 2020, (ii) 5.00 to 1.00 for the period ending March 31, 2021, and (iii) 4.50 to 1.00 for periods ending after April 1, 2021 (with such maximum permitted Consolidated Leverage Ratio subject to increase to 5.00 to 1.00 for a period of time in connection with a qualified material acquisition on or after July 1, 2021). We were in compliance with all covenants under the 2019 Credit Agreement as of June 30, 2020. The amendment also increases the interest rate margin applicable to revolving loans and the facility fee, each of which are determined by reference to our senior unsecured long-term debt credit rating, through March 31, 2021.

On April 23, 2020, we entered into a revolving credit agreement (the "2020 Credit Agreement") which is an unsecured revolving credit facility of $1.0 billion (the "2020 Revolving Facility"). The 2020 Credit Agreement matures on December 31, 2020. Borrowings under the 2020 Credit Agreement generally bear interest at floating rates. We pay a facility fee on the aggregate amount of the 2020 Revolving Facility. The 2020 Credit Agreement contains customary affirmative and negative covenants and events of default for unsecured financing arrangement including, among other things, limitations on consolidations, mergers, and sales of assets. The 2020 Credit Agreement requires us to maintain a Consolidated Leverage Ratio as of the last day of any period of four consecutive fiscal quarters of no greater than 5.75 to 1.00. The 2020 Revolving Facility is also subject to certain mandatory prepayment requirements and corresponding commitment reductions upon the issuance of indebtedness above $25.0 million, subject to specified carve-outs. As of June 30, 2020, there were no outstanding borrowings under the 2020 Credit Agreement and we were in compliance with all covenants.

The estimated fair value of our senior notes as of June 30, 2020, based on quoted prices for the specific securities from transactions in over-the-counter markets (Level 2), was $8,450.1 million. The estimated fair value of Japan Term Loan A and Japan Term Loan B, in the aggregate, as of June 30, 2020, based upon publicly available market yield curves and the terms of the debt (Level 2), was $304.8 million.

10. Accumulated Other Comprehensive Income

Accumulated other comprehensive income (loss) ("AOCI") 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 AOCI may be reclassified to net earnings upon the occurrence of certain events.

Our AOCI is comprised of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges and amortization of prior service costs and unrecognized gains and losses in actuarial assumptions related to 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. Amounts related to defined benefit plans that are in AOCI are reclassified over the service periods of employees in the plan.

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

	Foreign Currency Translation	Cash Flow Hedges	Defined Benefit Plan Items	Total AOCI
Balance at December 31, 2019	$ (32.8)	$ 16.4	$ (225.5)	$ (241.9)
AOCI before reclassifications	(31.2)	32.1	-	0.9
Reclassifications to statements of earnings	-	(26.6)	1.8	(24.8)
Balance at June 30, 2020	$ (64.0)	$ 21.9	$ (223.7)	$ (265.8)

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

Component of AOCI	Amount of Gain (Loss) Reclassified from AOCI				Location on Statements of Earnings
	Three Months Ended June 30,		Six Months Ended June 30,		
	2020	2019	2020	2019	
Cash flow hedges					
Foreign exchange forward contracts	$ 15.1	$ 7.4	$ 30.7	$ 14.5	Cost of products sold
Interest rate swaps	-	-	-	2.8	Interest expense, net
Forward starting interest rate swaps	(0.1)	(0.2)	(0.3)	(0.3)	Interest expense, net
	15.0	7.2	30.4	17.0	Total before tax
	1.9	1.0	3.8	2.6	Provision for income taxes
	$ 13.1	$ 6.2	$ 26.6	$ 14.4	Net of tax
Defined benefit plans					
Prior service cost	$ 1.0	$ 1.9	$ 2.0	$ 3.7	Other expense, net
Unrecognized actuarial loss	(2.7)	(5.5)	(5.4)	(10.8)	Other expense, net
	(1.7)	(3.6)	(3.4)	(7.1)	Total before tax
	0.4	(1.2)	(1.6)	(2.7)	Provision for income taxes
	$ (2.1)	$ (2.4)	$ (1.8)	$ (4.4)	Net of tax
Total reclassifications	$ 11.0	$ 3.8	$ 24.8	$ 10.0	Net of tax

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

	Three Months Ended June 30, 2020			Six Months Ended June 30, 2020		
	Before Tax	Tax	Net of Tax	Before Tax	Tax	Net of Tax
Foreign currency cumulative translation adjustments	$ 4.3	$ (18.7)	$ 23.0	$ (24.9)	$ 6.3	$ (31.2)
Unrealized cash flow hedge (losses) gains	(27.6)	(4.9)	(22.7)	38.1	6.0	32.1
Reclassification adjustments on cash flow hedges	(15.0)	(1.9)	(13.1)	(30.4)	(3.8)	(26.6)
Adjustments to prior service cost and unrecognized actuarial assumptions	1.7	(0.4)	2.1	3.4	1.6	1.8
Total Other Comprehensive Loss	$ (36.6)	$ (25.9)	$ (10.7)	$ (13.8)	$ 10.1	$ (23.9)

	Three Months Ended June 30, 2019			Six Months Ended June 30, 2019		
	Before Tax	Tax	Net of Tax	Before Tax	Tax	Net of Tax
Foreign currency cumulative translation adjustments	$ 8.1	$ (7.0)	$ 15.1	$ 16.0	$ 5.3	$ 10.7
Unrealized cash flow hedge (losses) gains	(3.9)	(4.3)	0.4	12.8	(2.1)	14.9
Reclassification adjustments on cash flow hedges	(7.2)	(1.0)	(6.2)	(17.0)	(2.6)	(14.4)
Adjustments to prior service cost and unrecognized actuarial assumptions	3.6	1.2	2.4	7.1	2.7	4.4
Total Other Comprehensive Income	$ 0.6	$ (11.1)	$ 11.7	$ 18.9	$ 3.3	$ 15.6

11. 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 June 30, 2020			
		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				
Derivatives, current and long-term				
Foreign currency forward contracts	$ 43.2	$ -	$ 43.2	$ -
Cross-currency interest rate swaps	88.5	-	88.5	-
Total Assets	$ 131.7	$ -	$ 131.7	$ -
Liabilities				
Derivatives, current and long-term				
Foreign currency forward contracts	$ 0.2	$ -	$ 0.2	$ -
Total Liabilities	$ 0.2	$ -	$ 0.2	$ -

	As of December 31, 2019			
		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				
Derivatives, current and long-term				
Foreign currency forward contracts	$ 39.1	$ -	$ 39.1	$ -
Cross-currency interest rate swaps	60.5	-	60.5	-
Total Assets	$ 99.6	$ -	$ 99.6	$ -
Liabilities				
Derivatives, current and long-term				
Foreign currency forward contracts	$ 0.6	$ -	$ 0.6	$ -
Total Liabilities	$ 0.6	$ -	$ 0.6	$ -

We value our foreign currency forward contracts 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 cross-currency interest rate swaps using a market approach based on publicly available market yield curves, foreign currency exchange rates and the terms of our swaps, and we perform ongoing assessments of counterparty credit risk.

12. 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

In prior years, we entered into various fixed-to-variable interest rate swap agreements that were accounted for as fair value hedges of a portion of our 4.625% Senior Notes due 2019 and all of our 3.375% Senior Notes due 2021. In August 2016, we received cash for these interest rate swap assets by terminating the hedging instruments with the counterparties. The 4.625% Senior Notes were repaid at maturity in 2019. The remaining unamortized balance related to the 3.375% Senior Notes as of June 30, 2020 related to these discontinued hedges was $4.7 million, which will be recognized using the effective interest rate method over the remaining maturity period of the hedged notes. As of June 30, 2020 and December 31, 2019, the following amounts were recorded on our condensed consolidated balance sheets related to cumulative basis adjustments for fair value hedges (in millions):

	Carrying Amount of the Hedged Liabilities		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liabilities	
Balance Sheet Line Item	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Long-term debt	$ 304.6	$ 306.2	$ 4.7	$ 6.4

Derivatives Designated as Cash Flow Hedges

In 2014, we entered into forward starting interest rate swaps that were designated as cash flow hedges of our thirty-year tranche of senior notes (the 4.450% Senior Notes due 2045) we expected to issue in 2015. The forward starting interest rate swaps mitigated the risk of changes in interest rates prior to the completion of the notes offering. The interest rate swaps were settled, and the remaining loss to be recognized at June 30, 2020 was $26.2 million, which will be recognized using the effective interest rate method over the remaining maturity period of the hedged notes.

In September 2016, we entered into various variable-to-fixed interest rate swap agreements with a notional amount of $375.0 million that were accounted for as cash flow hedges of U.S. Term Loan B. The interest rate swaps minimized the exposure to changes in the LIBOR interest rates while the variable-rate debt was outstanding. In the first quarter of 2019, we terminated these interest rate swaps concurrently with the repayment of the remaining balance of U.S. Term Loan B, and we recognized proceeds and interest income of $2.8 million related to the termination.

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 with major financial institutions. We also designated our Euro Notes as net investment hedges of investments in foreign subsidiaries. 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, Indian Rupees, Turkish Lira, Polish Zloty, Danish Krone, and Norwegian Krone. We do not use derivative financial instruments for trading or speculative purposes.

Derivatives Designated as Net Investment Hedges

We are exposed to the impact of foreign exchange rate fluctuations in the investments in our wholly-owned foreign subsidiaries that are denominated in currencies other than the U.S. Dollar. In order to mitigate the volatility in foreign exchange rates, we issued Euro Notes in December 2016 and November 2019 and designated 100 percent of the Euro Notes to hedge our net investment in certain wholly-owned foreign subsidiaries that have a functional currency of the Euro. All changes in the fair value of a hedging instrument designated as a net investment hedge are recorded as a component of AOCI in the condensed consolidated balance sheets.

At June 30, 2020, we had receive-fixed-rate, pay-fixed-rate cross-currency interest swaps with notional amounts outstanding of Euro 1,450 million, Japanese Yen 7 billion and Swiss Franc 50 million. These transactions further hedge our net investment in certain wholly-owned foreign subsidiaries that have a functional currency of Euro, Japanese Yen and Swiss Franc. All changes in the fair value of a derivative instrument designated as a net investment hedge are recorded as a component of AOCI in the condensed consolidated balance sheets. The portion of this change related to the excluded component will be amortized into earnings over the life of the derivative while the remainder will be recorded in AOCI until the hedged net investment is sold or substantially liquidated. We recognize the excluded component in interest expense, net on our condensed consolidated statements of earnings. The net cash received related to the receive-fixed-rate, pay-fixed-rate component of the cross-currency interest rate swaps is reflected in investing cash flows in our condensed consolidated statements of cash flows.

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. 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 confirming 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 gains and losses are temporarily recorded in AOCI and then recognized in cost of products sold when the hedged item affects net earnings. On our condensed consolidated statements of cash flows, the settlements of these cash flow hedges are recognized in operating cash flows.

For foreign currency exchange forward contracts and options outstanding at June 30, 2020, 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, Indian Rupees, Polish Zloty, Danish Krone, and Norwegian Krone and obligations to purchase Swiss Francs and sell U.S. Dollars. These derivatives mature at dates ranging from July 2020 through November 2022. As of June 30, 2020, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase U.S. Dollars were $1,364.8 million. As of June 30, 2020, the notional amounts of outstanding forward contracts and options entered into with third parties to purchase Swiss Francs were $252.3 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 re-measurement gains/losses recognized in earnings are generally offset with gains/losses on the foreign currency forward exchange contracts in the same reporting period. The net amount of these offsetting gains/losses is recorded in other expense, net. 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 $1.5 billion to $2.0 billion per quarter.

Income Statement Presentation

Derivatives Designated as Cash Flow Hedges

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

	Amount of Gain (Loss) Recognized in AOCI					Amount of Gain (Loss) Reclassified from AOCI			
	Three Months Ended June 30,		Six Months Ended June 30,		Location on	Three Months Ended June 30,		Six Months Ended June 30,	
Derivative Instrument	2020	2019	2020	2019	Statements of Earnings	2020	2019	2020	2019
Foreign exchange forward contracts	$ (27.6)	$ (3.9)	$ 38.1	$ 12.8	Cost of products sold	$ 15.1	$ 7.4	$ 30.7	$ 14.5
Interest rate swaps	-	-	-	-	Interest expense, net	-	-	-	2.8
Forward starting interest rate swaps	-	-	-	-	Interest expense, net	(0.1)	(0.2)	(0.3)	(0.3)
	$ (27.6)	$ (3.9)	$ 38.1	$ 12.8		$ 15.0	$ 7.2	$ 30.4	$ 17.0

The fair value of outstanding derivative instruments designated as cash flow hedges and recorded on our condensed consolidated balance sheet at June 30, 2020, together with settled derivatives where the hedged item has not yet affected earnings, was a net unrealized gain of $25.1 million, or $21.9 million after taxes, which is deferred in AOCI. A gain of $38.4 million, or $32.6 million after taxes, is expected to be reclassified to earnings in cost of products sold and a loss of $0.6 million, or $0.5 million after taxes, is expected to be reclassified to earnings in interest expense, net over the next twelve months.

The following table presents the effect of fair value, cash flow and net investment hedge accounting on our condensed consolidated statements of earnings (in millions):

	Location and Amount of Gain/(Loss) Recognized in Income on Fair Value, Cash Flow and Net Investment Hedging Relationships for the Period Ended:							
	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net
Total amounts of income and expense line items presented in the statements of earnings in which the effects of fair value, cash flow and net investment hedges are recorded	$ 424.5	$ (54.0)	$ 581.3	$ (59.7)	$ 911.6	$ (104.9)	$ 1,134.7	$ (117.7)
The effects of fair value, cash flow and net investment hedging:								
Gain on fair value hedging relationships								
Discontinued interest rate swaps	-	0.8	-	2.1	-	1.7	-	4.2
Gain (loss) on cash flow hedging relationships								
Foreign exchange forward contracts	15.1	-	7.4	-	30.7	-	14.5	-
Interest rate swaps	-	-	-	-	-	-	-	2.8
Forward starting interest rate swaps	-	(0.1)	-	(0.2)	-	(0.3)	-	(0.3)
Gain on net investment hedging relationships								
Cross-currency interest rate swaps	-	13.4	-	13.4	-	26.8	-	25.4

Derivatives Not Designated as Hedging Instruments

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

		Three Months Ended June 30,		Six Months Ended June 30,	
Derivative Instrument	**Location on Statements of Earnings**	**2020**	**2019**	**2020**	**2019**
Foreign exchange forward contracts	Other expense, net	$ (7.7)	$ (6.3)	$ 15.4	$ (8.9)

These gains/(losses) do not reflect offsetting losses of $21.9 million in the six-month period ended June 30, 2020, offsetting gains of $1.6 million in the three-month period ended June 30, 2020, and offsetting gains of $1.3 million and $1.9 million in the three and six-month periods ended June 30, 2019, respectively, recognized in other expense, net as a result of foreign currency re-measurement of monetary assets and liabilities denominated in a currency other than an entity's functional currency.

Balance Sheet Presentation

As of June 30, 2020 and December 31, 2019, all derivatives designated as fair value hedges, cash flow hedges and net investment hedges are recorded at fair value on our condensed consolidated balance sheets. On our condensed consolidated balance sheets, we recognize individual forward contracts 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 June 30, 2020		As of December 31, 2019	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Asset Derivatives				
Foreign exchange forward contracts	Other current assets	$ 38.5	Other current assets	$ 41.8
Cross-currency interest rate swaps	Other current assets	29.1	Other current assets	-
Foreign exchange forward contracts	Other assets	11.1	Other assets	9.8
Cross-currency interest rate swaps	Other assets	59.5	Other assets	60.5
Total asset derivatives		$ 138.2		$ 112.1
Liability Derivatives				
Foreign exchange forward contracts	Other current liabilities	$ 2.9	Other current liabilities	$ 7.9
Foreign exchange forward contracts	Other long-term liabilities	3.7	Other long-term liabilities	5.2
Total liability derivatives		$ 6.6		$ 13.1

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

		As of June 30, 2020			As of December 31, 2019		
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	$ 38.5	$ 2.9	$ 35.6	$ 41.8	$ 7.9	$ 33.9
Cash flow hedges	Other assets	11.1	3.5	7.6	9.8	4.6	5.2
Liability Derivatives							
Cash flow hedges	Other current liabilities	2.9	2.9	-	7.9	7.9	-
Cash flow hedges	Other long-term liabilities	3.7	3.5	0.2	5.2	4.6	0.6

The following net investment hedge gains (losses) were recognized on our condensed consolidated statements of comprehensive income (loss) (in millions):

	Amount of Gain (Loss) Recognized in AOCI			
	Three Months Ended June 30,		Six Months Ended June 30,	
Derivative Instrument	2020	2019	2020	2019
Euro Notes	$ (39.0)	$ (16.0)	$ (0.9)	$ 4.4
Cross-currency interest rate swaps	(41.6)	(15.0)	28.1	19.2
	$ (80.6)	$ (31.0)	$ 27.2	$ 23.6

13. Income Taxes

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was enacted and signed into law and includes, among other things, refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, and technical corrections to tax depreciation methods for qualified improvement property. We have deferred certain tax payments which we expect to mostly pay in the third quarter of 2020. We do not expect the provisions of the CARES Act to have a material impact on our tax provision.

We operate on a global basis and are subject to numerous and complex tax laws and regulations. Additionally, tax laws continue to undergo rapid changes in both application and interpretation by various countries, including state aid interpretations and initiatives led by the Organization for Economic Cooperation and Development. Our income tax filings are subject to examinations by taxing authorities throughout the world. 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. Although ultimate timing is uncertain, 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. Management's best estimate of such change is within the range of a $310 million decrease to a $20 million increase.

We are under continuous audit by the Internal Revenue Service ("IRS") and other taxing authorities. During the course of these audits, we receive proposed adjustments from taxing authorities that may be material. Therefore, there is a possibility that an adverse outcome in these audits could have a material effect on our results of operations and financial condition. Our U.S. Federal income tax returns have been audited through 2012 and are currently under audit for years 2013-2015. The IRS has proposed adjustments for years 2005-2012, primarily related to reallocating profits between certain of our U.S. and foreign subsidiaries. We have disputed these adjustments and intend to continue to vigorously defend our positions as we pursue resolution through petitions with the U.S. Tax Court for years 2005-2009 and the administrative process with the IRS Independent Office of Appeals for years 2010-2012. While we have not yet received a complete and final Revenue Agents' Report generally issued at the conclusion of an IRS examination, during the three months ended June 30, 2020, we received a draft Notice of Proposed Adjustments ("NOPA") from the IRS for the 2013 through 2015 calendar years relating to transfer pricing involving our cost sharing agreement between the U.S. and Switzerland affiliated companies and reallocating profits between certain of our U.S. and foreign subsidiaries.

The draft NOPA related to the cost sharing agreement proposes an increase to our U.S. taxable income, which would result in additional tax expense related to 2013 of approximately $600 million, subject to interest and penalties. We strongly believe that the position of the IRS, with regard to this matter, is inconsistent with the applicable U.S. Treasury regulations governing our cost sharing agreement. This is a draft NOPA and the final adjustments asserted by the IRS may differ materially. We anticipate receiving a final NOPA in the coming weeks and do not expect changes to our reserves relative to these matters within the next twelve months. We intend to vigorously contest the draft NOPA and if we are not able to remediate the draft NOPA at the IRS examination level, we will pursue all available administrative and, if necessary, judicial remedies. If we pursue judicial remedies in the U.S. Tax Court for years 2013-2015, a number of years will likely elapse before such matters are finally resolved. No payment of any amount related to the draft NOPA is required to be made, if at all, until all applicable proceedings have been completed. We believe the tax liability we have previously accrued is correct, and accordingly, have not recognized any additional reserve for tax uncertainty based on the draft NOPA received.

A public referendum held in Switzerland passed the Federal Act on Tax Reform and AHV Financing ("TRAF"), effective January 1, 2020, and includes the abolishment of various favorable federal and cantonal tax regimes. The TRAF provides transitional relief measures for companies that are losing the tax benefit of a ruling, including a "step-up" for amortizable goodwill, equal to the amount of future tax benefit they would have received under their existing ruling, subject to certain limitations. Certain provisions of the TRAF were enacted in the third quarter of 2019, resulting in us recognizing a provisional net tax benefit of $263.8 million. In the fourth quarter of 2019, we recognized an additional $51.2 million related to TRAF as well as the tax impact of certain restructuring transactions in Switzerland. We anticipate that TRAF will have a minimal impact to our ongoing consolidated effective tax rate.

In the three and six-month periods ended June 30, 2020, our effective tax rate ("ETR") was 6.2 percent and 1.2 percent, respectively, compared to 6.0 percent and 12.5 percent in the three and six-month periods ended June 30, 2019, respectively. Our ETR in the 2020 and 2019 periods were below the typical statutory tax rates for various reasons. The 6.2 percent ETR in the three-month period ended June 30, 2020 was the result of the mix of some of our jurisdictions recognizing earnings while others had losses. The 1.2 percent ETR in the six-month period ended June 30, 2020 was primarily due to the $612.0 million goodwill impairment charge, which resulted in a loss before taxes, but has no corresponding tax benefit, as well as the mix of earnings and losses among our jurisdictions. The 6.0 percent ETR in the three-month period ended June 30, 2019 was primarily due to the favorable resolution of certain tax audits. The 12.5 percent ETR in the six-month period ended June 30, 2019 was primarily due to the favorable resolution of certain tax audits as well as a release of uncertain tax positions due to emerging foreign tax guidance. Absent discrete tax events, we expect our future ETR will be lower than the U.S. corporate income tax rate of 21.0 percent due to our mix of earnings between U.S. and foreign locations, which have lower corporate income tax rates. Our ETR in future periods could also potentially be impacted by: changes in our mix of pre-tax earnings; changes in tax rates, tax laws or their interpretation, including the European Union rules on state aid; the outcome of various federal, state and foreign audits; and the expiration of certain statutes of limitations. Currently, we cannot reasonably estimate the impact of these items on our financial results.

14. Earnings Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Weighted average shares outstanding for basic net (loss) earnings per share	206.8	204.8	206.6	204.6
Effect of dilutive stock options and other equity awards	-	1.4	-	1.4
Weighted average shares outstanding for diluted net (loss) earnings per share	206.8	206.2	206.6	206.0

Since we incurred a net loss in the three and six-month periods ended June 30, 2020, no dilutive stock options or other equity awards were included as diluted shares. During the three and six-month periods ended June 30, 2019, an average of 2.1 million options and 1.7 million options, respectively, to purchase shares of common stock were not included in the computation of diluted earnings per share because the exercise prices of these options were greater than the average market price of our common stock.

15. Segment Information

We design, manufacture and market orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; spine, craniomaxillofacial and thoracic products ("CMFT"); office based technologies; dental implants; and related surgical products. Due to the 2019 Restructuring Plan that was initiated in late 2019, our operating segments have changed beginning in the first quarter of 2020. Our chief operating decision maker ("CODM") now allocates resources to achieve our operating profit goals through three operating segments. These operating segments, which also constitute our reportable segments, are Americas and Global Businesses; EMEA; and Asia Pacific. Previously, we had seven operating segments, which resulted in three reportable segments and four individually insignificant operating segments that were aggregated together and not considered a reportable segment.

Our CODM evaluates performance based upon segment operating profit exclusive of operating expenses pertaining to inventory and manufacturing-related charges, intangible asset amortization, goodwill and intangible asset impairment, restructuring and other cost reduction initiatives, quality remediation, acquisition, integration and related, litigation, litigation settlement gain, certain European Union Medical Device Regulation expenses, other charges and corporate functions. Corporate functions include corporate legal, finance, information technology, human resources and other corporate departments. Intercompany transactions have been eliminated from segment operating profit.

Our Americas and Global Businesses operating segment is comprised principally of the U.S. and includes other North, Central and South American markets for all of our product categories as well as the global results for our Dental product category. This segment also includes our global manufacturing operations for all product categories and research, development engineering, medical education, and brand management for our global product category headquarter locations. Our EMEA operating segment is comprised principally of Europe and includes the Middle East and African markets for all product categories except Dental. Our Asia Pacific operating segment is comprised principally of Japan, China and Australia and includes other Asian and Pacific markets for all product categories except Dental. The EMEA and Asia Pacific operating segments include the commercial operations as well as regional headquarter expenses to operate in those markets.

Since the Americas and Global Businesses includes additional costs related to global manufacturing operations and other centralized global product category headquarter expenses, profitability metrics in this operating segment are not comparable to the EMEA and Asia Pacific operating segments.

Our CODM does not review asset information by operating segment. Instead, our CODM reviews cash flow and other financial ratios by operating segment.

Prior period reportable segment financial information has been reclassified to conform to our new reportable segments.

Net sales and operating profit by segment are as follows (in millions):

	Net Sales Three Months Ended June 30,		Operating (Loss) Profit Three Months Ended June 30,	
	2020	2019	2020	2019
Americas and Global Businesses	$ 757.5	$ 1,255.1	$ 83.0	$ 427.2
EMEA	204.1	405.8	20.0	117.5
Asia Pacific	264.5	327.7	78.4	118.0
Corporate Functions	-	-	(111.6)	(117.5)
Total	$ 1,226.1	$ 1,988.6		
Inventory and manufacturing-related charges			(1.4)	(34.1)
Intangible asset amortization			(147.7)	(146.9)
Intangible asset impairment			(33.0)	(70.1)
Restructuring and other cost reduction initiatives			(28.0)	(6.9)
Quality remediation			(9.9)	(23.4)
Acquisition, integration and related			(2.2)	(5.1)
Litigation			(1.3)	(7.0)
European Union Medical Device Regulation			(6.1)	(5.1)
Other charges			(11.9)	(41.9)
Operating (loss) profit			$ (171.7)	$ 204.7

	Net Sales Six Months Ended June 30,		Operating (Loss) Profit Six Months Ended June 30,	
	2020	2019	2020	2019
Americas and Global Businesses	$ 1,894.1	$ 2,490.7	$ 451.8	$ 817.2
EMEA	575.4	834.7	128.8	256.7
Asia Pacific	540.4	638.7	171.0	231.5
Corporate Functions	-	-	(215.6)	(235.2)
Total	$ 3,009.9	$ 3,964.1		
Inventory and manufacturing-related charges			(2.0)	(36.1)
Intangible asset amortization			(295.3)	(290.3)
Goodwill and intangible asset impairment			(645.0)	(70.1)
Restructuring and other cost reduction initiatives			(73.0)	(11.6)
Quality remediation			(25.8)	(43.1)
Acquisition, integration and related			(6.6)	(11.1)
Litigation			(81.1)	(5.2)
Litigation settlement gain			-	23.5
European Union Medical Device Regulation			(17.1)	(6.7)
Other charges			(17.8)	(64.6)
Operating (loss) profit			$ (627.7)	$ 554.9

16. Commitments and Contingencies

On a quarterly and annual basis, we review relevant information with respect to loss contingencies and update our accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews. We establish liabilities for loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. For matters where a loss is believed to be reasonably possible, but not probable, no accrual has been made.

Litigation

Durom Cup-related 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 the majority 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*). Litigation activity in the MDL is stayed pending finalization of the U.S. Durom Cup Settlement Program, an extrajudicial program created to resolve actions and claims of eligible U.S. plaintiffs and claimants. Other lawsuits are pending in various domestic and foreign jurisdictions, and additional claims may be asserted in the future. The majority of claims outside the U.S. are pending in Germany, Netherlands and Italy.

Since 2008, we have recognized net expense of $443.0 million for Durom Cup-related claims. We did not record any gain or expense for Durom Cup-related claims in the three or six-month periods ended June 30, 2020. In the three and six-month periods ended June 30, 2019, we lowered our estimate of the number of Durom Cup-related claims we expect to settle and, as a result, we recognized gains of $7.0 million and $9.5 million, respectively, in selling, general and administrative expense.

Our estimate as of June 30, 2020 of the remaining liability for all Durom Cup-related claims, including estimated legal fees, is $55.4 million. 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. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain.

Zimmer M/L Taper, M/L Taper with Kinectiv Technology, and Versys Femoral Head-related claims ("Metal Reaction" claims): We are a defendant in a number of product liability lawsuits relating to our M/L Taper and M/L Taper with Kinectiv Technology hip stems, and Versys Femoral Head implants. The plaintiffs seek damages for personal injury, alleging that defects in the products lead to corrosion at the head/stem junction resulting in, among other things, pain, inflammation and revision surgery.

The majority of the cases are consolidated in an MDL that was created on October 3, 2018 in the U.S. District Court for the Southern District of New York (*In Re: Zimmer M/L Taper Hip Prosthesis or M/L Taper Hip Prosthesis with Kinectiv Technology and Versys Femoral Head Products Liability Litigation*). Other related cases are pending in various state and federal courts. Additional lawsuits are likely to be filed. Following higher than expected filings in the six-month period ended June 30, 2020, and an extension of the MDL schedule given the COVID-19 pandemic, we increased our estimate of the number of Metal Reaction-related claims that we expect to litigate in the future, resulting in additional litigation-related expense in the period. Our estimate as of June 30, 2020 of the remaining liability for all Metal Reaction-related claims, including our estimated legal fees, is $66.8 million. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain.

Biomet metal-on-metal hip implant claims: Biomet is a defendant in a number of product liability lawsuits relating to metal-on-metal hip implants, most of which involve the M2a-Magnum hip system. Cases are currently consolidated in an MDL in the U.S. District Court for the Northern District of Indiana *(In Re: Biomet M2a Magnum Hip Implant Product Liability Litigation)* and in various state, federal and foreign courts, with the majority of domestic state court cases pending in Indiana and Florida.

On February 3, 2014, Biomet announced the settlement of the MDL. Lawsuits filed in the MDL by April 15, 2014 were eligible to participate in the settlement. Those claims that did not settle via the MDL settlement program have re-commenced litigation in the MDL under a new case management plan, or are in the process of being remanded to their originating jurisdictions. The settlement does not affect certain other claims relating to Biomet's metal-on-metal hip products that are pending in various state and foreign courts, or other claims that may be filed in the future. We continue to refine our estimates of the potential liability to settle the remaining claims and recognized additional litigation-related expense in the six-month period ended June 30, 2020. Our estimate as of June 30, 2020 of the remaining liability for all Biomet metal-on-metal hip implant claims, including estimated legal fees, is $69.5 million. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain.

Heraeus trade secret misappropriation lawsuits: In December 2008, Heraeus Kulzer GmbH (together with its affiliates, "Heraeus") initiated legal proceedings in Germany against Biomet, Inc., Biomet Europe BV (now Zimmer Biomet Nederland BV), certain other entities and certain employees alleging that the defendants misappropriated Heraeus trade secrets when developing Biomet Europe's Refobacin and Biomet Bone Cement line of cements ("European Cements"). The lawsuit sought to preclude the defendants from producing, marketing and offering for sale their then-current line of European Cements and to compensate Heraeus for any damages incurred.

Germany: On June 5, 2014, the German appeals court in Frankfurt (i) enjoined Biomet, Inc., Biomet Europe BV and Biomet Deutschland GmbH from manufacturing, selling or offering the European Cements to the extent they contain certain raw materials in particular specifications; (ii) held the defendants jointly and severally liable to Heraeus for any damages from the sale of European Cements since 2005; and (iii) ruled that no further review may be sought (the "Frankfurt Decision"). The Heraeus and Biomet parties both sought appeal against the Frankfurt Decision. In a decision dated June 16, 2016, the German Supreme Court dismissed the parties' appeals without reaching the merits, rendering that decision final.

In December 2016, Heraeus filed papers to restart proceedings against Biomet Orthopaedics Switzerland GmbH (now Zimmer GmbH), seeking to require that entity to relinquish its CE certificates for the European Cements. In January 2017, Heraeus notified Biomet it had filed a claim for damages in the amount of €121.9 million for sales in Germany, which it first increased to €125.9 million and with a filing in June 2019 further increased to €146.7 million plus statutory interest. In a recent filing to the court, Heraeus indicated that it might further increase its claims in the course of the proceedings. As of June 30, 2020, these two proceedings remained pending in front of the Darmstadt court. In September 2017, Heraeus filed an enforcement action in the Darmstadt court against Biomet Europe, requesting that a fine be imposed against Biomet Europe for failure to disclose the amount of the European Cements which Biomet Orthopaedics Switzerland had ordered to be manufactured in Germany (e.g., for the Chinese market). In June 2018, the Darmstadt court dismissed Heraeus' request. Heraeus appealed the decision. Also in September 2017, Heraeus filed suit against Zimmer Biomet Deutschland in the court of first instance in Freiburg concerning the sale of the European Cements with certain changed raw materials. Heraeus sought an injunction on the basis that the continued use of the product names for the European Cements was misleading for customers and thus an act of unfair competition. On June 29, 2018, the court in Freiburg, Germany dismissed Heraeus' request for an injunction prohibiting the marketing of the European Cements under their current names on the grounds that the same request had already been decided upon by the Frankfurt Decision which became final and binding. Heraeus appealed this decision to the Court of Appeals in Karlsruhe, Germany. The appeals hearing occurred in December 2019 and on June 19, 2020, the court dismissed the appeal on different grounds, namely that the appeals court did not find any unfair competition in the continued use of the product names. The appeals court did not grant leave to appeal, but Heraeus may file a request for appeal with the German Supreme Court.

United States: On September 8, 2014, Heraeus filed a complaint against a Biomet supplier, Esschem, Inc. ("Esschem"), in the U.S. District Court for the Eastern District of Pennsylvania. The lawsuit contained allegations that focused on two copolymer compounds that Esschem sold to Biomet, which Biomet incorporated into certain bone cement products that compete with Heraeus' bone cement products. The complaint alleged that Biomet helped Esschem to develop these copolymers, using Heraeus trade secrets that Biomet allegedly misappropriated. The complaint asserted a claim under the Pennsylvania Uniform Trade Secrets Act, as well as other various common law tort claims, all based upon the same trade secret misappropriation theory. Heraeus sought to enjoin Esschem from supplying the copolymers to any third party and actual damages. The complaint also sought punitive damages, costs and attorneys' fees. Although Biomet was not a party to this lawsuit, Biomet agreed, at Esschem's request and subject to certain limitations, to indemnify Esschem for any liability, damages and legal costs related to this matter. On November 3, 2014, the court entered an order denying Heraeus' motion for a temporary restraining order. On June 30, 2016, the court entered an order denying Heraeus' request to give preclusive effect to the factual findings in the Frankfurt Decision. On June 6, 2017, the court entered an order denying Heraeus' motion to add Biomet as a party to the lawsuit. On January 26, 2018, the court entered an order granting Esschem's motion for summary judgment and dismissed all of Heraeus' claims with prejudice. On February 21, 2018, Heraeus filed a notice of appeal to the U.S. Court of Appeals for the Third Circuit, which heard oral argument on the appeal on October 23, 2018. On June 21, 2019, the Third Circuit partially reversed the decision of the U.S. District Court for the Eastern District of Pennsylvania granting Esschem summary judgment and remanded the case back to the lower court. On July 5, 2019, Esschem filed a petition in the Third Circuit for rehearing *en banc* and a motion in the alternative to certify a question of state law to the Supreme Court of Pennsylvania, which was denied on August 1, 2019. On June 1, 2020, as ordered by the court, the parties filed a joint status report, which remained pending as of June 30, 2020.

On December 7, 2017, Heraeus filed a complaint against Zimmer Biomet Holdings, Inc. and Biomet, Inc. in the U.S. District Court for the Eastern District of Pennsylvania alleging a single claim of trade secret misappropriation under the Pennsylvania Uniform Trade Secrets Act based on the same factual allegations as the Esschem litigation. On March 5, 2018, Heraeus filed an amended complaint adding a second claim of trade secret misappropriation under Pennsylvania common law. Heraeus seeks to enjoin the Zimmer Biomet parties from future use of the allegedly misappropriated trade secrets and recovery of unspecified damages for alleged past use. On April 18, 2018, the Zimmer Biomet parties filed a motion to dismiss both claims. On March 8, 2019, the court stayed the

case pending the Third Circuit's decision in the Esschem case described above. In September 2019, the Zimmer Biomet parties filed a motion to stay the proceedings pending (1) the court's decision on Esschem's motion for summary judgment in the Esschem case described above and (2) the outcome of the U.S. International Trade Commission complaint filed by Heraeus asserting similar claims, described below under "Regulatory Matters, Government Investigations and Other Matters." On May 2, 2020, the court granted the Zimmer Biomet parties' motion to stay the proceedings pending the outcome of the U.S. International Trade Commission complaint filed by Heraeus.

Other European Countries: Heraeus continues to pursue other related legal proceedings in Europe seeking various forms of relief, including injunctive relief and damages, against various Biomet-related and local Zimmer Biomet entities relating to the European Cements. On October 2, 2018, the Belgian Court of Appeal of Mons issued a judgment in favor of Heraeus relating to its request for past damages caused by the alleged misappropriation of its trade secrets, and an injunction preventing future sales of certain European Cements in Belgium (the "Belgian Decision"). We appealed this judgment to the Belgian Supreme Court. The Belgian Supreme Court dismissed our appeal in October 2019 and this decision is final. Heraeus filed a suit in Belgium concerning the continued sale of the European Cements with certain changed materials. Like its suit in Germany, Heraeus seeks an injunction on the basis that the continued use of the product names for the European Cements is misleading for customers and thus an act of unfair competition. On May 7, 2019, the Liège Commercial Court issued a judgment that Zimmer Biomet failed to inform its hospital and surgeon customers of the changes made to the composition of the cement with certain changed materials and ordered, as a sole remedy, that Zimmer Biomet send letters to those customers, which we have done. We and Heraeus have each filed an appeal to the judgment.

On February 13, 2019, a Norwegian court of first instance issued a judgment in favor of Heraeus on its claim for misappropriation of trade secrets. The court awarded damages of 19,500,000 NOK, or approximately $2.3 million, plus attorneys' fees, and issued an injunction, which is not final and thus not currently being enforced, preventing Zimmer Biomet Norway from marketing in Norway bone cements identified with the current product names and bone cements making use of the trade secrets which were acknowledged in the Frankfurt Decision. We have appealed the Norwegian judgment to the court of second instance.

On October 29, 2019, an Italian court of first instance issued a judgment in favor of Heraeus on its claim of misappropriation of trade secrets, but did not yet order an award of damages. We filed a timely appeal of the decision.

On January 23, 2020, a Finnish Market Court issued a judgment partly in favor of Heraeus on its claim of misappropriation of certain trade secrets. Damage claims were not raised in the proceedings. We appealed the decision to the Finnish Supreme Court. On July 3, 2020, the Finnish Supreme Court declined to review the case, rendering the Market Court decision final.

Heraeus is pursuing damages and injunctive relief in France in an effort to prevent us from manufacturing, marketing and selling the European Cements (the "France Litigation"). The European Cements are manufactured at our facility in Valence, France. On December 11, 2018, a hearing was held in the France Litigation before the commercial court in Romans-sur-Isère. On May 23, 2019, the commercial court ruled in our favor. On July 12, 2019, Heraeus filed an appeal to the court of second instance in Grenoble, France. Although we are vigorously defending the France Litigation, the ultimate outcome is uncertain. An adverse ruling in the France Litigation could have a material adverse effect on our business, financial condition and results of operations.

We have accrued an estimated loss relating to the collective trade secret litigation, including estimated legal costs to defend. Damages relating to the Frankfurt Decision are subject to separate proceedings, and the Belgian court appointed an expert to determine the amount of damages related to the Belgian Decision. Thus, it is reasonably possible that our estimate of the loss we may incur may change in the future. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain.

Putative Securities Class Action: On December 2, 2016, a complaint was filed in the U.S. District Court for the Northern District of Indiana (*Shah v. Zimmer Biomet Holdings, Inc. et al.)*, naming us, one of our officers and two of our now former officers as defendants. On June 28, 2017, the plaintiffs filed a corrected amended complaint, naming as defendants, in addition to those previously named, current and former members of our Board of Directors, one additional officer, and the underwriters in connection with secondary offerings of our common stock by certain selling stockholders in 2016. On October 6, 2017, the plaintiffs voluntarily dismissed the underwriters without prejudice. On October 8, 2017, the plaintiffs filed a second amended complaint, naming as defendants, in addition to those current and former officers and Board members previously named, certain former stockholders of ours who sold shares of our common stock in secondary public offerings in 2016. We and our current and former officers and Board members named as defendants are sometimes hereinafter referred to as the "Zimmer Biomet Defendant group". The former stockholders of ours who sold shares of our common stock in secondary public offerings in 2016 are sometimes hereinafter referred to as the "Private Equity Fund Defendant group". The second amended complaint relates to a putative class action on behalf of persons who purchased our common stock between June 7, 2016 and November 7, 2016. The second amended complaint generally alleges that the defendants violated federal securities laws by making materially false and/or misleading statements and/or omissions about our compliance with U.S. Food and Drug Administration ("FDA") regulations and our ability to continue to accelerate our organic revenue growth rate in the second half of 2016. The defendants filed their respective motions to dismiss on December 20, 2017, plaintiffs filed their omnibus response to the motions to dismiss on March 13, 2018 and the defendants filed their respective reply briefs on May 18, 2018. On September 27, 2018, the court denied the Zimmer Biomet Defendant group's motion to dismiss in its

entirety. The court granted the Private Equity Fund Defendant group's motion to dismiss, without prejudice. On October 9, 2018, the Zimmer Biomet Defendant group filed a motion (i) to amend the court's order on the motion to certify two issues for interlocutory appeal, and (ii) to stay proceedings pending appeal. On February 21, 2019, that motion was denied. On April 11, 2019, the plaintiffs moved for class certification. On June 20, 2019, the Zimmer Biomet Defendant group filed its response. The plaintiffs seek unspecified damages and interest, attorneys' fees, costs, and other relief. Although we believe this lawsuit is without merit, during a mediation in December 2019, plaintiffs and defendants, along with Zimmer Biomet's insurers, reached a settlement in principle to resolve the claims for $50.0 million. We made an accrual for the proposed settlement that we expect to be fully covered by our insurers. On May 21, 2020, the Court granted preliminary approval of the settlement. On or before June 12, 2020, all responsible insurers made their payments to the qualified settlement fund. The final approval hearing is scheduled for September 3, 2020.

Shareholder Derivative Actions: On June 14, 2019 and July 29, 2019, two shareholder derivative actions, *Green v. Begley et al.* and *Detectives Endowment Association Annuity Fund v. Begley et al.*, were filed in the Court of Chancery in the State of Delaware. On October 2, 2019 and October 11, 2019, two additional shareholder derivative actions, *Karp v. Begley et al.* and *DiGaudio v. Begley et al.*, were filed in the U.S. District Court for the District of Delaware. The plaintiff in each action seeks to maintain the action purportedly on our behalf against certain of our current and former directors and officers (the "individual defendants") and certain former stockholders of ours who sold shares of our common stock in various secondary public offerings in 2016 (the "private equity fund defendants"). The plaintiff in each action alleges, among other things, breaches of fiduciary duties against the individual defendants and insider trading against two individual defendants and the private equity fund defendants, based on substantially the same factual allegations as the putative federal securities class action referenced above (*Shah v. Zimmer Biomet Holdings, Inc. et al.)*. On June 4, 2020, the plaintiffs in the Chancery Court actions filed a consolidated amended complaint adding three new counts and expanding the scope of the alleged material false statements. The plaintiffs do not seek damages from us, but instead request damages on our behalf from the defendants of an unspecified amount. The plaintiffs also seek attorneys' fees, costs and other relief.

Regulatory Matters, Government Investigations and Other Matters

U.S. International Trade Commission Investigation: On March 5, 2019, Heraeus filed a complaint with the U.S. International Trade Commission ("ITC") against us and certain of our subsidiaries. The complaint alleges that Biomet misappropriated Heraeus' trade secrets in the formulation and manufacture of two bone cement products now sold by Zimmer Biomet, both of which are imported from our Valence, France facility. Heraeus requested that the ITC institute an investigation and, after the investigation, issue a limited exclusion order and cease and desist orders. On April 5, 2019, the ITC ordered an investigation be instituted into whether we have committed an "unfair act" in the importation, sale for importation, or sale after importation of certain bone cement products. An evidentiary hearing in front of an administrative law judge at the ITC was held in January 2020 and an Initial Determination was issued on May 6, 2020. In the Initial Determination, the administrative law judge held that we did not commit an "unfair act" in the importation, sale for importation, or sale after importation of the two challenged bone cement products, and thus we are not restricted from continuing to manufacture and sell the two challenged bone cement products in the United States. On July 13, 2020, the ITC issued notice of intent to review the Initial Determination in part and is expected to issue a Final Determination in September 2020. Thereafter, the Final Determination is subject to review on appeal to the United States Court of Appeals for the Federal Circuit by either or both of Heraeus and us. We cannot currently predict the ultimate outcome of this investigation after review by the ITC and any appeals, but an adverse outcome in this ITC proceeding could have a material adverse effect on our business, financial condition and results of operations.

FDA warning letters: In August 2018, we received a warning letter from the FDA related to observed non-conformities with current good manufacturing practice requirements of the FDA's Quality System Regulation (21 CFR Part 820) ("QSR") at our legacy Biomet manufacturing facility in Warsaw, Indiana (this facility is sometimes referred to in this report as the "Warsaw North Campus"). In September 2012, we received a warning letter from the FDA citing concerns relating to certain processes pertaining to 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 Warsaw and Ponce. As of June 30, 2020, the Warsaw and Ponce warning letters remained pending. Until the violations cited in the pending warning letters are corrected, we may be subject to additional regulatory action by the FDA, as described more fully below. Additionally, requests for Certificates to Foreign Governments related to products manufactured at certain of our facilities may not be granted and premarket approval applications for Class III devices to which the QSR deviations at these facilities are reasonably related will not be approved until the violations have been corrected. In addition to responding to the warning letters described above, we are in the process of addressing various FDA Form 483 inspectional observations at certain of our manufacturing facilities, including observations issued by the FDA following an inspection of the Warsaw North Campus in January 2020, which inspection the FDA has classified as Voluntary Action Indicated ("VAI"). The ultimate outcome of these matters is presently uncertain. Among other available regulatory actions, the FDA may impose operating restrictions, including a ceasing of operations, at one or more facilities, enjoining and restraining certain violations of applicable law pertaining to products, seizure of products and assessing civil or criminal penalties against our officers, employees or us. The FDA could also issue a corporate warning letter or a recidivist warning letter or negotiate the entry of a consent decree of permanent injunction with us. The FDA may also recommend prosecution by the U.S.

Department of Justice ("DOJ"). Any adverse regulatory action, depending on its magnitude, may restrict us from effectively manufacturing, marketing and selling our products and could have a material adverse effect on our business, financial condition and results of operations.

Deferred Prosecution Agreement ("DPA") relating to U.S. Foreign Corrupt Practices Act ("FCPA") matters: On January 12, 2017, we resolved previously-disclosed FCPA matters involving Biomet and certain of its subsidiaries. As part of the settlement, (i) Biomet resolved matters with the U.S. Securities and Exchange Commission (the "SEC") through an administrative cease-and-desist order (the "Order"); (ii) we entered into a DPA with the DOJ; and (iii) JERDS Luxembourg Holding S.à r.l. ("JERDS"), the direct parent company of Biomet 3i Mexico SA de CV and an indirect, wholly-owned subsidiary of Biomet, entered into a plea agreement (the "Plea Agreement") with the DOJ. The conduct underlying these resolutions occurred prior to our acquisition of Biomet.

Pursuant to the terms of the Order, Biomet resolved claims with the SEC related to violations of the books and records, internal controls and anti-bribery provisions of the FCPA by disgorging profits to the U.S. government in an aggregate amount of approximately $6.5 million, inclusive of pre-judgment interest, and paying a civil penalty in the amount of $6.5 million (collectively, the "Civil Settlement Payments"). We also agreed to pay a criminal penalty of approximately $17.5 million (together with the Civil Settlement Payments, the "Settlement Payments") to the U.S. government pursuant to the terms of the DPA. We made the Settlement Payments in January 2017 and, as previously disclosed, had accrued, as of June 24, 2015, the closing date of the Biomet merger, an amount sufficient to cover this matter. In addition, under its Plea Agreement with the DOJ, JERDS pleaded guilty on January 13, 2017 to aiding and abetting a violation of the books and records provision of the FCPA. In light of the DPA we entered into, JERDS paid only a nominal assessment and no criminal penalty.

Under the DPA, which has a term of three years, the DOJ agreed to defer criminal prosecution of us in connection with the charged violation of the internal controls provision of the FCPA as long as we comply with the terms of the DPA. In addition, we are subject to oversight by an independent compliance monitor, who was appointed effective as of August 7, 2017. On July 17, 2020, the independent compliance monitor submitted a letter to the SEC and DOJ certifying that our compliance program, including its policies and procedures, is reasonably designed and implemented to prevent and detect violations of the FCPA and is functioning effectively. We expect the monitorship to conclude no later than August 7, 2020 and the charges against us to be dismissed with prejudice.

If we do not comply with the terms of the DPA, we could be subject to prosecution for violating the internal controls provisions of the FCPA and the conduct of Biomet and its subsidiaries described in the DPA, which conduct pre-dated our acquisition of Biomet, as well as any new or continuing violations. We could also be subject to exclusion by the Office of Inspector General of the Department of Health and Human Services from participation in federal healthcare programs, including Medicaid and Medicare. Any of these events could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the interim condensed consolidated financial statements and corresponding notes included elsewhere in this Form 10-Q. 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.

Executive Level Overview

Impact of the COVID-19 Global Pandemic

Our results have been and are expected to continue to be significantly impacted by the COVID-19 global pandemic. The vast majority of our net sales are derived from products used in elective surgical procedures. As COVID-19 rapidly started to spread throughout the world in early 2020, our net sales decreased dramatically as countries took precautions to prevent the spread of the virus with lockdowns and stay-at-home measures and as hospitals deferred elective surgical procedures.

The consequences of COVID-19 continue to be extremely fluid and there are many market dynamics and impacts that we are unable to identify or quantify at this time. We were encouraged by certain developments in the second quarter, but COVID-19 continues to bring near-term uncertainty. In the second quarter, April was the lowest month for elective surgical procedures, with sequential improvement in May and June. Based upon current indications, we expect that sequential improvement will continue through the third and fourth quarters, but possibly at a more modest pace than occurred from April to June. There are many positive and negative variables and uncertainties that could impact our near-term performance, including the number of patients who deferred procedures returning to their surgeons, patients who will continue to defer procedures due to concerns of contracting the virus, patients affected by job losses and/or loss of insurance coverage, and a return of the virus to markets that had partially or mostly recovered. However, we believe that hospitals are now better prepared and informed to handle the virus than they were in March, including personal protective equipment availability, but that preparedness and availability is subject to change.

With the deferral of elective surgical procedures, we have taken prudent measures in an effort to maintain an adequate financial profile to have access to capital to fund the business during these unprecedented times. Late in 2019, we initiated the 2019 Restructuring Plan to reduce our costs. In response to the COVID-19 pandemic, we have temporarily reduced discretionary spending such as travel, meetings and other project spend that can be delayed with limited long-term detriment to the business, and we temporarily suspended or limited production at certain manufacturing facilities. However, we have not experienced significant disruptions in our supply chain, or in our ability to meet our customer demands. We are also utilizing government wage assistance programs in certain global markets and other policy support mechanisms, including tax relief provisions in the U.S. CARES Act.

Results for the Three and Six-Month Periods ended June 30, 2020

Primarily as a result of the COVID-19 pandemic, our net sales decreased by 38.3 percent and 24.1 percent in the three and six-month periods ended June 30, 2020, respectively, compared to the same prior year periods. We recognized a net loss in the three and six-month periods ended June 30, 2020, driven by lower sales due to the COVID-19 pandemic, in addition to goodwill and intangible asset impairment charges totaling $33.0 million and $645.0 million, respectively. We temporarily suspended or limited production at certain manufacturing facilities, resulting in us immediately expensing $67.6 million in the three and six-month periods ended June 30, 2020 that related to certain fixed overhead costs and hourly production worker labor expenses that are included in the cost of inventory when these facilities are operating at normal capacity. We also incurred higher restructuring and other cost reduction initiative expenses in the 2020 periods when compared to the same prior year periods. Lastly, in the six-month period ended June 30, 2020, we recognized litigation-related charges of $81.1 million compared to net litigation gains of $18.3 million in the same prior year period.

Results of Operations

We analyze sales by three geographies, the Americas, EMEA and Asia Pacific, and by the following product categories: Knees; Hips; S.E.T.; Dental, Spine & CMFT; and Other. This sales analysis differs from our reportable operating segments, which are based upon our senior management organizational structure and how we allocate resources toward achieving operating profit goals. We analyze sales by geography because the underlying market trends in any particular geography tend to be similar across product categories and because we primarily sell the same products in all geographies. Our business is seasonal in nature to some extent, as many of our products are used in elective surgical 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. In 2020, it is uncertain if this seasonal pattern will be similar to previous years due to COVID-19 and its related impacts.

Net Sales by Geography

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

	Three Months Ended June 30,					
	2020	2019	% (Dec)	Volume / Mix	Price	Foreign Exchange
Americas	$ 733.7	$ 1,214.3	(39.6) %	(36.9) %	(2.6) %	(0.1) %
EMEA	218.7	438.0	(50.1)	(48.7)	(0.3)	(1.1)
Asia Pacific	273.7	336.3	(18.6)	(17.2)	(1.0)	(0.4)
Total	$ 1,226.1	$ 1,988.6	(38.3)	(36.2)	(1.8)	(0.3)

	Six Months Ended June 30,					
	2020	2019	% (Dec)	Volume / Mix	Price	Foreign Exchange
Americas	$ 1,835.0	$ 2,408.4	(23.8) %	(21.0) %	(2.7) %	(0.1) %
EMEA	616.8	901.9	(31.6)	(28.5)	(1.3)	(1.8)
Asia Pacific	558.1	653.8	(14.6)	(13.0)	(1.0)	(0.6)
Total	$ 3,009.9	$ 3,964.1	(24.1)	(21.4)	(2.1)	(0.6)

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

Net Sales by Product Category

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

	Three Months Ended June 30,					
	2020	2019	% (Dec)	Volume / Mix	Price	Foreign Exchange
Knees	$ 374.2	$ 703.5	(46.8) %	(44.2) %	(2.3) %	(0.3) %
Hips	329.7	478.5	(31.1)	(28.5)	(2.2)	(0.4)
S.E.T.	252.6	357.0	(29.2)	(26.0)	(2.7)	(0.5)
Dental, Spine & CMFT	182.5	292.4	(37.6)	(38.1)	0.7	(0.2)
Other	87.1	157.2	(44.5)	(42.9)	(1.4)	(0.2)
Total	$ 1,226.1	$ 1,988.6	(38.3)	(36.2)	(1.8)	(0.3)

	Six Months Ended June 30,					
	2020	2019	% (Dec)	Volume / Mix	Price	Foreign Exchange
Knees	$ 1,004.0	$ 1,397.6	(28.2) %	(25.2) %	(2.3) %	(0.7) %
Hips	762.3	961.9	(20.8)	(17.5)	(2.6)	(0.7)
S.E.T.	586.2	713.8	(17.9)	(15.1)	(2.2)	(0.6)
Dental, Spine & CMFT	434.2	579.7	(25.1)	(24.1)	(0.6)	(0.4)
Other	223.2	311.1	(28.2)	(25.9)	(1.9)	(0.4)
Total	$ 3,009.9	$ 3,964.1	(24.1)	(21.4)	(2.1)	(0.6)

The following table presents our net sales by geography for our Knees and Hips product categories, which represent our most significant product categories (dollars in millions):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	% (Dec)	2020	2019	% (Dec)
Knees						
Americas	$ 221.0	$ 414.5	(46.7) %	$ 601.3	$ 823.7	(27.0) %
EMEA	65.2	163.4	(60.1)	217.9	339.1	(35.7)
Asia Pacific	88.0	125.6	(29.9)	184.8	234.8	(21.3)
Total	$ 374.2	$ 703.5	(46.8)	$ 1,004.0	$ 1,397.6	(28.2)
Hips						
Americas	$ 170.7	$ 253.3	(32.6) %	$ 403.2	$ 500.4	(19.4) %
EMEA	70.8	125.9	(43.7)	182.2	259.0	(29.7)
Asia Pacific	88.2	99.3	(11.3)	176.9	202.5	(12.7)
Total	$ 329.7	$ 478.5	(31.1)	$ 762.3	$ 961.9	(20.8)

Demand (Volume and Mix) Trends

Declines in volume and changes in the mix of product sales had a negative effect of 36.2 percent and 21.4 percent on year-over-year sales during the three and six-month periods ended June 30, 2020, respectively. Volumes declined from the deferral of many elective surgical procedures due to COVID-19. Based on current indications, we expect to see sequential improvement to these negative trends through the third and fourth quarters, but possibly at a more modest pace than occurred from April to June.

Based upon country dynamics, volume declines varied by region. In Asia Pacific, Japan is our largest market and did not experience as much of an impact from COVID-19 as other countries. Additionally, in China the volume declines started to occur in February, allowing time for better sequential improvement in the second quarter. In the Americas, we saw stronger than expected recovery in May and June. In the U.S., we are seeing second waves of steep infection growth. However, we clearly see that healthcare systems, in general, are better equipped to address the pandemic such that we are not seeing an erosion of elective procedures at the same levels as observed in April. In EMEA, the return to elective surgical procedures was slower than other regions, but continued to improve throughout the quarter in our major markets.

Pricing Trends

Global selling prices had a negative effect of 1.8 percent and 2.1 percent on year-over-year sales during the three and six-month periods ended June 30, 2020, respectively. The majority of countries in which we operate continue to experience pricing pressure from governmental healthcare cost containment efforts and from local hospitals and health systems.

Foreign Currency Exchange Rates

For the three and six-month periods ended June 30, 2020, changes in foreign currency exchange rates had a negative effect of 0.3 percent and 0.6 percent on year-over-year sales, respectively. If foreign currency exchange rates remain at levels consistent with recent rates, we estimate there will be a negative impact of less than 1 percent on full-year 2020 sales.

Expenses as a Percentage of Net Sales

	Three Months Ended June 30,		% Inc / (Dec)	Six Months Ended June 30,		% Inc / (Dec)
	2020	2019		2020	2019	
Cost of products sold, excluding intangible asset amortization	34.6 %	29.2 %	5.4 %	30.3 %	28.6 %	1.7 %
Intangible asset amortization	12.0	7.4	4.6	9.8	7.3	2.5
Research and development	7.2	5.6	1.6	6.2	5.4	0.8
Selling, general and administrative	54.2	42.2	12.0	49.6	41.3	8.3
Goodwill and intangible asset impairment	2.7	3.5	(0.8)	21.4	1.8	19.6
Restructuring and other cost reduction initiatives	2.3	0.3	2.0	2.4	0.3	2.1
Quality remediation	0.8	1.1	(0.3)	0.9	1.1	(0.2)
Acquisition, integration and related	0.2	0.3	(0.1)	0.2	0.3	(0.1)
Operating (loss) profit	(14.0)	10.3	(24.3)	(20.9)	14.0	(34.9)

The increase in cost of products sold as a percentage of net sales for the three and six-month periods ended June 30, 2020 compared to the same prior year periods was primarily due to temporarily suspended or limited production at certain manufacturing facilities resulting in us immediately expensing $67.6 million that related to certain fixed overhead costs and hourly production worker labor expenses that are included in the cost of inventory when these facilities are operating at normal capacity. Additionally, excess and obsolete charges as a percentage of net sales increased as these charges did not decline ratably with the significant decline in our net sales. These unfavorable items were partially offset by a charge of $20.8 million incurred in the three and six-month periods ended June 30, 2019 to terminate a long-term raw material supply agreement. Additionally, hedge gains on our hedging program were higher in the 2020 periods than in the same prior year periods.

Intangible asset amortization expense increased minimally in the three and six-month periods ended June 30, 2020 compared to the same prior year periods due to additional amortization from the agreement to buy out certain licensing arrangements we entered into on April 1, 2019 and other small acquisitions made in 2019.

Research and development ("R&D") expenses decreased, but R&D expenses as a percentage of net sales increased, in the three and six-month periods ended June 30, 2020 compared to the same prior year periods. The decrease in expenses was primarily due to savings as a result of the 2019 Restructuring Plan and lower spending on travel and certain project costs due to COVID-19. R&D expenses as a percentage of net sales increased due to the lower sales from the impact of COVID-19.

Selling, general and administrative ("SG&A") expenses decreased in the three and six-month periods ended June 30, 2020 compared to the same prior year periods primarily due to lower variable selling expenses from the significant decline in our net sales, as well as specific cost reductions taken due to COVID-19 and the continued early impact of the 2019 Restructuring Plan. In the six-month period ended June 30, 2020 these lower variable selling expenses were partially offset by higher litigation-related charges of $81.1 million compared to net litigation gains of $18.3 million in the same prior year period. Since SG&A expenses include many fixed expenses, the decline in sales due to COVID-19 resulted in an increase in SG&A expenses as a percentage of net sales in the 2020 periods.

In the three and six-month periods ended June 30, 2020, we recognized goodwill and intangible asset impairment charges of $33.0 million and $645.0 million, respectively, including charges of $470.0 million and $142.0 million related to our EMEA and Dental reporting units, respectively, in the first quarter of 2020. In the three and six-month periods ended June 30, 2019, we recognized intangible asset impairment charges of $70.1 million. For more information regarding these charges, see Note 7 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

In December 2019, our Board of Directors approved, and we initiated, the 2019 Restructuring Plan with an overall objective of reducing costs to allow us to invest in higher priority growth opportunities. We recognized expenses of $28.0 million and $73.0 million in the three and six-month periods ended June 30, 2020, respectively, attributable to restructuring and other cost reduction initiatives, primarily related to employee termination benefits, distributor contract terminations, consulting and project management expenses associated with the 2019 Restructuring Plan. For more information regarding these charges, see Note 4 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

Our quality remediation expenses declined in the three and six-month periods ended June 30, 2020 compared to the same prior year periods, due to the natural regression of completing our remediation milestones. Acquisition, integration and related expenses declined in the three and six -month periods ended June 30, 2020 compared to the same prior year periods, mainly due to the completion of certain integration efforts.

Other Income (Expense), Net, Interest Expense, Net, and Income Taxes

In the three and six-month periods ended June 30, 2020 and 2019, the increase in other income (expense), net, was primarily related to certain components of pension expense and changes to the fair value of our equity investments.

Interest expense, net, decreased in the three and six-month periods ended June 30, 2020, compared to the same prior year periods, due to lower average outstanding debt balances during the 2020 periods resulting from debt repayments throughout 2019 and Euro notes that were issued in the fourth quarter of 2019 that were used to refinance debt with higher interest rates.

In the three and six-month periods ended June 30, 2020, our effective tax rate ("ETR") was 6.2 percent and 1.2 percent, respectively, compared to 6.0 percent and 12.5 percent in the three and six-month periods ended June 30, 2019, respectively. Our ETR in the 2020 and 2019 periods was below the typical statutory tax rate for various reasons. The 6.2 percent ETR in the three-month period ended June 30, 2020 was the result of the mix of some of our jurisdictions recognizing earnings while others had losses. The 1.2 percent ETR in the six-month period ended June 30, 2020 was primarily due to the $612.0 million goodwill impairment charge, which resulted in a loss before taxes, but has no corresponding tax benefit, as well as the mix of earnings and losses among our jurisdictions. The 6.0 percent ETR in the three-month period ended June 30, 2019 was primarily due to the favorable resolution of certain tax audits. The 12.5 percent ETR in the six-month period ended June 30, 2019 was primarily due to the favorable resolution of certain tax audits as well as a release of uncertain tax positions due to emerging foreign tax guidance in the first quarter. Absent discrete tax events, we expect our future ETR will be lower than the U.S. corporate income tax rate of 21.0 percent due to our mix of earnings between U.S. and foreign locations, which have lower corporate income tax rates. Our ETR in future periods could also potentially be impacted by: changes in our mix of pre-tax earnings; changes in tax rates, tax laws or their interpretation, including the European Union rules on state aid; the outcome of various federal, state and foreign audits; and the expiration of certain statutes of limitations. Currently, we cannot reasonably estimate the impact of these items on our financial results.

Segment Operating Profit

	Net Sales		Operating Profit		Operating Profit as a Percentage of Net Sales	
	Three Months Ended June 30,		Three Months Ended June 30,		Three Months Ended June 30,	
(dollars in millions)	2020	2019	2020	2019	2020	2019
Americas and Global Businesses	$ 757.5	$ 1,255.1	$ 83.0	$ 427.2	11.0 %	34.0 %
EMEA	204.1	405.8	20.0	117.5	9.8	29.0
Asia Pacific	264.5	327.7	78.4	118.0	29.6	36.0

	Net Sales		Operating Profit		Operating Profit as a Percentage of Net Sales	
	Six Months Ended June 30,		Six Months Ended June 30,		Six Months Ended June 30,	
(dollars in millions)	2020	2019	2020	2019	2020	2019
Americas and Global Businesses	$ 1,894.1	$ 2,490.7	$ 451.8	$ 817.2	23.9 %	32.8 %
EMEA	575.4	834.7	128.8	256.7	22.4	30.8
Asia Pacific	540.4	638.7	171.0	231.5	31.6	36.2

Similar to our consolidated results, all of our segments were adversely affected by COVID-19. In each of our segments, operating profit as a percentage of net sales declined in the three and six-month periods ended June 30, 2020 compared to the same prior year periods due to the effect of fixed operating expenses that did not decline proportionally with lower net sales.

Non-GAAP Operating Performance Measures

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, as applicable, certain inventory and manufacturing-related charges including charges to discontinue certain product lines; intangible asset amortization; goodwill and intangible asset impairment; restructuring and other cost reduction initiative expenses; quality remediation expenses; acquisition, integration and related expenses; certain litigation gains and charges; expenses to establish initial compliance with the European Union Medical Device Regulation; other charges; any related effects on our income tax provision associated with these items; tax adjustments relating to the impacts of tax only amortization in Switzerland; other certain tax adjustments; and, with respect to earnings per share information, provide for the effect of dilutive shares assuming net earnings in a period of a reported net loss. We use these non-GAAP financial measures internally to evaluate the performance of the business. Additionally, we believe these non-GAAP measures provide meaningful incremental information to investors to consider when evaluating our performance. We believe these measures offer the ability to make period-to-period comparisons that are not impacted by certain items that can cause dramatic changes in reported income but that do not impact the fundamentals of our operations. The non-GAAP measures enable the evaluation of operating results and trend analysis by allowing a reader to better identify operating trends that may otherwise be masked or distorted by these types of items that are excluded from the non-GAAP measures. In addition, adjusted diluted earnings per share is used as a performance metric in our incentive compensation programs.

The following are reconciliations from our GAAP net (loss) earnings and diluted (loss) 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):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net (Loss) Earnings of Zimmer Biomet Holdings, Inc.	$ (206.6)	$ 133.7	$ (715.1)	$ 379.8
Inventory and manufacturing-related charges(1)	1.4	34.1	2.0	36.1
Intangible asset amortization(2)	147.7	146.9	295.3	290.3
Goodwill and intangible asset impairment(3)	33.0	70.1	645.0	70.1
Restructuring and other cost reduction initiatives(4)	28.0	6.9	73.0	11.6
Quality remediation(5)	9.9	23.4	25.8	43.1
Acquisition, integration and related(6)	2.2	5.1	6.6	11.1
Litigation(7)	1.3	7.0	81.1	5.2
Litigation settlement gain(8)	-	-	-	(23.5)
European Union Medical Device Regulation(9)	6.1	5.1	17.1	6.7
Other charges(10)	7.3	41.3	13.9	63.4
Taxes on above items(11)	(23.5)	(69.8)	(93.7)	(100.6)
Tax adjustments relating to the impacts of tax only amortization in Switzerland(12)	(0.7)	-	16.2	-
Other certain tax adjustments(13)	4.1	(6.1)	(3.1)	(11.4)
Adjusted Net Earnings	$ 10.2	$ 397.7	$ 364.1	$ 781.9

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Diluted (Loss) Earnings Per Share	$ (1.00)	$ 0.65	$ (3.46)	$ 1.84
Inventory and manufacturing-related charges(1)	0.01	0.17	0.01	0.18
Intangible asset amortization(2)	0.71	0.71	1.43	1.41
Goodwill and intangible asset impairment(3)	0.16	0.34	3.12	0.34
Restructuring and other cost reduction initiatives(4)	0.14	0.03	0.35	0.06
Quality remediation(5)	0.05	0.11	0.12	0.21
Acquisition, integration and related(6)	0.01	0.02	0.03	0.05
Litigation(7)	0.01	0.03	0.39	0.03
Litigation settlement gain(8)	-	-	-	(0.11)
European Union Medical Device Regulation(9)	0.03	0.02	0.08	0.03
Other charges(10)	0.04	0.21	0.07	0.31
Taxes on above items(11)	(0.13)	(0.34)	(0.44)	(0.50)
Tax adjustments relating to the impacts of tax only amortization in Switzerland(12)	-	-	0.08	-
Other certain tax adjustments(13)	0.02	(0.02)	(0.02)	(0.05)
Effect of dilutive shares assuming net earnings(14)	-	-	(0.01)	-
Adjusted Diluted Earnings Per Share	$ 0.05	$ 1.93	$ 1.75	$ 3.80

(1) Inventory and manufacturing-related charges include excess and obsolete inventory charges on certain product lines we intend to discontinue and other inventory and manufacturing-related charges. In the 2019 periods, inventory and manufacturing-related charges also include a $20.8 million charge incurred to terminate a raw material supply agreement.

(2) We exclude intangible asset amortization from our non-GAAP financial measures because we internally assess our performance against our peers without this amortization. Due to various levels of acquisitions among our peers, intangible asset amortization can vary significantly from company to company.

(3) In the first quarter of 2020, we recognized goodwill impairment charges of $470.0 million and $142.0 million related to our EMEA and Dental reporting units, respectively. In the second quarters of 2020 and 2019, we recognized $33.0 million and $70.1 million, respectively, of in-process research and development ("IPR&D") intangible asset impairments on certain IPR&D projects.

(4) In December 2019, our Board of Directors approved, and we initiated, a new global restructuring program that includes a reorganization of key businesses and an overall effort to reduce costs in order to accelerate decision-making and focus the organization on priorities to drive growth. Restructuring and other cost reduction initiatives also include other cost reduction initiatives that have the goal of reducing costs across the organization.

(5) We are addressing inspectional observations on Form 483 and a Warning Letter issued by the U.S. Food and Drug Administration ("FDA") following its previous inspections of our Warsaw North Campus facility, among other matters. This quality remediation has required us to devote significant financial resources and is for a discrete period of time. The majority of the expenses are related to consultants who are helping us to update previous documents and redesign certain processes.

(6) The acquisition, integration and related gains and expenses we have excluded from our non-GAAP financial measures resulted from various acquisitions.

(7) We are involved in routine patent litigation, product liability litigation, commercial litigation and other various litigation matters. We review litigation matters from both a qualitative and quantitative perspective to determine if excluding the losses or gains will provide our investors with useful incremental information. Litigation matters can vary in their characteristics, frequency and significance to our operating results. The litigation charges and gains excluded from our non-GAAP financial measures in the periods presented relate to product liability matters where we have received numerous claims on specific products, patent litigation and commercial litigation related to a common matter in multiple jurisdictions. In regards to the product liability matters, due to the complexities involved and claims filed in multiple districts, the expenses associated with these matters are significant to our operating results. Once the litigation matter has been excluded from our non-GAAP financial measures in a particular period, any additional expenses or gains from changes in estimates are also excluded, even if they are not significant, to ensure consistency in our non-GAAP financial measures from period-to-period.

(8) In the first quarter of 2019, we settled a patent infringement lawsuit out of court, and the other party agreed to pay us an upfront, lump-sum amount for a non-exclusive license to the patent.

(9) The European Union Medical Device Regulation imposes significant additional premarket and postmarket requirements. The new regulations provide a transition period until May 2021 for currently-approved medical devices to meet the additional requirements. For certain devices, this transition period can be extended until May 2024. We are excluding from our non-GAAP financial measures the incremental costs incurred to establish initial compliance with the regulations related to our currently-approved medical devices. The incremental costs primarily include third-party consulting necessary to supplement our internal resources.

(10) We have incurred other various expenses from specific events or projects that we consider highly variable or that have a significant impact to our operating results that we have excluded from our non-GAAP measures. These include costs related to legal entity, distribution and manufacturing optimization, including contract terminations, as well as our costs of complying with our Deferred Prosecution Agreement ("DPA") with the U.S. government related to certain Foreign Corrupt Practices Act matters involving Biomet and certain of its subsidiaries. Under the DPA, which has a three-year term, we are subject to oversight by an independent compliance monitor, which monitorship commenced in August 2017. The excluded costs include the fees paid to the independent compliance monitor and to external legal counsel assisting in the matter.

(11) Represents the tax effects on the previously specified items. The tax effect for the U.S. jurisdiction is calculated based on an effective rate considering federal and state taxes, as well as permanent items. For jurisdictions outside the U.S., the tax effect is calculated based upon the statutory rates where the items were incurred.

(12) Represents tax adjustments relating to the impacts of tax only amortization resulting from Swiss Tax Reform as well as certain restructuring transactions in Switzerland.

(13) Other certain tax adjustments relate to various discrete tax period adjustments.

(14) Diluted share count used in Adjusted Diluted EPS:

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Diluted shares	206.8	206.6
Dilutive shares assuming net earnings	1.0	1.4
Adjusted diluted shares	207.8	208.0

Liquidity and Capital Resources

The COVID-19 pandemic has had, and will continue to have a significant, adverse effect on our liquidity and capital resource needs, primarily driven by the reduction in sales due to elective surgical procedure deferrals. We have taken prudent measures in an effort to maintain an adequate financial profile to have access to capital to fund the business during these unprecedented times, including reductions to discretionary spending such as travel, meetings and other project spend that can be delayed with limited long-term detriment to the business. However, we continued to incur fixed expenses that resulted in negative operating cash flows of $52.8 million in the three-month period ended June 30, 2020.

As of June 30, 2020, we had $713.4 million in cash and cash equivalents. In addition, we have $1.0 billion available to borrow under our 2020 Credit Agreement that contains the 2020 Revolving Facility and matures on December 31, 2020, and $1.5 billion available under our 2019 Multicurrency Revolving Facility that will mature on November 1, 2024. The terms of the 2019 Multicurrency Revolving Facility and the 2020 Revolving Facility (collectively, the "Revolving Facilities") are described further below and in Note 9 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

Based on the actions described above, we believe that cash flows from operations, our cash and cash equivalents on hand, and available borrowings under our Revolving Facilities will be sufficient to meet our ongoing liquidity requirements for at least the next twelve months. At this time, we do not anticipate needing to borrow against our Revolving Facilities to fund our operations. However, due to the significant uncertainties of the COVID-19 pandemic, it is possible our needs may change. There can be no assurance that, if needed, we will be able to secure additional financing if recovery from the COVID-19 pandemic slows and has a sustained impact on our overall business and liquidity.

Sources of Liquidity

Cash flows provided by operating activities were $398.1 million in the six-month period ended June 30, 2020, compared to $584.6 million in the same prior year period. The decline in cash flow from operating activities was primarily the result of COVID-19 reducing our cash inflows due to lower net sales while we continued to pay many fixed operating costs. However, we did take advantage of the CARES Act and deferred certain tax payments which we expect to mostly pay in the third quarter of 2020. The 2019 period included a payment of approximately $168 million on a patent infringement lawsuit.

Cash flows used in investing activities were $206.5 million in the six-month period ended June 30, 2020, compared to $427.7 million in the same prior year period. Instrument and property, plant and equipment additions reflected ongoing investments in our product portfolio and optimization of our manufacturing and logistics network. In order to preserve cash, we are prioritizing necessary investments which are reflected in the lower investments in property, plant and equipment of $59.2 million in the 2020 period when compared to $96.7 million in the 2019 period. In the 2019 period, we paid $197.6 million to buy out certain licensing arrangements from third parties.

Cash flows used in financing activities were $92.9 million in the six-month period ended June 30, 2020, compared to $298.8 million in the same prior year period. In the 2020 period, we issued senior notes and received $1,497.1 million in proceeds, which were used to pay our $1,500.0 million senior notes at maturity on April 1, 2020. In the 2019 period, we had $225.0 million in net repayments of term loans.

At June 30, 2020, our outstanding debt consisted of senior notes and term loans as follows (principal shown in U.S. Dollars in millions):

Type	Principal	Currency	Interest Rate	Maturity Date
Notes	450.0	U.S. Dollar	Floating	March 19, 2021
Notes	300.0	U.S. Dollar	3.375	November 30, 2021
Notes	750.0	U.S. Dollar	3.150	April 1, 2022
Term	108.6	Japanese Yen	0.635	September 27, 2022
Term	197.8	Japanese Yen	0.635	September 27, 2022
Notes	561.6	Euro	1.414	December 13, 2022
Notes	300.0	U.S. Dollar	3.700	March 19, 2023
Notes	2,000.0	U.S. Dollar	3.550	April 1, 2025
Notes	600.0	U.S. Dollar	3.050	January 15, 2026
Notes	561.6	Euro	2.425	December 13, 2026
Notes	561.6	Euro	1.164	November 15, 2027
Notes	900.0	U.S. Dollar	3.550	March 20, 2030
Notes	253.4	U.S. Dollar	4.250	August 15, 2035
Notes	317.8	U.S. Dollar	5.750	November 30, 2039
Notes	395.4	U.S. Dollar	4.450	August 15, 2045

The 2019 Multicurrency Revolving Facility will mature on November 1, 2024. There were no outstanding borrowings under the 2019 Multicurrency Revolving Facility as of June 30, 2020, nor have we borrowed against it subsequent to then. Due to the current and expected future adverse effects of COVID-19 on our operating results, on April 23, 2020 we entered into an amendment to the 2019 Credit Agreement to temporarily increase the maximum permitted Consolidated Leverage Ratio, temporarily increase the interest rate margin applicable to revolving loans and the facility fee, and make other administrative changes. We are currently in compliance with our covenants under the 2019 Multicurrency Revolving Facility. If we violate any covenants in the future, it is possible the lenders may terminate their commitments and require us to repay any outstanding borrowings immediately.

On April 23, 2020, we entered into the 2020 Credit Agreement, which contains the 2020 Revolving Facility, an unsecured revolving credit facility of $1.0 billion. The 2020 Credit Agreement matures on December 31, 2020. As of the date of this filing, we do not expect to borrow under the 2020 Credit Agreement; however, it will provide additional financial flexibility for our cash flow needs if elective surgical procedures are deferred longer than we anticipate.

For additional information on our debt, see Note 9 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

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 June 30, 2020, $216.3 million of our cash and cash equivalents were held in jurisdictions outside of the U.S. Of this amount, $64.2 million 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. We intend to repatriate at least $5.1 billion of unremitted earnings in future years.

Our concentrations of credit risks with respect to trade accounts receivable are 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 dealers who operate in international markets and, accordingly, are exposed to their respective business, economic and country-specific variables. We have continued to collect on outstanding receivables despite the measures hospitals have put in place to address COVID-19. However, we are closely monitoring the financial stability of our customers and the country-specific risks, including those customers in markets with hospitals sponsored by the government.

In February and May 2020, our Board of Directors declared a quarterly cash dividend of $0.24 per share. We have paid cash dividends on a quarterly basis for more than five years; however, future dividends are subject to approval of the Board of Directors and may be adjusted as business needs or market conditions change. Due to the decline in our cash flows as a result of the COVID-19 pandemic, our Board of Directors will continue to assess our cash requirements and determine if our quarterly dividends will be impacted in the future .

In February 2016, our Board of Directors authorized a new $1.0 billion share repurchase program effective March 1, 2016, with no expiration date. The previous program expired on February 29, 2016. As of June 30, 2020, all $1.0 billion remained authorized.

As discussed in Note 4 to our interim condensed consolidated financial statements in Part I, Item 1 of this report, in December 2019, our Board of Directors approved, and we initiated, the 2019 Restructuring Plan with an objective of reducing costs to allow us to further invest in higher priority growth opportunities. The 2019 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately $350 million to $400 million, with approximately $145 million of that total expected to be incurred by the end of 2020. We expect to reduce gross annual pre-tax operating expenses by approximately $200 million to $300 million by the end of 2023 as program benefits under the 2019 Restructuring Plan are realized.

As discussed in Note 13 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report, the IRS has issued proposed adjustments for years 2005 through 2012, as well as a draft NOPA for years 2013 through 2015, reallocating profits between certain of our U.S. and foreign subsidiaries. We have disputed these proposed adjustments and intend to continue to vigorously defend our positions. 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 16 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report, we are involved in various litigation matters with respect to which we expect to continue paying settlements over the next few years.

Recent Accounting Pronouncements

Information pertaining to recent accounting pronouncements can be found in Note 2 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report.

Critical Accounting Estimates

Our financial results are affected by the selection and application of accounting policies and methods. There were no changes in the three and six-month periods ended June 30, 2020 to the application of critical accounting policies as described in our Annual Report on Form 10-K for the year ended December 31, 2019.

Cautionary Note Regarding Forward-Looking Statements and Factors That May Affect Future Results

This quarterly report contains certain statements that are forward-looking statements within the meaning of federal securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. When used in this report, the words "may," "will," "can," "should," "would," "could," "anticipate," "expect," "plan," "seek," "believe," "are confident that," "predict," "estimate," "potential," "project," "target," "forecast," "intend," "strategy," "future," "opportunity," "assume," "guide," "position," "continue" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on current beliefs, expectations and assumptions that are subject to significant risks, uncertainties and changes in circumstances that could cause actual results to differ materially from such forward-looking statements. These risks, uncertainties and changes in circumstances include, but are not limited to:

- the effects of the COVID-19 global pandemic and other adverse public health developments on the global economy, our business and operations and the business and operations of our suppliers and customers, including the deferral of elective surgical procedures and our ability to collect accounts receivable;
- the risks and uncertainties related to our ability to successfully execute our restructuring plans;
- the success of our quality and operational excellence initiatives, including ongoing quality remediation efforts at our Warsaw North Campus facility;
- the ability to remediate matters identified in inspectional observations or warning letters issued by U.S. Food and Drug Administration (FDA), while continuing to satisfy the demand for our products;
- compliance with the Deferred Prosecution Agreement entered into in January 2017;
- the impact of substantial indebtedness on our ability to service our debt obligations and/or refinance amounts outstanding under our debt obligations at maturity on terms favorable to us, or at all;
- the ability to retain the independent agents and distributors who market our products;
- dependence on a limited number of suppliers for key raw materials and outsourced activities;
- the possibility that the anticipated synergies and other benefits from mergers and acquisitions will not be realized, or will not be realized within the expected time periods;
- the risks and uncertainties related to our ability to successfully integrate the operations, products, employees and distributors of acquired companies;
- the effect of the potential disruption of management's attention from ongoing business operations due to integration matters related to mergers and acquisitions;
- the effect of mergers and acquisitions on our relationships with customers, suppliers and lenders and on our operating results and businesses generally;
- challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses, including regulations of the FDA and foreign government regulators, such as more stringent requirements for regulatory clearance of products;
- the outcome of government investigations;
- competition;
- pricing pressures;
- changes in customer demand for our products and services caused by demographic changes or other factors;
- the impact of healthcare reform measures;
- reductions in reimbursement levels by third-party payors and cost containment efforts of healthcare purchasing organizations;

- dependence on new product development, technological advances and innovation;
- shifts in the product category or regional sales mix of our products and services;
- supply and prices of raw materials and products;
- control of costs and expenses;
- the ability to obtain and maintain adequate intellectual property protection;
- breaches or failures of our information technology systems or products, including by cyber-attack, unauthorized access or theft;
- the ability to form and implement alliances;
- changes in tax obligations arising from tax reform measures, including European Union rules on state aid, or examinations by tax authorities;
- product liability, intellectual property and commercial litigation losses;
- changes in general industry and market conditions, including domestic and international growth rates;
- changes in general domestic and international economic conditions, including interest rate and currency exchange rate fluctuations; and
- the impact of the ongoing financial and political uncertainty on countries in the Euro zone on the ability to collect accounts receivable in affected countries.

Our Annual Report on Form 10-K for the year ended December 31, 2019, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 and this report contain detailed discussions of these and other important factors under the heading "Risk Factors." You should understand that it is not possible to predict or identify all factors that could cause actual results to differ materially from forward-looking statements. Consequently, you should not consider any list or discussion of such factors to be a complete set of all potential risks or uncertainties.

Forward-looking statements speak only as of the date they are made and we expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Readers of this report are cautioned not to rely on these forward-looking statements since there can be no assurance that these forward-looking statements will prove to be accurate. This cautionary statement is applicable to all forward-looking statements contained in this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes from the information provided in our Annual Report on Form 10-K for the year ended December 31, 2019.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("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 SEC'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 our disclosure controls and procedures as of the end of the period covered by this report. 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 were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We are closely monitoring the effects the COVID-19 pandemic may have on our internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

Information pertaining to legal proceedings can be found in Note 16 to our interim condensed consolidated financial statements included in Part I, Item 1 of this report and is incorporated herein by reference.

Item 1A. Risk Factors

You should carefully consider the factors discussed in Part I, Item 1A "*Risk Factors"* of our Annual Report on Form 10-K for the year ended December 31, 2019 ("2019 Form 10-K"), as updated in Part II, Item1A "*Risk Factors"* of our Quarterly Report on Form 10-Q for the three months ended March 31, 2020 ("First Quarter 2020 Form 10-Q"), which could materially affect our business, financial condition and results of operations. The risks described in our 2019 Form 10-K and First Quarter 2020 Form 10-Q are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations. In addition, the COVID-19 pandemic could exacerbate or trigger other risks discussed in our 2019 Form 10-K and First Quarter 2020 Form 10-Q, any of which could materially affect our business, financial condition and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

During the three-month period ended June 30, 2020, 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. This disclosure is made pursuant to Section 10A(i)(2) of the Exchange Act, as added by Section 202 of the Sarbanes-Oxley Act of 2002.

Item 6. Exhibits

The following exhibits are filed or furnished as part of this report:

3.1	Restated Certificate of Incorporation of Zimmer Biomet Holdings, Inc., dated June 24, 2015 (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed June 26, 2015)
3.2	Restated By-Laws of Zimmer Biomet Holdings, Inc., effective October 11, 2019 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed October 11, 2019)
10.1	Credit Agreement, dated as of April 23, 2020, among Zimmer Biomet Holdings, Inc., Bank of America, N.A., as Administrative Agent, and the lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed April 29, 2020)
10.2	First Amendment, dated as of April 23, 2020, to the Credit Agreement dated as of November 1, 2019, among Zimmer Biomet Holdings, Inc., Zimmer Biomet G.K., Zimmer Luxembourg II S.À.R.L., the other 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 from time to time party thereto (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed April 29, 2020)
10.3	Second Amendment, dated as of April 28, 2020, to the Term Loan Agreement JP¥21,300,000,000 dated as of September 22, 2017, between Zimmer Biomet G.K. and Sumitomo Mitsui Banking Corporation (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed April 29, 2020)
10.4	Third Amendment, dated as of April 28, 2020, to the Amended and Restated Term Loan Agreement JP¥11,700,000,000 dated as of September 22, 2017, between Zimmer Biomet G.K. and Sumitomo Mitsui Banking (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed April 29, 2020)
10.5*	Confidentiality, Non-Competition and Non-Solicitation Agreement with Sang Yi dated June 15, 2020
10.6*	Change in Control Severance Agreement with Sang Yi dated June 15, 2020
10.7*	Letter of Appointment by and between Zimmer Asia (HK) Limited and Sang Yi dated June 15, 2020
10.8*	Amendment to Zimmer Biomet Holdings, Inc. Executive Performance Incentive Plan, Effective May 7, 2020 (incorporated by reference to Exhibit 10.7 to the Registrant's Quarterly Report on Form 10-Q filed May 11, 2020)
21	List of Subsidiaries of Zimmer Biomet Holdings, Inc.
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	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements 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 BIOMET HOLDINGS, INC.
(Registrant)

Date: August 4, 2020

By: /s/ Suketu Upadhyay
Suketu Upadhyay
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 4, 2020

By: /s/ Carrie Nichol
Carrie Nichol
Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.5

CORPORATE EXECUTIVE CONFIDENTIALITY, NON-COMPETITION AND NON-SOLICITATION AGREEMENT

This Corporate Executive Confidentiality, Non-Competition and Non-Solicitation Agreement ("Agreement") is made by and between Zimmer Asia (HK) Limited ("Company"), Zimmer, Inc., Zimmer Biomet Holdings, Inc., and Yi Sang-Uk ("Employee") (hereinafter collectively referred to as the "Parties" and each a "Party").

Recitals

A. This Agreement is being entered into in connection with Employee's desired change of residence from Singapore to Hong Kong and the resulting transfer of his employment from Zimmer Pte. Ltd. (based in Singapore) to the Company (based in Hong Kong) and will replace the existing Corporate Executive Confidentiality, Non-Competition and Non-Solicitation Agreement dated as of August 18, 2015 by and between Zimmer Pte. Ltd., Zimmer, Inc., Zimmer Biomet Holdings, Inc. and Employee (the "Existing Agreement").

B. The terms of this Agreement are consistent in all material respects with the terms of the Existing Agreement, with differences between this Agreement and the Existing Agreement deemed necessary or appropriate to ensure this Agreement is enforceable under the laws of Hong Kong Special Administrative Region.

C. For the purposes of this Agreement, the terms "Associated Company" and "Zimmer Biomet" mean any direct or indirect holding company of the Company, any subsidiary of such holding company, any subsidiary of Zimmer Biomet Holdings, Inc. or Zimmer, Inc. and any company in which the Company, Zimmer Biomet Holdings, Inc. or Zimmer, Inc. holds or controls, directly or indirectly, not less than 20% of the issued share capital, including but not limited to Zimmer, Inc., Zimmer Biomet Holdings, Inc., Zimmer Pte. Ltd., Zimmer Biomet G.K., Zimmer (Shanghai) Medical International Trading Co., Ltd., Zimmer Australia Holding Pty Limited, Zimmer Biomet New Zealand Company, Zimmer Biomet Korea Ltd., Zimmer Biomet Taiwan Co., Ltd., Zimmer India Private Ltd., and/or any or each of affiliates, parents, or direct or indirect subsidiaries of any of the foregoing, as well as any successor-in-interest to any of the foregoing and/or to any of their direct or indirect subsidiaries, affiliates, or parents. Company and Associated Company shall include the successors in title and assigns of the Company and any Associated Company. The term "company", "holding company" and "subsidiary" in this Agreement shall have the same meaning as in the Companies Ordinance.

D. Employee has been employed by Zimmer Pte. Ltd. for more than five years in an Asia Pacific ("APAC") executive and/or high-level managerial capacity based in Singapore in which Employee has extensive access to trade secrets and confidential information of Zimmer Pte. Ltd. and Zimmer Biomet.

E. Employee desires to change his residence from Singapore to Hong Kong and, in connection therewith, has requested a transfer of his employment as President, APAC (which position is an executive and/or high-level managerial capacity) from Zimmer Pte. Ltd. (based in Singapore) to Company (based in Hong Kong), where Employee will have extensive access to trade secrets and confidential information of the Company and Zimmer Biomet.

F. Zimmer Biomet and Company are willing to agree to the requested transfer of employment and Company has offered Employee employment contingent upon Employee's entering into this Agreement.

Agreement

NOW, THEREFORE, in consideration of the foregoing recitals and Company's agreement to employ Employee in an executive and/or high-level managerial capacity, the promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to be legally bound as follows:

1. **Acknowledgements**. Employee acknowledges that Zimmer Biomet is engaged in the highly competitive business of the development, manufacture, distribution, and sale of orthopedic medical, oral rehabilitation, spine and/or trauma devices, products, processes and services, among other products and services, and that Employee serves in an APAC executive and/or high-level managerial capacity for Company and Zimmer Biomet and in that capacity Employee has and/or will have access to and will gain knowledge of substantial trade secrets and confidential information of Zimmer Biomet.

2. **Non-Disclosure and Ownership of Confidential Information**. Employee acknowledges that Confidential Information is a valuable, special, and unique asset of Zimmer Biomet, and solely the property of Zimmer Biomet, and agrees to the following:

a. Confidential Information Defined. The term "Confidential Information" includes, but is not limited to, any and all of Zimmer Biomet's trade secrets, confidential and proprietary information and all other information and data of Zimmer Biomet that is not generally known to the public or other third parties who could derive economic value from its use or disclosure. Confidential Information includes, without limitation, confidential business methods and processes, research and development information, business plans and strategies, marketing plans and strategies, information pertaining to current and prospective customers, information pertaining to distributors, pricing information, costing information, non-public financial information, personnel information, and information about current and prospective products or services, whether or not reduced to writing or other tangible medium of expression, including work product created by Employee in rendering services for Zimmer Biomet.

b. Non-Disclosure of Confidential Information. During Employee's employment with Company and thereafter, Employee will not disclose, transfer, or use (or seek to induce others to disclose, transfer, or use) any Confidential Information for any purpose other than i) disclosure to authorized employees and agents of Zimmer Biomet who are bound to maintain the confidentiality of the Confidential Information; and/or ii) for authorized purposes during the course of Employee's employment in furtherance of Zimmer Biomet's business. Employee's non-disclosure obligations shall continue as long as the Confidential Information remains confidential and shall not apply to information that becomes generally known to the public through no fault or action of Employee.

c. Protection of Confidential Information. Employee will notify Company in writing of any circumstances which may constitute unauthorized disclosure, transfer, or use of Confidential Information. Employee will use Employee's best efforts to protect Confidential Information from unauthorized disclosure, transfer, or use. Employee will implement and abide by all procedures adopted by Zimmer Biomet to prevent unauthorized disclosure, transfer, or use of Confidential Information.

3. **Ownership of Intellectual Property.**

a. Invention Defined. The term "Invention" includes, but is not limited to ideas, programs, processes, systems, intellectual property, works of authorship, copyrightable materials, discoveries, and/or improvements which Employee discovers, invents, originates, develops, makes,

authors, or conceives alone or in conjunction with others during Employee's employment with Company and/or within six (6) months after Employee's employment ends which relate to Zimmer Biomet's present or future business. An Invention is covered by this Agreement regardless of whether i) Employee conceived of the Invention in the scope of Employee's employment; ii) the Invention is patentable; or iii) Zimmer Biomet takes any action to commercialize or develop the Invention.

b. Ownership of Inventions. Inventions are solely the property of Zimmer Biomet or such other Associated Company appointed by Zimmer Biomet. Employee agrees that by operation of law and/or the effect of this Agreement, Employee does not have any rights, title, or interest in any Inventions. Notwithstanding, Employee may, at Zimmer Biomet's discretion, be recognized as the inventor of an Invention without retaining any other rights associated therewith.

c. Disclosure and Assignment of Inventions. Employee hereby assigns to Zimmer Biomet or such other Associated Company appointed by Zimmer Biomet all right, title and interest Employee may have in any Inventions that are discovered, invented, originated, developed, made, authored, or conceived by Employee (whether alone or with others) during Employee's employment with the Company and/or within six (6) months after Employee's employment ends which relate to Zimmer Biomet's present or future business. Employee agrees to: (i) promptly disclose all such Inventions in writing to Zimmer Biomet or such other Associated Company appointed by Zimmer Biomet; (ii) keep complete and accurate records of all such Inventions, which records shall be Zimmer Biomet's or such other Associated Company's property and shall be retained on the relevant Zimmer Biomet premises; and (iii) execute such documents and do such other acts as may be necessary in the opinion of Zimmer Biomet or such other Associated Company appointed by Zimmer Biomet to establish and preserve its property rights in all such Inventions. This section shall not apply to any Invention for which no equipment, supplies, facility or trade secret information of Zimmer Biomet was used and which was developed entirely on Employee's own time, and (1) which does not relate (a) directly to the business of Zimmer Biomet, or (b) to Zimmer Biomet's actual or demonstrably anticipated research or development, and (2) which does not result from any work performed by Employee for Zimmer Biomet.

d. Works of Authorship. All written, graphic or recorded material and all other works of authorship fixed in a tangible medium of expression made or created by Employee, solely or jointly with others, during Employee's employment with Company and relating to Zimmer Biomet's business, actual or contemplated, shall be the exclusive property of Zimmer Biomet (collectively "Works"). All rights, title and interests (including intellectual property rights) in and to the Works shall belong to Zimmer Biomet and Employee hereby assigns and conveys (including by way of present assignment of future rights) to Zimmer Biomet all rights, title and interests (including any copyright and renewals) in the Works.

e. Attribution and Use of Works and Inventions; Waiver of Assertion of "Moral" Rights in Inventions and Works. Employee agrees that Zimmer Biomet and its licensees are not required to designate Employee as author, inventor or developer of any Works or Inventions when distributed or otherwise. Employee hereby waives, and agrees not to assert, any "moral" rights in any Inventions and Works which Employee may have under the Hong Kong Copyright Ordinance or similar legislation in any jurisdiction and any other moral rights to which Employee is or may be entitled to under any legislation now existing or in future enacted in any part of the world. Employee agrees that Zimmer Biomet and its licensees shall have sole discretion with regard to how and for what purposes any Inventions or Works are used or distributed.

f. Employee Cooperation in Establishment of Zimmer Biomet Proprietary Rights. Employee will sign documents of assignment, declarations and other documents and take all other actions reasonably required by Zimmer Biomet, at Zimmer Biomet's expense, to perfect and enforce any of its

proprietary rights or give Zimmer Biomet or its nominee the full benefit of the provisions of this Agreement.

4. **Return of Confidential Information and Company Property**. Immediately upon termination of Employee's employment with Company, Employee shall return to Company all of Zimmer Biomet's property relating to Zimmer Biomet's business, including without limitation all of Zimmer Biomet's property which is in the possession, custody, or control of Employee such as Confidential Information, documents, hard copy files, copies of documents and electronic information/files.

5. **Obligations to Other Entities or Persons**. Employee warrants that Employee is not bound by the terms of a confidentiality agreement or any other legal obligation which would either preclude or limit Employee from disclosing or using any of Employee's ideas, inventions, discoveries or other information or otherwise fulfilling Employee's obligations to Zimmer Biomet. While employed by Company, Employee shall not disclose or use any confidential information belonging to another entity or other person.

6. **Conflict of Interest and Duty of Loyalty**. During Employee's employment with Company, Employee shall not engage, directly or indirectly, in any activity, employment or business venture, whether or not for remuneration, that i) is competitive with Zimmer Biomet's business; ii) deprives or potentially could deprive Zimmer Biomet of any business opportunity; iii) conflicts or potentially could conflict with any of Zimmer Biomet's business interests; or iv) is otherwise detrimental to Zimmer Biomet, including but not limited to preparations to engage in any of the foregoing activities.

7. **Restrictive Covenants**. Employee agrees to, and covenants to comply with, each of the following separate and divisible restrictions which are for the benefit of the Company and Zimmer Biomet:

a. Definitions.

(1) "Competing Product" is defined as any product, process or service that is competitive with any product, process or service that Company or any Associated Company is researching, developing, manufacturing, distributing, selling and/or providing on the Termination Date.

(2) "Competing Entity" is defined as any entity that researches, develops, manufactures, markets, distributes and/or sells one or more Competing Products, including but not limited to Astra Tech Dental (part of AstraZeneca Group); DePuy Orthopaedics, Inc. and DePuy Spine, Inc. (subsidiaries of Johnson & Johnson); Japan Medical Materials Corporation; Japan Medical Dynamic Marketing, Inc.; Medtronic, Inc.; Nobel Biocare Holding AG; NuVasive, Inc.; Smith & Nephew plc; Straumann Holding AG; Stryker Corporation; Synthes, Inc.; and the subsidiaries and affiliates of each of the foregoing. A Competing Entity is diversified if it operates multiple, independently operating business divisions, units, lines or segments some of which do not research, develop, manufacture, market, distribute and/or sell any Competing Products.

(3) "Prohibited Capacity" is defined as (a) any capacity held by Employee at any time during Employee's last twelve (12) months of employment with Company; (b) any executive or managerial capacity; or (c) any capacity in which Employee may be required, or in which it may be advantageous to a person other than the Company for the Employee to use or refer to the Employee's knowledge of Confidential Information and/or Inventions. Employee will only be acting in a "Prohibited Capacity" in respect of research, development,

manufacturing, marketing, distributing and sale of a Competing Product that is competitive with any product, process or service with which the Employee was either personally concerned or supervised individuals who were personally concerned or for which the Employee was responsible whilst employed by the Company at any time during the twelve (12) months immediately preceding the Termination Date.

(4) "Restricted Geographic Area" is defined as:

(a) Hong Kong; and

(b) Australia, China, India, Japan, Korea, Malaysia, New Zealand, Singapore, Taiwan, Thailand and any other country where Company or any Associated Company has, at the relevant time, established a representative office or entity in respect of which the Employee has been responsible (whether alone or jointly with others) or supervised individuals who were responsible (whether alone or jointly with others) or possessed Confidential Information with respect to such country, jurisdiction or special administrative region or carried out substantive duties on behalf of the Company and/or any Associated Company during any part of the 12 months immediately preceding the Termination Date.

Employee acknowledges that this geographic scope is reasonable given Employee's position with Company and/or an Associated Company, the international scope of Company's or any Associated Company's business; and the fact that Employee could compete with Company or any Associated Company from anywhere Company or any Associated Company does business.

(5) "Restricted Period" is defined as the date Employee executes this Agreement throughout the time Employee is employed by Company, and a period of twelve (12) months from the date Employee's employment with Company ceases for any reason, unless otherwise extended by Employee's breach of this Agreement.

(6) "Customer" is defined as any person or entity with respect to whom, as of the Termination Date or at any time during the twelve (12) months prior to such separation, Company or any Associated Company sold or provided any products, processes or services.

(7) "Active Prospect" is defined as any person or entity that Company or any Associated Company individually and specifically marketed to and/or held discussions with regarding the distribution and/or sale of any of Company's or any Associated Company's products, processes or services at any time during the last six (6) months prior to the Termination Date.

(8) "Zimmer Biomet Employee" means any person who was employed in a senior or managerial or executive capacity or as a director by the Company or any Associated Company for at least three (3) months prior to and on the Termination Date, and (a) with whom the Employee has had material contact or dealings in performing Employee's duties of employment or (b) who had material contact with customers or suppliers of the Company or any Associated Company in performing his/her duties of employment with the Company or any Associated Company or (c) who had access to Confidential Information during his/her employment with the Company or Associated Company.

(9) "Termination Date" means the date on which the Employee's employment terminates.

b. Restrictive Covenants. Employee agrees that during the Restricted Period, Employee is bound by each of the following independent and divisible restrictions which are for the benefit of the Company and any Associated Company:

(1) Covenant Not to Compete.

(a) Employee will not, directly or indirectly, within the Restricted Geographic Area, be employed by, work for, consult with, or provide services to, any Competing Entity in a Prohibited Capacity.

(b) Employee may be employed by, work for, consult with, or provide services to, a Competing Entity provided that: i) the Competing Entity's business is diversified; ii) the part of the Competing Entity's business with which Employee will be affiliated would not, evaluated on a stand-alone basis, be a Competing Entity; iii) Employee's affiliation with the Competing Entity does not involve any Competing Products; and iv) Employee provides Company a written description of Employee's anticipated activities on behalf of the Competing Entity which includes, without limitation, an assurance satisfactory to Company that Employee's affiliation with the Competing Entity does not constitute a Prohibited Capacity.

(2) Covenant Not to Solicit Customers or Active Prospects. Employee will not i) provide, sell, or market; ii) assist in the provision, selling or marketing of; or iii) attempt to provide, sell or market any Competing Products to any of Company's or any Associated Company's Customers or Active Prospects located in the Restricted Geographic Area in respect of which Employee had access to confidential information or with whose custom or business Employee was personally concerned in the twelve (12) months prior to the Termination Date.

(3) Covenant Not to Interfere With Business Relationships. During the Restricted Period, the Employee must also not interfere with the relationship which the Company or any Associated Company maintains with a Customer or Active Prospect. Employee will not, within the Restricted Geographic Area, urge, induce or seek to induce any of Company's or any Associated Company's independent contractors, subcontractors, distributors, brokers, consultants, sales representatives, customers, vendors, suppliers or any other person or entity with whom Company or any Associated Company has a business relationship at the time of Employee's separation from his employment with Company to terminate its or their relationship with, or representation of, Company or any Associated Company or to cancel, withdraw, reduce, limit or in any manner modify any such person's or entity's business with, or representation of, Company or any Associated Company, provided that such business relationship is in respect of which Employee had access to confidential information or with whose custom or business Employee was personally concerned.

(4) Covenant Not to Solicit Zimmer Biomet Employees. Employee will not, within the Restricted Geographic Area, employ, solicit for employment, or advise any other person or entity to employ or solicit for employment, any Zimmer Biomet Employee, or otherwise directly or indirectly induce or entice any Zimmer Biomet Employee to leave his/her employment with Company or any Associated Company to work for, consult with, provide services to any Competing Entity.

(5) Covenant Not to Disparage Company or Any Associated Company. Employee will not make or publish any disparaging or derogatory statements about Company or any Associated Company; about Company's or any Associated Company's products, processes, or

services; or about Company's or any Associated Company's past, present and future officers, directors, employees, attorneys and agents. Disparaging or derogatory statements include, but are not limited to, negative statements regarding Company's or any Associated Company's business or other practices; provided, however, nothing herein shall prohibit Employee from providing any information as may be compelled by law or legal process.

8. **Reasonableness of Terms**. Employee acknowledges and agrees that the restrictive covenants contained in this Agreement restrict Employee from engaging in activities for a competitive purpose and are reasonably necessary to protect Company's and Associated Companies' legitimate interests in Confidential Information, Inventions, and goodwill. Additionally, Employee acknowledges and agrees that the restrictive covenants are reasonable in all respects, including, but not limited to, temporal duration, scope of prohibited activities and geographic area. Employee further acknowledges and agrees that the restrictive covenants set forth in this Agreement will not pose any hardship on Employee and that Employee will reasonably be able to earn an equivalent livelihood without violating any provision of this Agreement.

9. **Non-Competition Period Payments**. To the extent Employee is denied a specific employment position that would otherwise be offered to Employee by a Competing Entity solely because of the restrictive covenant provisions of Section 7 of this Agreement, and provided Employee satisfies all conditions stated herein, then upon expiration of the period of time represented by any severance benefits Employee was offered, Zimmer Biomet will make payments to Employee equal to Employee's monthly base pay at the time of Employee's separation from his employment with Company (exclusive of bonus and other extra compensation and any other employee benefits) for each month of such unemployment through the end of the Restricted Period.

a. Verification of Eligibility for Non-Competition Period Payments. To qualify for payments under this Section 9, Employee must provide Company detailed written documentation supporting eligibility for payment, including, at a minimum, (a) the name and location of the Competing Entity that would have employed Employee but for the provisions of Section 7 of this Agreement, (b) the title, nature, and detailed job responsibilities of the employment position with the Competing Entity that Employee was denied, (c) the date Employee was denied the employment position, and (d) the name and contact information of a managerial employee at the Competing Entity who has sufficient authority to confirm that Employee was denied this specific employment position with the Competing Entity solely because Employee is subject to the provisions of Section 7 of this Agreement (the "eligibility documentation"). Upon receipt of the eligibility documentation, Company will determine eligibility for payment and, if eligibility is established, payments will commence as of the date of Company's receipt of the eligibility documentation.

b. Obligation to Pursue Replacement Employment and Verification of Continued Eligibility for Non-Competition Period Payments. Employee is obligated to diligently seek and pursue replacement employment that does not violate Section 7 of this Agreement ("replacement employment") during any period in which Employee seeks and/or accepts payment from Company under this Section 9. After eligibility for non-competition period payments is established, Employee will, on or before the 15th day of each month of eligibility for continued payments, submit to Company a written statement (i) identifying by name and address all prospective employers with whom Employee has applied or inquired about employment; (ii) identifying positions sought with each listed employer and specific actions taken in seeking each position; (iii) describing all other efforts made to obtain replacement employment; and (iv) describing any offers of employment received, including the name of the employer; the nature, title, and compensation terms of the position offered; the actual or anticipated start date if the offer has been accepted; and the reason(s) for declining if the offer was declined.

c. Effect of Replacement Employment on Non-Competition Period Payments. If Employee is denied a specific employment position with a Competing Entity solely because of the restrictive covenant provisions of Section 7 of this Agreement but obtains replacement employment, and the monthly compensation (including base pay, commissions, incentive compensation, bonuses and other compensation) for the replacement employment is less than Employee's monthly base pay at the time of Employee's separation from employment with Company, Company agrees to pay Employee the difference for each such month through the end of the Restricted Period, again upon expiration of any severance benefits which Employee was offered and provided Employee satisfies all conditions stated herein. Employee shall submit to Company payroll records (as well as any other records reasonably requested by Company) showing all compensation received by Employee from the replacement employment as a condition of Company's payment of Non-Competition Period Payments covering any period of time when Employee is working in replacement employment. For the avoidance of doubt, in the event payment is made by Company to Employee under this Section 9(c), Employee's entitlement to payment under Section 9(a) shall cease.

d. Company's Right To Provide Release of Obligations in Lieu of Non-Competition Period Payments. Notwithstanding any of the foregoing provisions of this Section 9, Company reserves the right to release Employee from Employee's obligations under Section 7 of this Agreement at any time during the Restricted Period, in full or in sufficient part to allow Employee to accept employment that would otherwise be prohibited under this Agreement, at which time Company's payment obligations under this Section 9 shall cease immediately and Employee shall not be entitled to any further such payments or compensation.

10. **Severability, Modification of Restrictions**: The covenants and restrictions in this Agreement are separate and divisible, and to the extent any clause, portion or section of this Agreement is determined to be unenforceable or invalid for any reason, Company and Employee acknowledge and agree that such unenforceability or invalidity shall not affect the enforceability or validity of the remainder of the Agreement. If any particular covenant, provision or clause of this Agreement is determined to be unreasonable or unenforceable for any reason, including, without limitation, temporal duration, scope of prohibited activity, and/or scope of geographic area, Company and Employee acknowledge and agree that such covenant, provision or clause shall automatically be deemed reformed to have the closest effect permitted by applicable law to the original form and shall be given effect and enforced as so reformed to whatever extent would be reasonable and enforceable under applicable law. The Parties agree that any court interpreting the provisions of this Agreement shall have the authority, if necessary, to reform any such provision to make it enforceable under applicable law.

11. **Remedies**. Employee acknowledges that a breach or threatened breach by Employee of this Agreement will give rise to irreparable injury to Company, Zimmer Biomet and/or any Associated Company and that money damages will not be adequate relief for such injury. Accordingly, Employee agrees that each of Company, Zimmer Biomet and/or any Associated Company shall be entitled to obtain injunctive relief, including, but not limited to, temporary restraining orders, preliminary injunctions and/or permanent injunctions, without having to post any bond or other security, to restrain or prohibit such breach or threatened breach, in addition to any other legal remedies which may be available. In addition to all other relief to which it shall be entitled, Company shall be entitled to cease all payments to which Employee would otherwise be entitled under Section 9 hereto; continue to enforce this Agreement; recover from Employee all payments made under Section 9 to the extent attributable to a time during which Employee was in violation of the covenants for which payment was made; and recover from Employee all litigation costs and attorneys' fees incurred by Company, Zimmer Biomet and/or any Associated Company in any action or proceeding relating to this Agreement in which Company prevails in any respect, including, but not limited to, any action or proceeding in which Company, Zimmer Biomet

and/or any Associated Company seeks enforcement of this Agreement or seeks relief from Employee's violation of this Agreement.

12. **Survival of Obligations.** Employee acknowledges and agrees that Employee's obligations under this Agreement, including, without limitation, Employee's non-disclosure and non-competition obligations, shall survive the termination of Employee's employment with Company, whether such termination is with or without cause and whether it is voluntary or involuntary. Employee acknowledges and agrees that: (a) Employee's non-disclosure, non-disparagement, non-solicitation and non-competition covenants set forth in Sections 2 and 7 of this Agreement shall be construed as independent covenants and that no breach of any contractual or legal duty by Company, Zimmer Biomet or any Associated Company shall be held sufficient to excuse or terminate Employee's obligations or to preclude Company, Zimmer Biomet and/or any Associated Company from obtaining injunctive relief or other remedies for Employee's violation or threatened violation of such covenants, and (b) the existence of any claim or cause of action by Employee against Company, Zimmer Biomet or any Associated Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the Company's or Zimmer Biomet's enforcement of Employee's obligations under Sections 2 and 7 of this Agreement.

13. **Governing Law**. This Agreement, including any disputes relating to this Agreement, shall be construed and enforced in accordance with the laws of Hong Kong Special Administrative Region and the Parties submit to the non-exclusive jurisdiction of the Hong Kong Courts and Labour Tribunal.

14. **Successors and Assigns**. Company shall have the right to assign this Agreement, and, accordingly, this Agreement shall inure to the benefit of, and may be enforced by, any and all successors and assigns of Company, including without limitation by asset assignment, stock sale, merger, consolidation or other corporate reorganization, and shall be binding on Employee. The services to be provided by Employee to Company are personal to Employee, and Employee shall not have the right to assign Employee's duties under this Agreement.

15. **Modification**. This Agreement may not be amended, supplemented, or modified except by a written document signed by Employee and by a duly authorized officer of each of the Company, Zimmer, Inc. and Zimmer Biomet Holdings, Inc.

16. **No Waiver**. The failure of Company to insist in any one or more instances upon performance of any provision of this Agreement or to pursue its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights.

17. **Counterparts; Electronic Signatures**. This Agreement may be in the form of an electronic record (in "*.pdf*" form or otherwise) and may be executed using electronic signatures, which shall be considered as originals and shall have the same legal effect, validity and enforceability as a paper record. This Agreement may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts shall be one and the same Agreement, as applicable. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by each Party of a manually signed Agreement which has been converted into electronic form (such as scanned into "*.pdf*" format), or an electronically signed Agreement converted into another format, for transmission, delivery and/or retention.

18. **Entire Agreement**. This Agreement, including Recitals, constitutes the entire agreement of the Parties with respect to the subjects specifically addressed herein, and supersedes any prior agreements, understandings, or representations, oral or written, on the subjects addressed herein.

Notwithstanding the foregoing, to the extent the employee has an existing non-competition, confidentiality, and/or non-solicitation agreement in favor of Company and has breached or violated the terms thereof, Company may continue to enforce its rights and remedies under and pursuant to such existing agreement.

19. **Third Party Rights**.

Subject to this Clause, any Associated Company which is not a party to this Agreement may enforce the terms and accordingly shall have the benefit of those provisions in this Agreement which are, or are stated to be, for their benefit in accordance with the provisions of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) ("**Third Parties Ordinance**").

Notwithstanding the Third Parties Ordinance, the Employee will have no right to enforce this Agreement against any party other than a party to this Agreement.

Employee's signature below indicates that Employee has read the entire Agreement, understands what Employee is signing, and is signing the Agreement voluntarily. Employee agrees that Company advised Employee to consult with an attorney prior to signing the Agreement.

EMPLOYEE

/s/ Yi, Sang
(Employee Signature)

Printed Name: Yi Sang-Uk

Date: June 15, 2020

ZIMMER ASIA (HK) LIMITED

By: : /s/ Seah, Benedict
Name:Benedict Seah
Title:Regional VP, Human Resources, APAC
Date:June 15, 2020

ZIMMER, INC.

By: /s/ Pamela S. Puryear
Name:Pamela Puryear
Title:Senior VP, Chief Human Resources Officer
Date:June 15, 2020

ZIMMER BIOMET HOLDINGS, INC.

By: /s/ Pamela S. Puryear
Name:Pamela Puryear
Title:Senior VP, Chief Human Resources Officer

Date:June 15, 2020

Zimmer Asia (HK) Limited
Unit 808-811, Tins Enterprises Centre
777 Lai Chi Kok Road, Kowloon, Hong Kong
Tel : 852-2992 0968 Fax : 852-2992 0982
zimmerbiomet.com

Change in Control Severance Agreement

This Change in Control Severance Agreement ("**Agreement**") is made by and between Zimmer Asia (HK) Limited ("**Employer**" or "**Company**" as case may be) and **Yi Sang-Uk** ("**Executive**").

Recitals

(A) This Agreement is being entered into in connection with Employee's desired change of residence from Singapore to Hong Kong and the resulting transfer of his employment from Zimmer Pte. Ltd. (based in Singapore) to the Company (based in Hong Kong) and will replace the existing Change in Control Severance Agreement dated as of August 18, 2015 by and between Zimmer Pte. Ltd. and Executive (the "Existing Agreement").

(B) The terms of this Agreement are consistent in all material respects with the terms of the Existing Agreement, with differences between this Agreement and the Existing Agreement deemed necessary or appropriate to ensure this Agreement is enforceable under the laws of Hong Kong Special Administrative Region.

(C) The Company considers it essential to the best interests of its ultimate shareholders to foster the continuous employment of key management personnel.

(D) The Company and the Board recognize that, as is the case with many corporations, the possibility of a Change in Control in the Ultimate Parent Company exists and that such a possibility, and the uncertainty and questions that it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders.

(E) The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including the Executive, to their assigned duties without distraction in the face of potentially disturbing circumstances arising from the possibility of a Change in Control.

(F) The parties intend that no amount or benefit will be payable under this Agreement unless a termination of the Executive's employment with the Company occurs following a Change in Control, or is deemed to have occurred following a Change in Control, as provided in this Agreement.

Defined terms as used herein and not defined elsewhere in this Agreement, shall have the meaning as described to them in **Annex 1** to this Agreement.

1. Term of Agreement

This Agreement will commence on the date stated below and will continue in effect through December 31, 2020. Beginning on January 1, 2021, and each subsequent January 1, the term of this Agreement will automatically be extended for one additional year, unless either party gives the other party written notice not to extend this Agreement at least 30 days before the extension would otherwise become effective or unless a Change in Control occurs. If a Change in Control occurs during the term of this Agreement, this Agreement will continue in

effect for a period of 24 months from the end of the month in which the Change in Control occurs. Notwithstanding the foregoing provisions of this Article, this Agreement will terminate on the Executive's retirement date.

2. Compensation other than Severance Payments

2.1 Compensation Previously Earned

If the Executive's employment is terminated for any reason following a Change in Control and during the term of this Agreement, the Company will pay the Executive's salary accrued through the Date of Termination, at the rate in effect at the time the Notice of Termination is given, together with all other compensation and benefits payable to the Executive through the Date of Termination under the terms of any compensation or benefit plan, program, or arrangement maintained by the Company during that period.

2.2 Normal Post-Termination Compensation and Benefits.

Except as provided in Section 3.1, if the Executive's employment is terminated for any reason following a Change in Control and during the term of this Agreement, the Company will pay the Executive the normal compensation and benefits payable to the Executive under the terms of the Company's compensation or benefit plans, programs, and arrangements, as in effect immediately prior to the Change in Control, including but not limited to the Non-Competition Period Payments (if any). This provision does not restrict the Company's right to amend, modify, or terminate any plan, program, or arrangement prior to a Change in Control.

2.3 No Duplication.

Notwithstanding any other provision of this Agreement to the contrary, the Executive will not be entitled to duplicate benefits or compensation under this Agreement and the terms of any other plan, program, or arrangement maintained by the Company or any affiliate.

3. Severance Payments

3.1 Payment Triggers

In addition to the payments as set out in Section 2 above, but in lieu of any other severance compensation or benefits to which the Executive may otherwise be entitled under any plan, program, policy, or arrangement of the Company, the Company will pay the Executive the Severance Payments described in Section 3.2 upon termination of the Executive's employment following a Change in Control and during the term of this Agreement, unless the termination is (1) by the Company for Cause, (2) by reason of the Executive's death, or (3) by the Executive without Good Reason.

For purposes of this Section 3.1, the Executive's employment will be deemed to have been terminated following a Change in Control by the Company without Cause or by the Executive with Good Reason if (1) the Executive's employment is terminated without Cause prior to a Change in Control at the direction of a Person who has entered into an agreement with the Ultimate Parent Company, the consummation of which will constitute a Change in Control; or (2) the Executive terminates his employment with Good Reason prior to a Change in Control (determined by treating a Potential Change in Control as a Change in Control in

applying the definition of Good Reason), if the circumstance or event that constitutes Good Reason occurs at the direction of such a Person.

The Severance Payments described in this Section 3 are subject to the conditions stated in Section 4 below and shall be reduced in part or in their totality if and to the extent the Severance Payments were, at the time of their payment, to be deemed a golden parachute or similar arrangement prohibited under the laws where the Company is incorporated and has its registered office or the costs associated with the Severance Payments could no longer be booked as expenditures in the Company's profit and loss statement.

3.2 Severance Payments.

The following are the Severance Payments referenced in Section 3.1:

(a) Lump Sum Severance Payment

In lieu of any further salary payments to the Executive for periods after the Date of Termination, and in lieu of any severance benefits otherwise payable to the Executive, the Company will pay to the Executive, in accordance with Section 3.3, a lump sum severance payment, in cash, equal to (a) two times the sum of (1) the higher of the Executive's annual base salary in effect immediately prior to the event or circumstance upon which the Notice of Termination is based or in effect immediately prior to the Change in Control, plus (2) the amount of the Executive's target annual bonus entitlement under the Cash Incentive Plan (or any other bonus plan of the Company then in effect) as in effect immediately prior to the event or circumstance giving rise to the Notice of Termination. Any amounts payable to the Executive pursuant to this Agreement are inclusive of any statutory severance amounts that may be owed to the Executive pursuant to local law. If the Board determines that it is not workable to determine the amount that the Executive's target bonus would have been for the year in which the Notice of Termination was given, then, for purposes of this paragraph (a), the Executive's target annual bonus entitlement will be the average of annual bonus paid to the Executive with respect to the three years immediately prior to the year in which the Notice of Termination was given.

(b) Options and Restricted Shares

All outstanding Options will become immediately vested and exercisable (to the extent not yet vested and exercisable as of the Date of Termination). To the extent not otherwise provided under the written agreement evidencing the grant of any restricted Shares to the Executive, all outstanding Shares that have been granted to the Executive subject to restrictions that, as of the Date of Termination, have not yet lapsed will lapse automatically upon the Date of Termination, and the Executive will own those Shares free and clear of all such restrictions. Notwithstanding the foregoing, Options and restricted Shares remain subject to any forfeiture or clawback claims under the applicable option plan or award agreement.

3.3 Time of Payment

Except as otherwise expressly provided in Section 3.2, payments provided for in that Section will be made as follows:

No later than the fifth business day following the Date of Termination, the Company will pay to the Executive an estimate, as determined by the Company in good faith, of 90% of the

payments under Section 3.2 (a) to which the Executive is clearly entitled. This payment shall include any statutory severance amounts you may have been entitled to pursuant to local law.

The Company will pay to the Executive the remainder of the payments due to him under Section 3.2 not later than 60 business days after the Date of Termination.

At the time that payment is made under this Section 3.3, the Company will provide the Executive with a written statement setting forth the manner in which all of the payments to him under this Agreement were calculated and the basis for the calculations.

3.4 Outplacement Services

For a period not to exceed six (6) months following the Date of Termination, the Company will provide the Executive with reasonable outplacement services consistent with past practices of the Company prior to the Change in Control or, if no past practice has been established prior to the Change in Control, consistent with the prevailing practice of medical device companies in the industry.

4. The Executive's Covenants

4.1 Confidentiality, Non-Competition and Non-Solicitation Agreement

The Executive herewith acknowledges and affirms his continuing obligations under the Corporate Executive Confidentiality, Non-Competition and Non-Solicitation Agreement he executed and re-affirms his agreement to honor the obligations as set forth therein.

4.2 General Release

The Executive agrees that, notwithstanding any other provision of this Agreement, the Executive will not be eligible for any Severance Payments under this Agreement unless the Executive timely signs a General Release in substantially the form attached to this Agreement as Annex 2. The Executive will be given 30 days to consider the terms of the General Release. If the Executive does not return the executed General Release to the Company by the end of the 30 day period that failure will be deemed a refusal to sign, and the Executive will not be entitled to receive any Severance Payments under this Agreement and the Executive will only receive the minimum entitlements pursuant to local law.

5. Notices

For the purpose of this Agreement, notices and all other communications provided for in the Agreement will be in writing and will be deemed to have been duly given when delivered or mailed by registered mail, return receipt requested, addressed to the respective addresses set forth below, or to such other address as either party may furnish to the other in writing in accordance with this Section 5, except that notice of change of address will be effective only upon actual receipt:

To the Company:

Zimmer Asia (HK) Limited
Attention: Regional Vice President, Human Resources, APAC
Unit 808-811, Tins Enterprises Centre
777 Lai Chi Kok Road, Kowloon, Hong Kong

With a copy to:

Zimmer Biomet Holdings, Inc.
Attention: General Counsel
345 East Main Street
Warsaw, Indiana 46580
United States of America

To the Executive:

Yi Sang-Uk
At Executive's principal residence as reflected in the records of the Company

6. Miscellaneous

This Agreement constitutes and expresses the entire agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous oral or written agreements, representations, understandings and the like between the parties.

This Agreement may not be modified, amended, altered or supplemented, in whole or in part, except by a written agreement signed by the parties.

If any provision of this Agreement is found by any competent authority to be void, invalid or unenforceable, such provision shall be deemed to be deleted from this Agreement and the remaining provisions of this Agreement shall continue in full force. In this event, the Agreement shall be construed, and, if necessary, amended in a way to give effect to, or to approximate, or to achieve a result which is as close as legally possible to the result intended by the provision hereof determined to be void, illegal or unenforceable.

This Agreement may be in the form of an electronic record (in "*.pdf*" form or otherwise) and may be executed using electronic signatures, which shall be considered as originals and shall have the same legal effect, validity and enforceability as a paper record. This Agreement may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts shall be one and the same Agreement, as applicable. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by each Party of a manually signed Agreement which has been converted into electronic form (such as scanned into "*.pdf*" format), or an electronically signed Agreement converted into another format, for transmission, delivery and/or retention.

7. Governing Law and Jurisdiction

This Agreement and any disputes relating to this Agreement, including those pertaining to or arising out of its interpretation, performance, amendment or enforcement, are governed by Hong Kong law and the parties submit to the non-exclusive jurisdiction of the Hong Kong courts and tribunals.

8. Third Party Rights

a) Subject to Clause 8(b), Associated Companies who are not a party to this Agreement may enforce the terms and accordingly shall have the benefit of those provisions in this Agreement which are, or are stated to be, for their benefit, subject to and in accordance with the provisions

of the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) ("Third Parties Ordinance").

b) The parties to this Agreement may by agreement terminate, rescind or vary the terms of this Agreement (including this Clause 8) at any time and in any way without the prior consent of or notice to any third party.

c) Except as provided in Clause 8(a), the terms of this Agreement are not intended to be enforceable by virtue of the Third Parties Ordinance by any person who is not a party to this Agreement.

This Agreement enters into force on the later date set-out below.

Zimmer Asia (HK) Limited	Executive
/s/ Seah, Benedict	/s/ Yi, Sang
Benedict Seah Regional Vice President, Human Resources, APAC	Yi Sang-Uk
Date: June 15, 2020	Date: June 15, 2020

Annex 1: Definitions

"**Associated Company**" means any subsidiary or holding company of the Company, any subsidiary of such holding company, and any company in which the Company or any such holding company holds or controls directly or indirectly 20% or more of the issued share capital. The terms “company”, “holding company” and “subsidiary” shall in this letter agreement have the same meaning as in the Companies Ordinance.

"**Beneficial Owner**" has the meaning stated in Rule 13d-3 under the Exchange Act.

"**Board**" means the Board of Directors of the Ultimate Parent Company.

"**Cash Incentive Plan**" means the Ultimate Parent Company’s Executive Performance Incentive Plan.

"**Cause**" for termination by the Company of the Executive's employment, after any Change in Control, means (1) the willful and continued failure by the Executive to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the issuance of a Notice of Termination for Good Reason by the Executive) for a period of at least 30 consecutive days after a written demand for substantial performance is delivered to the Executive by the Company, which demand specifically identifies the manner in which the Company believes that the Executive has not substantially performed the Executive's duties; (2) the Executive willfully engages in conduct that is demonstrably and materially injurious to the Company, the Ultimate Parent Company or its subsidiaries, monetarily or otherwise; or (3) the Executive is convicted of a criminal offense.

A "**Change in Control**" will be deemed to have occurred if any of the following events occur:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Ultimate Parent Company (not including in the securities beneficially owned by that Person any securities acquired directly from the Ultimate Parent Company or its affiliates) representing 20% or more of the combined voting power of the Ultimate Parent Company's then outstanding securities; or

(b) during any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of the period constitute the Board and any new director (other than a director designated by a Person who has entered into an agreement with the Ultimate Parent Company to effect a transaction described in clause (a), (c) or (d) of this paragraph whose election by the Board or nomination for election by the Ultimate Parent Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously approved), cease for any reason to constitute a majority of the Board; or

(c) the shareholders of the Ultimate Parent Company approve a merger or consolidation of the Ultimate Parent Company with any other corporation, other than (A) a merger or consolidation that would result in the voting securities of the Ultimate Parent Company outstanding immediately prior to the merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Ultimate Parent Company, at least 75% of the combined voting power of the voting securities of the Ultimate Parent

Company or the surviving entity outstanding immediately after the merger or consolidation; or (B) a merger or consolidation effected to implement a recapitalization of the Ultimate Parent Company (or similar transaction) in which no Person acquires more than 50% of the combined voting power of the Ultimate Parent Company's then outstanding securities; or

(d) the shareholders of the Ultimate Parent Company approve a plan of complete liquidation of the Ultimate Parent Company or an agreement for the sale or disposition by the Ultimate Parent Company of all or substantially all the Ultimate Parent Company's assets.

Notwithstanding the foregoing, a Change in Control will not include any event, circumstance, or transaction occurring during the six-month period following a Potential Change in Control that results from the action of any entity or group that includes, is affiliated with, or is wholly or partly controlled by the Executive; provided, further, that such an action will not be taken into account for this purpose if it occurs within a six-month period following a Potential Change in Control resulting from the action of any entity or group that does not include the Executive.

"**Date of Termination**" means the date on which the notice of termination under the Employment Agreement has lapsed.

"**Employment Agreement**" means the letter of appointment dated June 15, 2020, including the Standard Terms and Conditions of Employment – Hong Kong and the annexures attached thereto, which, along with the Corporate Executive Confidentiality, Non-Competition and Non-Solicitation Agreement between the Company and the Executive, together form the terms and conditions of employment.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended from time to time, and interpretive rules and regulations.

"**Good Reason**" for termination by the Executive of the Executive's employment means the occurrence (without the Executive's express written consent) of any one of the following acts by the Company, or failures by the Company to act following a Change in Control:

(a) the assignment to the Executive of any duties inconsistent with the Executive's status as an executive officer of the Company or a substantial adverse alteration in the nature or status of the Executive's responsibilities from those in effect immediately prior to a Change in Control;

(b) the Company's failure, without the Executive's consent, to pay to the Executive any portion of the Executive's current compensation (which means, for purposes of this paragraph (b), the Executive's annual base salary as in effect on the date of this Agreement, or as it may be increased from time to time, and the awards earned pursuant to the Cash Incentive Plan) or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within 30 days of the date the compensation is due;

(c) the Company's failure to continue in effect any compensation plan in which the Executive participates immediately prior to a Change in Control, which plan is material to the Executive's total compensation, including, but not limited to, the Cash Incentive Plan and the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan or any substitute plans adopted prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to that plan, or the

Company's failure to continue the Executive's participation in such a plan (or in a substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control.

Notwithstanding the foregoing, the occurrence of an event that would otherwise constitute Good Reason will cease to be an event constituting Good Reason if the Executive does not timely provide a Notice of Termination to the Company within 120 days of the date on which the Executive first becomes aware (or reasonably should have become aware) of the occurrence of that event.

"**Non-Competition Period Payments**" has the meaning as defined in the Corporate Executive Confidentiality, Non-Competition and Non-Solicitation Agreement between the Company and the Executive.

"Notice of Termination" means the notice provided for under Section 8 of the Standard Terms and Conditions of Employment – Hong Kong that form a part of the Employment Agreement.

"**Options**" means options to purchase Shares awarded to the Executive during his employment with the Company.

"Person" has the meaning stated in section 3(a)(9) of the Exchange Act, as modified and used in sections 13(d) and 14(d) of the Exchange Act; however, a Person will not include (1) the Ultimate Parent Company or any of its subsidiaries, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Ultimate Parent Company or any of its subsidiaries, (3) an underwriter temporarily holding securities pursuant to an offering of those securities, or (4) a corporation owned, directly or indirectly, by the stockholders of the Ultimate Parent Company in substantially the same proportions as their ownership of stock of the Ultimate Parent Company.

"**Potential Change in Control**" will be deemed to have occurred if any one of the following events occurs:

(a) the Ultimate Parent Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control;

(b) the Ultimate Parent Company or any Person publicly announces an intention to take or to consider taking actions that, if consummated, would constitute a Change in Control;

(c) any Person who is or becomes the Beneficial Owner, directly or indirectly, of securities of the Ultimate Parent Company representing 10% or more of the combined voting power of the Ultimate Parent Company's then outstanding securities, increases that Person's beneficial ownership of those securities by 5% or more over the percentage so owned by that Person on the date of this Agreement; or

(d) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

"**Shares**" means shares of the common stock, $0.01 par value, of the Ultimate Parent Company.

"**Severance Payments**" means the payments described in Section 3.2.

"**Ultimate Parent Company**" means Zimmer Biomet Holdings, Inc., a Delaware corporation, and any successor to its business and/or assets.

Annex 2

GENERAL RELEASE

Name: _____ Notification Date: _____

Zimmer Asia (HK) Limited (the "Company") and/or Zimmer Biomet Holdings, Inc. (the "Ultimate Parent Company") has offered me certain severance benefits (the "Severance Benefits") pursuant to a Change in Control Severance Agreement ("Agreement") between the Company and me. I will only be able to receive the Severance Benefits in consideration for my signing this General Release.

The Company has advised me of, and I acknowledge the following:

I have 30 calendar days (the "Review Period") from the date I receive this General Release to consider and sign it. If I do not return this signed General Release by the end of the Review Period (i.e., by INSERT DATE), the Company will consider this my refusal to sign, and I will not receive the Severance Benefits. If I choose to sign this General Release prior to expiration of the Review Period, I thereby waive my right to review for the full time period allowed. If I sign this General Release and am age 40 or older as of the date of my signing, it will not be effective for a period of seven calendar days thereafter, during which time I may change my mind and revoke my signature. To revoke my signature, I must notify the Ultimate Parent Company in writing at Zimmer Biomet Holdings, Inc., 345 East Main Street, Warsaw, IN, 46580, Attention: General Counsel, within seven calendar days of the date I signed this General Release.

By signing this General Release I am giving up, to the fullest extent permitted by law, my right to commence claims, including claims or rights of action I have now or may have in the future relating to my employment, the termination of my employment or any other matters whatsoever (whether under equity, tort, common law, contract, including my employment contract, under a bonus, equity plan or performance plan maintained by the Company or any of its affiliates, or statute as presently existing or as may be amended from time to time) in Hong Kong and any other jurisdiction in the world, including but not limited to any claims under the Employment Ordinance, Mandatory Provident Fund Schemes Ordinance, Minimum Wage Ordinance, Employees' Compensation Ordinance, Personal Data (Privacy) Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Race Discrimination Ordinance.against the Company and any of its affiliates, parent companies and subsidiaries, and its and their past and present officers, directors, employees, and agents (collectively, the "Released Parties") based upon any act or event occurring prior to my signing this General Release. I acknowledge and agree that my termination was for a valid reason and I have received all compensation to which I am entitled from the Released Parties other than the above-referenced Severance Benefits (which remain subject to my entering into this General Release) and agree that I am not eligible to receive any additional form of compensation under any Released Party's pay, bonus, commission, or incentive policy or program.

I agree, as a condition of receiving the Severance Benefits, and subject to any rights and obligations I may have under applicable law, that I will not make negative comments about or otherwise disparage or try to injure the reputation of any of the Released Parties. I agree to refrain from making negative statements about any Released Party and/or its methods of doing business, management practices, policies, and the quality of its services or products. I acknowledge and agree that this restriction applies to all forms of communication including such things as oral statements, written statements, e-mail, text messages, comments on blogs or any other form of electronic or other type of communication.

For the sake of clarification, I acknowledge that this General Release shall not affect my legal obligation to protect the confidentiality of the Released Parties' information or any of my other obligations under any confidentiality, intellectual property, non-competition, and/or non-solicitation agreement and/or employment agreement that I have entered into with the Company or with any of the other Released Parties.

As a condition of receiving the Severance Benefits I agree that for a period of 90 calendar days beginning with my separation date I shall make myself reasonably available to respond to inquiries from the Released Parties related to carrying out an orderly transition of business following my termination of employment. I

agree that I will provide the Company's General Counsel or his or her delegate two contact telephone numbers at which I can be reached, either in person or by message, and will update that contact information within 24 hours if it changes. I further agree that I will return such calls from any of the Released Parties no later than the end of the business day immediately following the date of the call, and will provide information responsive to the request to the best of my ability. I understand and acknowledge that my agreement to promptly and fully respond to such inquiries is a material condition of my eligibility for the Severance Benefits, and further understand and agree that in the event I do not cooperate as described herein, I will be immediately obligated to repay to the Company the entire gross amount of my Severance Benefits.

By signing this General Release, I affirm that I have provided complete and truthful information in response to all inquiries (the "Inquiries") made by any of the Released Parties and any investigating authorities in connection with any governmental investigation of any of the Released Parties or litigation involving any of the Released Parties. By signing this General Release, I further affirm that I have disclosed to the Ultimate Parent Company's General Counsel or his or her delegate any and all concerns I may have had arising from or related to my employment regarding potential material violations of applicable law and/or the Company's Code of Business Conduct and Ethics. I agree, by signing the General Release, that if it is later determined that I knowingly provided materially misleading or untruthful information in response to any such Inquiries or failed to disclose during my employment any potential material violations of applicable law or the Company's Code of Business Conduct and Ethics of which I was aware, I will be immediately obligated to repay to the Company the entire gross amount of my Severance Benefits.

I agree to cooperate with any of the Released Parties in response to any governmental investigation. I acknowledge that in connection with my job responsibilities with any of the Released Parties, I may have obtained or been privy to information that could be relevant to its or their defense of Company-related lawsuits currently pending or which may be asserted against it or them. I agree to make myself reasonably available for providing such information and, to the extent necessary, testimony. I understand that the Company will reimburse any reasonable out-of-pocket expenses I may incur in providing this cooperation. I further understand that the Company will compensate me for time spent on such assistance at an hourly rate based on my base salary as of my termination date, with time spent rounded to the nearest quarter hour for billing purposes. Any such payment will be reported to me as required under applicable law, and I agree that I will be responsible for any resulting tax liability.

This General Release will not affect any benefits to which I am entitled under the Agreement or any claim arising out of the enforcement of the Agreement.

This General Release shall be governed by, interpreted and construed in accordance with the substantive laws of Hong Kong.

I irrevocably agree that the courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with this General Release and that, accordingly, any legal action or proceedings arising out of or in connection with this General Release may be brought in those courts and I irrevocably submit to the jurisdiction of those courts.

My signature below acknowledges that I have read the above, understand what I am signing, and am acting of my own free will. The Company has advised me to consult with an attorney and any other advisors of my choice prior to signing this General Release.

SIGNATURE _____ DATE _____

PRINT NAME _____

Exhibit 10.7

Zimmer Asia (HK) Limited
Unit 808-811, Tins Enterprises Centre
777 Lai Chi Kok Road, Kowloon, Hong Kong
Tel : 852-2992 0968 Fax : 852-2992 0982
zimmerbiomet.com

PRIVATE AND CONFIDENTIAL

June 15, 2020

Yi Sang-Uk
Singapore

Dear Sang:

Letter of Appointment (the "Letter")

We are pleased to confirm your internal transfer as **President, APAC** to Zimmer Asia (HK) Limited (the "**Company**").

The terms and conditions of your employment are set out in this Letter, the attached Terms and Conditions and any appendices or annexures, as well as the Change in Control Severance Agreement dated June 15, 2020 (as may be amended from time to time) and the Corporate Executive Confidentiality, Non-Competition and Non-Solicitation Agreement dated June 15, 2020 (as may be amended from time to time), which together form the terms and conditions of employment and are referred to as the "**Agreement**".

1. Commencement of Employment

1.1 Your employment shall commence on **June 16, 2020** or such other date as the Company may notify you (the "**Commencement Date**") and shall continue until terminated in accordance with the terms of this Agreement.

1.2 This offer of employment is subject to all the conditions set out below (the "**Conditions**"):

(a) satisfactory verification of all information submitted by you to the Company;

(b) you obtaining all the relevant visa, approvals and immigration permits to lawfully reside and work in Hong Kong;

(c) you have disclosed to the Company any and all Close Personal Relationship with an employee, a leased staff person or a contractor of the Company or other Zimmer Biomet company(ies), or with a Healthcare Professional or Public Official, and the Company has determined, at its own discretion, that such Close Personal Relationship does not pose an actual or potential conflict of interest, or that even if it does, remedial measures could be taken to avoid or eliminate such conflict of interest; and

1.3 The Company reserves the right to end your employment and/or rescind the Agreement, or if you have already started work, to terminate your employment immediately and without liability, if you do not meet any of the Conditions and/or the Company discovers that false information has been given or there has been a material omission. It is agreed that if such a situation arises, there will be no further obligation to make any of the payments stipulated in this Agreement, save for payments for work done.

1.4 Your continued employment is subject to you maintaining a valid employment visa allowing you to lawfully reside and work in Hong Kong.

1.5 You represent and warrant that by entering into this Agreement with the Company, you will not be in breach of any prior agreement, contract or arrangement with any other person which prevents you from lawfully fulfilling your employment obligations to the Company, including but not limited to any restrictive covenant or confidentiality obligation arising out of employment with any former employer. You further represent and warrant that you have not foregone any other opportunity, financial or otherwise, in connection with commencing your employment with the Company and you are not entering into this Agreement in reliance on any representation not set out in this Agreement or the documents referred to therein, and understand that the terms of this offer are subject to agreement.

2. Salary

2.1 You will be paid a base salary of **HKD 4,700,000.00 per annum**, payable in 13 instalments (or such other amounts as may from time to time be agreed in writing). Payment of the first 12 instalments will be made by direct credit to a nominated bank account, on or about the 24th of each calendar month. You are entitled to a 13th month salary payable in arrears in December. The 13th instalment will be pro-rated for any incomplete years of employment.

2.2 Unless exempt from the Mandatory Provident Fund Schemes Ordinance, you will be enrolled into an approved Mandatory Provident Fund **("MPF")** scheme after 60 days of service. The Company will make the prescribed contributions and deductions to the MPF scheme in accordance with prevailing laws in force from time to time.

2.3 All amounts payable by the Company to you shall be subject to any statutory deductions and/or withholdings which the Company may be entitled or required by law to make.

3. Car Allowance

3.1 You will be eligible for a car allowance of **HKD 530,000.00** per annum. This allowance will cover all related expenses of owning and operating a personal car for business purposes. Should you choose to drive to work a car park lot will be provided at the office building.

3.2 All employees who are eligible for car allowance will not be eligible for the applicable commute allowance and any business-related taxi reimbursement, with the exception of traveling from home to the airport and airport to home for business trips, with supporting receipts.

4. Deductions

4.1 You agree that the Company shall be entitled to deduct from your remunerations any amount due and owing by you to the Company to the extent permitted by law including but not limited to:

(a) any outstanding loans (including loans for training costs), advances, excess holiday; and/or

(b) any losses suffered by the Company as a result of damage to the Company's property caused by you (save for ordinary wear & tear) and any other losses arising from criminal or negligent acts or omissions or wilful misconduct caused by you in the course of your employment

5. Company Merit Review Program and Incentive Plans

5.1 You will be eligible for participation in the Company Merit Review Program in **April 2021**.

5.2 You will be eligible to be considered for participation in the following employee incentive plans (collectively, the "**Incentive Plans**"), subject to the terms and conditions of each Incentive Plan as set out in the Company policy:

(a) **Zimmer Biomet Management Incentive Plan.**

For 100% achievement of budgeted targets a normal bonus payment of **80%** of your actual annual base salary earnings will be payable according to the pay-out scale in operation at the time.

Annual bonuses will be pro-rated for part of a year served so long as you join before 1 November, and payment of any bonus shall be conditional upon you remaining in service on the payroll date when the Company pays bonuses to its employees.

(b) **Zimmer Biomet Long Term Incentive Plan.**

You may also be eligible to receive annual stock option grants or other equity awards at the discretion of the Board of Directors. These grants are intended to provide an opportunity for long-term compensation and ownership in the Company.

The Company reserves the right to, at its sole discretion, modify, amend, or terminate any and all the provisions of any Incentive Plan, and establish rules and procedures for its administration. No entitlement to a bonus shall accrue until the bonus payment date. Receipt of a bonus in one year is not a guarantee of future bonus payments or amounts.

5.3 To the extent permitted by law, the Company reserves the right to recover/clawback any incentive payment(s) made to you as a result of any act or omission, whether such act or omission of you or any other person(s), that is deemed detrimental to the interests of the Company (including but not limited to (a) acts of fraud, negligence, intentional misconduct or gross misconduct and/or (b) violation of the Company's Code of Business Conduct and Ethics, Compliance and Human Resources conflict of interest policies, and other policies, procedures and standards).

6. Governing Law

This Agreement and your employment by the Company shall be governed by the laws of Hong Kong, and you submit to the non-exclusive jurisdiction of the courts of Hong Kong in respect of all matters relating to this Agreement and/or your employment.

Should the terms and conditions set out in the Agreement be acceptable to you, please indicate your acceptance by signing on the duplicate of this Agreement and returning the same to the Company.

This Agreement may be in the form of an electronic record (in "*.pdf*" form or otherwise) and may be executed using electronic signatures, which shall be considered as originals and shall have the same legal effect, validity and enforceability as a paper record. This Agreement may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such

counterparts shall be one and the same Agreement, as applicable. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by each party of a manually signed Agreement which has been converted into electronic form (such as scanned into "*.pdf*" format), or an electronically signed Agreement converted into another format, for transmission, delivery and/or retention.

Yours sincerely

/s/ Seah, Benedict
Benedict Seah
Regional Vice President Human Resources, APAC

ACCEPTANCE

I, Sang Yi, have read and agree to the Company's conditional offer of employment on the terms and conditions set out or referred to in this Agreement.

/s/ Yi, Sang
Sang Yi

Date: June 15, 2020

Schedule

Standard Terms and Conditions of Employment – Hong Kong

1. Probation Period

1.1 There will be no probation period and you will be a confirmed employee of the Company with effect from your commencement date.

1.2 The company will recognize your past years of service for purposes of career development, mandatory pension fund, service awards and annual leave benefit from the first date on which you were originally employed by the Company's Affiliates.

2. Hours of Work

2.1 Your usual business hours shall be in accordance with the Company's prevailing practices, which are currently 8.30 am to 5.30 pm, Monday to Friday, with a one-hour lunch break.

2.2 You are entitled to public holidays observed in Hong Kong. Although you are normally entitled to Saturdays and Sundays off, only Sunday shall be considered a rest day for the purposes of the Employment Ordinance and other days off may be appointed as your alternative statutory holidays or substituted rest days (as defined in the Employment Ordinance) at the Company's discretion.

2.3 Should the exigencies of your duties and responsibilities require, you may be required to work additional hours by way of overtime either as and when requested to do so by the Company, or when the proper performance of your work so requires. Your base salary is compensation for all hours worked and you will not be entitled to any additional compensation for any overtime worked.

3. Place of Work

3.1 You shall generally perform your duties at the Company's office in Hong Kong. You may, from time to time and in the performance of your duties, be required to travel to places whether in or outside Hong Kong by such means and on such occasions as the Company may from time to time require.

3.2 The Company may require you (as part of your duties of employment) to perform duties or services not only for the Company but also for any of its outlets, departments, officers, branches or its Affiliates where such duties or services are of a similar status to or consistent with your position with the Company. You may be required to provide services to any of the Company's outlets, departments, officers, branches or its Affiliates by way of assignment or secondment.

4. Duties

4.1 You will assume such position(s) and office(s) in the Company and/or its Affiliates as the Company may request, and report to such person as the Company may inform you from time to time. During your employment with the Company, the Company may assign to you such position, duties, roles and other departments as the Company may from time to time consider appropriate.

4.2 You must perform all acts, duties and obligations and comply with such orders as may be designated by the Company and which are reasonably consistent with your job title.

4.3 During your employment with the Company, you must:

(a) use your best endeavours to promote and protect the interests of the Company and its Affiliates;

(b) faithfully and diligently perform all duties assigned to you by the Company from time to time in good faith;

(c) comply with such policies and guidelines of the Company, as established and amended from time to time, which may be applied to the Company's employees including but not limited to, the provisions set out in Zimmer Biomet Code of Business Conduct and Ethics and the current employment handbook of the Company, if any (the "**Employment Handbook**");

(d) comply with all rules, regulations and guidelines laid down by any relevant authority and/or regulatory body;

(e) not accept from any person employed by the Company or having any business dealings with the Company any gift, monetary or otherwise, which may place you under any real or apparent obligation to such person;

(f) not at any time make improper use of information you have acquired by virtue of your position within the Company to gain any advantage for yourself or for any other person to the detriment of the Company, whether directly or indirectly;

(g) not at any time allow yourself to be placed in a position where your personal interests might conflict with your duties and obligations in this Agreement, whether directly or indirectly;

(h) not be directly or indirectly engaged, interested in or undertake in whatever capacity and whether for reward or gratuitously, any employment, trade, business, office or work whatsoever otherwise than in respect of your duties to the Company, or retain any fee, except with the written consent of the Company; and

(i) devote yourself exclusively to the business of the Company and shall personally attend thereto at all times during the usual business hours.

5. Benefits

5.1 You shall be entitled to benefits in accordance with applicable Company policies and/or as set out in the Employment Handbook, including the benefits set out in Annexure A to this Agreement.

5.2 Any benefits which you receive in excess of your statutory entitlements are provided by the Company on a discretionary basis, and are not contractual entitlements unless expressly stated.

5.3 The Company reserves the right to terminate, substitute other benefits for these benefits, amend the scale of benefits, revise, supplement, modify, suspend or discontinue any plans, policies, or benefits as it deems appropriate, at its sole and absolute discretion. If any benefit provider (including but not limited to any insurance company) refuses for any reason (whether based on its own interpretation of the terms of the policy or otherwise) to provide any benefits to you, the Company shall not be liable to provide any such benefits itself or any compensation in lieu thereof.

5.4 You are responsible for ensuring that you are aware of the terms of the benefit schemes applicable to you. For the avoidance of doubt, your entitlement is limited to the entitlement under the terms of the benefit scheme policies as amended from time to time.

5.5 In relation to any insurance benefit, the Company shall not be under any implied or express obligation to make any payment to you, unless and to the extent that it has already received payment from the insurance company, and it shall not be obliged to take proceedings against the insurance company if they reject or partially accept a claim. It is your responsibility to co-operate with the Company and the insurance company to provide medical and other information requested and to comply with any terms of the policy which affect you. For the avoidance of doubt, the benefit is limited to the amount payable under the terms of the policy and the insurer's decision in that respect is final.

6. Taxation

6.1 You shall be responsible to pay all taxes which may be levied or assessed on any sums paid and/or other benefits provided to you by the Company.

Without prejudice to Clause 2.3 of the Letter, any payment from the Company to you shall be subject to any and all withholding and other taxes (if any) leviable and the Company shall in such case be entitled to deduct or retain the amount of such tax from the sum payable to you.

7. Code of Business Conduct and Ethics

7.1 You will be governed by, and shall comply with, the terms set out in the Code of Business Conduct and Ethics, which may from time to time be varied and/or amended by the Company.

7.2 You will be required to sign the prevailing Code of Business Conduct and Ethics, as annexed hereto as Annexure B. Your signature to the Code of Business Conduct and Ethics shall mean that you have read and agreed to abide by the rules governing your conduct, as set out in the Code of Business Conduct and Ethics.

8. Termination of Employment

8.1 Without prejudice to paragraph 8.2 below, either party may terminate your employment at any time and for any reason by giving not less than **6 months** prior written notice to the other party or payment in lieu of notice.

8.2 Notwithstanding anything contained herein, the Company shall be entitled to terminate your employment immediately by giving you written notice of termination and without any compensation whatsoever if:

(a) you commit any act of dishonesty or fraud;

(b) you are convicted of any criminal offence other than an offence which in the Company's opinion does not affect your position within the Company or affect the reputation of the Company;

(c) you are found to have committed any misconduct or neglect in the discharge of your duties hereunder;

(d) you commit any breach of any of the terms and conditions in this Agreement, Code of Business Conduct and Ethics, or any regulations or rules generally applying to the Company's employees as may be introduced by the Company from time to time;

(e) you commit any breach of any code of conduct, rules or regulations under applicable laws as set forth by all relevant regulatory agencies, exchanges and self-regulatory bodies relevant to you and/or the Company's business;

(f) any information provided by you to the Company prior to the Company making you this offer in connection with your employment by the Company is found to be false, misleading or incorrect;

(g) you continuously absent yourself from work for more than 2 contractual working days without approval or reasonable excuse, or without informing or attempting to inform the Company for such absence;

(h) for any other ground within section 9 of the Employment Ordinance; or

(i) you behave in any manner which, in the Company's sole opinion, justifies such termination.

9. Garden Leave

9.1 Nothing in this Agreement shall be construed as imposing on the Company any obligation to provide work to you or that you have the right to perform any work for the Company.

9.2 After notice to terminate your employment has been given by the Company or you, the Company may in its absolute discretion, for all or part of the notice period ("**Garden Leave Period**"):

(a) relieve you of any of your duties;

(b) assign to you reduced or alternative duties;

(c) prohibit contact and/or dealings between you and clients, customers and/or such employees of the Company as the Company may in its absolute discretion determine; and/or

(d) exclude you from any offices of the Company.

9.3 During the Garden Leave Period, you will be entitled to receive your usual pay and all contractual benefits. You must remain readily contactable and available for work during the Garden Leave Period. If so requested, you shall report for work at such time and place as the Company may require.

9.4 Any unused annual leave accrued at the commencement of Garden Leave and any annual leave accrued during Garden Leave will be deemed to be taken by you during Garden Leave to the fullest extent possible under applicable law.

9.5 Such action taken by the Company as provided in paragraph 10.2 shall not constitute a breach of this Agreement nor shall you have any claim against the Company in respect of such action.

10. Intellectual Property

10.1 In this paragraph 11:

(a) "**Works**" shall mean methods, prototypes, works of authorship, mask works, drawings, logos, developments, concepts, documents, articles, reports, ideas, programs, processes,

systems, discoveries, inventions, improvements and/or any other materials whether or not patentable, copyrightable or subject to other forms of protection.

(b) "**Intellectual Property Rights**" shall mean all copyright, patents, trademarks, service marks, layout design rights, registered designs, design rights, database rights, trade or business names, rights protecting trade secrets and confidential information, rights protecting goodwill and reputation, and all other similar or corresponding proprietary rights and all applications for the same, whether presently existing or created in the future, anywhere in the world, whether registered or not, and all benefits, privileges, rights to sue, recover damages and obtain relief for any past, current or future infringement, misappropriation or violation of any of the foregoing rights.

10.2 You hereby agree and acknowledge that all rights, title, or interest (including Intellectual Property Rights) in and to any and all Works made, created, developed, written, reduced to practice, produced or conceived by you, in whole or in part, alone or in conjunction with others: (i) during the term of employment with the Company and within the scope or in the course of your employment with the Company; (ii) with the aid, assistance or use of the Company's resources, equipment, supplies, facilities or Confidential Information; and (iii) as a result of or in connection with any work, services or duties performed by you for the Company (herein all such rights, title and interest to be collectively known as the "**Company's Rights**") shall vest and remain at all times in the Company and remain the sole property of the Company.

10.3 You hereby assign (including by way of present assignment of future rights) to the Company all such Company's Rights to which you may at any time after the date of this Agreement be entitled by virtue of or pursuant to any of the laws in force in any part of the world, for the full period of the protection of such Company's Rights including all renewals, reversions and extensions.

10.4 You will, without royalty or other consideration: (i) inform the Company promptly and fully of all Works in writing with a detailed description of each of the Works; (ii) keep and maintain complete and accurate written records regarding such Works, in such media and format as may be specified by the Company. You confirm that such records shall be the sole property of the Company; and (iii) co-operate fully with the Company, to do any and all acts and to execute at the Company's request and expense, any and all applications, assignments, or other documents relating to any Works and the process of obtaining any patents or other protection for any Works to effect, perfect, record or register the assignment of, or to protect or enforce any of, such Company's Rights.

10.5 You shall not, at any time or in any way question, dispute, infringe or do any act inconsistent with the Company's ownership of the Company's Rights.

10.6 You agree that the Company and its licensees are not required to designate you as author, inventor or developer of any Works or Intellectual Property Rights when distributed or otherwise. You hereby waive, and agree not to assert, any "moral" rights in any Works and Intellectual Property Rights which you may have under the Hong Kong Copyright Act (including those rights set out or referred to under Part IX therein) or similar legislation in any jurisdiction and any other moral rights to which you are or may be entitled to under any legislation now existing or in future enacted in any part of the world. You agree that Company and its licensees shall have sole discretion with regard to how and for what purposes any Works or Intellectual Property Rights are used or distributed.

10.7 You hereby represent, warrant and undertake that:

(a) the Works are or shall be your original work and that you did not and will not copy wholly or substantially from any other work or material of any third party (unless instructed otherwise by the Company);

(b) the Works or any part thereof do not and will not utilize or infringe any Intellectual Property Rights of any third party or give rise to any liability to pay royalty or other compensation; and

(c) you have not and will not grant or assign the Company's Rights or any part thereof to any third party whatsoever in any part of the world.

11. Confidentiality

11.1 In these Terms and Conditions:

(a) "**Parent**" means an entity which is a holding company of or holds a controlling interest in the Company; and

(b) "**Affiliates**" means a subsidiary of the Company or the Parent of Company or a company over which Company or any holding company of Company has control or which controls Company or any holding company of Company; and the definition of each of Company, Parent and Affiliates, includes any of their successors-in-interest, including, but not limited to, Zimmer, Inc. and Zimmer Biomet Holdings, Inc.

11.2 Subject to paragraph 12.3 of these Terms and Conditions, the term "**Confidential Information**" means any and all of the Company's and Parent's and Affiliates' trade secrets, confidential and proprietary information and all other information and data of the Company, Parent and Affiliates in oral, demonstrative, written, electronic, graphic or machine readable form, contained in any document, manual, diskette, CD-ROM, website, web page, forum or any other medium or storage media, including but not limited to:

(a) all operational and/or commercial information, knowhow, processes, organizational information, trade secrets, marketing, sales, advertising information, and business plans and strategies such as lists of actual or potential customers, customer preference data, marketing and sales techniques, efforts and data, merchandising systems and plans, confidential customer information including identification of purchasing personnel, account status, needs and ability to pay, product development and delivery schedules, market research, techniques, overall pricing strategies, the specific advertising programs and strategies utilized, merger, acquisition and expansion information, information concerning methods of operation, divestiture information and competitive information pertaining to the Company's, Parent's and Affiliates' distributors and the success or lack of success of those programs and strategies;

(b) all human resource and all information relating to the Company's, Parent's and Affiliates' staff such as personnel and salary data;

(c) all financial information and/or contractual arrangements, information regarding the Company's, Parent's and Affiliates' products and services, forecasts, accounting and tax records such as product costs, supplier information, overhead costs, profit margins, budgets, and pricing policy practices;

(d) all technical information, product specifications, compounds, formulas, drawings, data, manuals and all instructions, source codes, object codes, diagrams, work flow information, specifications, configurations, improvements, discoveries, developments, designs, inventions, techniques, new products and surgical training methods;

(e) all information relating to and/or contained in the Company's, Parent's and Affiliates' computer systems, including hardware, software, data and documentation;

(f) all information which the Company, Parent and Affiliates is obliged to maintain as confidential;

(g) all information that is generally understood to be confidential due to the nature of the information or circumstances under which it is provided;

(h) all information which you know or have reason to know is confidential; and

(i) all other information, data and/or materials which are marked as "*confidential*", "*proprietary*" or similar notation if provided in tangible form, or identified as confidential at the time of disclosure if provided orally,

and all copies and reproductions of the foregoing, whether or not owned or developed by the Company.

11.3 "**Confidential Information**" shall not include information which: (i) is/was rightfully in your knowledge and possession prior to disclosure to you by the Company, Parent or Affiliates, provided such prior knowledge can be adequately substantiated by documentary evidence antedating the disclosure by the Company, Parent or Affiliates; or (ii) you can prove to have already been in the public domain or to have become part of the public domain at a future date otherwise than as a result of your breach of the terms of this Agreement.

11.4 You hereby agree that you shall use the Confidential Information solely for the purposes of your duties during your employment with the Company ("**Authorised Purpose**") and to keep the Confidential Information in strictest confidence and not to disclose or permit the disclosure of any Confidential Information to any person, without the Company's prior written consent.

11.5 You hereby warrant that you will not:

(a) disclose, transfer, or use (or seek to induce others to disclose, transfer, or use), make available, disseminate, market, resell any Confidential Information or any associated documentation or any modification of the same directly or indirectly to any third party;

(b) reproduce or cause to be reproduced the Confidential Information or any associated documentation or any part thereof unless such reproduction is strictly necessary for the Authorised Purpose;

(c) disclose or publish the Confidential Information or any information regarding the scope or functions of your duties, the skills and compensation of other employees of the Company, Parent and Affiliates as well as employment terms and conditions relating to your employment and other employees or personnel of the Company, Parent and Affiliates, in any part of the world or assist or permit others to do so; and/or;

(d) release any Confidential Information to the press or media or any representative thereof, at any time.

11.6 You shall forthwith notify the Company immediately in writing of any circumstances which may constitute unauthorized disclosure, transfer, or use of Confidential Information or upon having reasonable grounds for suspecting any unauthorised disclosure, transfer, or use of Confidential Information or of any misappropriation or misuse by any person of any proprietary or confidential information of the Company, Parent or Affiliates, or any other breach of the provisions of this Agreement.

11.7 You warrant that you:

(a) are not bound by the terms of a confidentiality agreement or any other legal obligation which would either preclude or limit you from disclosing or using any of your ideas, inventions, discoveries or other information or otherwise fulfilling your obligations to the Company;

(b) shall take sufficient procedures, protection and measures and continue to keep such procedures, protection and measures in place, in order to maintain the confidentiality and protect Confidential Information from unauthorized disclosure, transfer, or use; and

(c) shall implement and abide by all procedures adopted by the Company to prevent unauthorized disclosure, transfer, or use of Confidential Information.

11.8 Immediately upon termination of your employment with the Company, you shall return to the Company or delete, purge, or destroy (as may be directed by the Company in writing) any and all of the Company's property relating to the Company's business, including without limitation all of the Company's property which is in the possession, custody, or control of you, such as notes, drawings, photographs, manuals, documents, hard copy files, copies of documents, electronic information/files and other materials which contain or relate to the Confidential information in whatever form, without retaining any copies or excerpts thereof in any form whatsoever. If requested by the Company, you shall confirm to the Company in writing, the return or destruction of such materials, documents, media and all copies thereof.

11.9 You acknowledge that the right to retain and/or use the Confidential Information shall terminate forthwith upon termination of your employment with the Company and/or upon the Company's written demand and you shall thereupon immediately cease to use the Confidential Information. It is expressly agreed that no termination of the right to retain and/or use the Confidential Information shall release or discharge you from complying with any of the obligations provided in this Agreement.

12. Non-Competition

12.1 You acknowledge that in addition to obtaining access, use or knowledge of Confidential Information of the Company, Parent and Affiliate and the information, materials and assets which are referred to in paragraph 12 of these Terms and Conditions, you have or will obtain personal knowledge of and influence over customers, clients and/or employees (as applicable) of the Company, Parent and/or Affiliates during the course of your employment. You agree that such information, materials, assets and influence are important and proprietary to the Company. To protect all of these interests of the Company, you hereby agree with the Company that you will be bound by the covenants set out in the Corporate Executive Confidentiality, Non-Competition and Non-Solicitation Agreement dated June 15, 2020 by and between the Company, Zimmer, Inc., Zimmer Biomet Holdings, Inc. and you.

12.2 While the aforesaid covenants are considered by the Company and you to be reasonable in all the circumstances, it is agreed that if any one or more of such restrictions shall either taken by itself or themselves together be adjudged to go beyond what is reasonable in all the circumstances for the protection of the Company's legitimate interests but would be adjudged reasonable if any particular restriction or restrictions were deleted or if any part or parts of the wording thereof were deleted, restricted or limited in any particular manner, then the said restrictions shall apply with such deletions, restrictions or limitations, as the case may be.

12.3 If at any time during your employment, you receive an offer of employment from, or an offer to enter into some business relationship with, a competitor of the Company, Parent and/or Affiliates, you shall immediately inform the Company before your acceptance of such offer.

12.4 Upon the termination of employment with the Company, you shall not represent yourself as being in any way connected with the businesses of the Company, Parent and/or Affiliates.

13. Injunctive Relief

13.1 You hereby agree that the restrictions contained in this Agreement are reasonable and necessary to protect the legitimate interests of the Company and further that any violation thereof would result in irreparable harm and loss to the Company. You further acknowledge and agree that monetary damages would not be a sufficient remedy for any breach of the terms of this Agreement and that the Company shall be entitled to obtain injunctive and other legal or equitable relief against you for your breach or threatened breach of the provisions of this Agreement.

14. Disclosure of Personal Information

14.1 You shall read and sign the attached Personal Data Protection Notice provided by the Company in Annexure C which includes the purposes for which your personal data is processed and the classes of third parties to whom the Company may disclose your personal data.

14.2 You hereby consent that the Company and/or its Affiliates and/or any third party service provider engaged by the Company and/or its Affiliates from time to time may transfer and process any personal data and sensitive personal data (in manual, electronic or other form) relating to you or provided by you to the Company for any purpose, within or outside Hong Kong, as the Company considers fit at its discretion.

14.3 You acknowledge and give consent to the Company monitoring, intercepting, reviewing and accessing your telephone log, internet usage, voicemail, e-mail and other communication facilities provided by the Company which you may use during your employment.

15. Policies and Procedures

16.1 In addition to the terms and conditions set out in this Agreement, your employment shall be subject to the Employment Handbook and such instructions, guidelines, procedures, policies and regulations which may from time to time be prescribed, introduced, varied and/or amended by the Company, and all applicable laws. In the event of a conflict between the terms of the Employment Handbook, instructions, guidelines, procedures, policies and regulations, and the terms of this Agreement, the terms of this Agreement shall prevail.

16. Notices

16.1 Any notice required to be served by the Company to you hereunder may be served personally or by post to your address stated above or your last known place of abode, and such notice shall be deemed to have been served upon receipt if served personally or at the time at which the letter would be delivered in the ordinary course of post.

16.2 Any notice required to be served by you to the Company hereunder shall be in writing and delivered personally to, or by post to the appropriate Company, Parent or Affiliate address for the attention of your direct reporting supervisor and the Company's Human Resource Department.

17. Miscellaneous

17.1 This Agreement supersedes all other agreements between you and the Company and you hereby acknowledge that you are not entering into this Agreement in reliance on any representation other than those set out in this Agreement.

17.2 The various provisions in this Agreement are severable and if any provision is held to be invalid or unenforceable by any court, such invalidity and/or unenforceability shall not affect the remaining provisions in this Agreement which remain valid and enforceable.

17.3 For the avoidance of doubt, this Agreement will continue to apply to your employment with the Company notwithstanding any change to your position, duties, remuneration, reporting lines, location or status, unless or until it is replaced in writing by agreement between the parties.

17.4 Except for any Parent or Affiliate of the Company, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance to enforce any term of this Agreement.

Annexure A

BENEFITS

Annual Leave	You shall be entitled to annual leave of **26 days** during each complete calendar year of service, such annual leave accruing on a pro rata basis throughout such year. Leave entitlements for the first and last years will be pro-rated from the commencement date and last date of employment respectively. The Company's annual leave year is the calendar year. The portion of annual leave required under Hong Kong law (which increases from year to year) is "statutory annual leave" and any leave granted in addition to that statutory minimum is referred to as "additional annual leave". Except in the first year, annual leave taken will be reduced against your statutory annual leave balance first. Once you use all of your statutory annual leave, any further leave you take will be reduced against your additional annual leave balance. Statutory annual leave is paid in accordance with the Employment Ordinance. Additional annual leave is paid by reference to base salary. Statutory annual leave must be taken at the time required under the Employment Ordinance, which is the year after it accrues. Any non-statutory annual leave must be taken within the same year that it accrues. All annual leave shall be taken at the convenience of the Company or at such times as the Company may specify. You are required to provide as much notice as possible to your supervisor of your intention to take annual leave. The Company may in its absolute discretion rescind its approval for any annual leave applied for where the exigencies of work so require. If there are exceptional circumstances and you have been unable to take all of your additional annual leave within any given year, you may make a request in writing to carry over a maximum of [5] days of additional annual leave, subject to applicable law. All annual leave that is carried forward must be consumed by end of December of the following year, failing which, all annual leave carried forward shall be forfeited without compensation in respect thereof, subject to applicable law. Unless the Company approves or requires otherwise, annual leave may not be used to set off any part of the notice period referred to in paragraph 8.1 of the Terms and Conditions. On cessation of employment for any reason, you will be paid in lieu of accrued but unused statutory annual leave only. In the event of excess annual leave taken by you prior to the date of termination of your employment, such excess annual leave taken shall be considered as unpaid leave and deducted from your last payroll.

Sick Leave	Sick days and sickness allowance will be in accordance with the Employment Ordinance. The Company may, at its discretion, grant more generous sickness benefits from time to time. There is no contractual right to more generous benefits. Upon confirmation of your employment, you will be eligible for sick leave as follows: Accumulation:1st year of service24 days p.a. (2 days per completed month of service) 2nd year of service and thereafter48 days p.a. (4 days per completed months of service)Maximum Ceiling120 days For the first 30 days of sick leave, you will be granted full paid sick leave but subject to the maximum accumulation of sick leave set out above. After 30 days of sick leave, you will be granted 4/5th paid leave but subject to the maximum accumulation of sick leave set out above. No paid sick leave will apply once accumulated leave balance becomes zero. Each claim for sick leave must be accompanied by a medical certificate issued by a registered medical practitioner or dental surgeon and approved by your immediate superior
Public Holidays	You shall be entitled to Hong Kong Government's Gazetted general holidays with full pay.
Medical/Hospitalisation Benefits **Applicable: Hong Kong Plan 2**	You and your family will be provided with medical benefits and will be eligible to participate in the Group Hospitalization and Surgical Plan, in accordance with the terms of the Company policy, Employment Handbook and underwriting requirement by insurer. Details of the extent of the coverage and the benefits are available from the Company. The Company reserves the right to withdraw the coverage and/or benefits available, and/or to modify such coverage and/or benefits at any time at its sole discretion.
Group Term Life, Personal Accident and Business Travel Assurance	You will be eligible to participate in the Company Group Term Life, Personal Accident and Business Travel Assurance, in accordance with the terms of the Company policy, Employment Handbook and underwriting requirement by insurer. Details of the extent of the coverage and the benefits are available from the Company. The Company reserves the right to withdraw the coverage and/or benefits available, and/or to modify such coverage and/or benefits at any time at its sole discretion.

Employee Compensation Insurance	The Company will provide you Employee Compensation Insurance pursuant to the Employees' Compensation Ordinance.
Zimmer Biomet Employee Stock Purchase Plan	You may be eligible to participate in the Company Employee Stock Purchase Plan in effect during the assignment. The Company reserves its right to modify, amend, or terminate any and all the provisions of the Plan, and establish rules and procedures for its administration, at its discretion and without notice.
Repatriation Support at End of Assignment in Hong Kong	The Company will provide repatriation support to **South Korea** (home country) only in the event of an involuntary not-for-cause termination and such support shall only include (1) shipping of goods, (2) insurance on those goods, and (3) plane tickets to your home country for you and your family.

Annexure B

CODE OF BUSINESS CONDUCT AND ETHICS

Please acknowledge your receipt of and agreement with the Code of Business Conduct and Ethics by signing below

/s/ Yi, Sang
Yi Sang-Uk

Annexure C

PERSONAL DATA PROTECTION NOTICE (ENGLISH VERSION)

Zimmer Biomet Holdings, Inc. and its subsidiaries and affiliates are committed to the protection of the employees' personal data and privacy. This Personal Data Protection Notice ("**Notice**") explains how Zimmer Asia (HK) Limited ("**Company"**) collects and handles the employees' personal data in Hong Kong.

Personal data will be collected only for lawful and relevant purposes and all practicable steps will be taken to ensure that personal data held by the Company is accurate. The Company will take all practicable steps to ensure the security of the personal data and to avoid unauthorised or accidental access, erasure or other use.

1. Definitions

"**Personal data**" means any information which relates to the employees (including the employees' family member details) and which was collected or provided to the Company for the purposes stated in Section (2) below.

Personal data may include the employees' name, contact details, race, religion, address, any other information provided by the employees in their curriculum vitae, social security organisation number, provident fund number, personal income tax number, details of identification documents, academic and previous employment record, professional related information, medical or health condition, information in audio / video format (including voice, closed circuit television or security recordings), images (including photographs), location tracking or global positioning system information, criminal records and bankruptcy status.

"**Employee**", "**employ**" and "**employment**" in this Notice includes trainees, interns, consultants, contract workers, secondees and other similar persons where applicable.

"**Group Companies**" includes any entity within the Zimmer group of companies, including an entity which is a holding company of or holds a controlling interest in the Company, and a subsidiary of the Company or of the parent of the Company or a company over which the Company or any holding company of the Company has control; and includes any of their successors-in-interest, including, but not limited to, Zimmer, Inc.

(1) Personal data

1.1 Source of personal data

The Company collects the employees' personal data directly from the employees (for example, through the employment application form, personal particulars declaration form, offer of employment, secondment letter or curriculum vitae submitted to the Company via e-mail, to the Company's website or through physical copies) or indirectly from recruitment agents, referees and searches carried out or information obtained from any regulatory or credit reporting agencies.

1.2 Obligatory personal data

All personal data requested from the employees is obligatory to be provided by the employees unless stated otherwise.

Should the employees fail to provide the obligatory personal data, we may be unable to process and administer the relevant employment related transactions (such as leave confirmation, benefits confirmation and insurance claims).

(2) Purposes of collecting and further processing (including disclosing) the employees personal data

The employees' personal data is collected and further processed by the Company as required or permitted by law and for employment related purposes, including the following:

- to process matters relating to the employees' claims and benefits;
- to process employment related applications;
- human resource planning and analysis of the Company's human resource related practices;
- succession planning and business continuity plans;
- reorganization and restructuring exercises;
- to ascertain and review salaries, benefits, bonuses and incentives;
- consideration for career progression and career growth;
- to conduct internal assessments on the employees' compliance with the Company's internal policies;
- to conduct human resource related surveys;
- to provide the employees with training or other human resource development program;
- to facilitate the employees' secondment and transfer within the Company and/ or the related companies;
- to process the employees' payroll;
- to evaluate the employees' performance;
- to resolve workplace disputes and assess disciplinary action (in respect of internal investigations, audit or security purposes);
- to comply with relevant legal obligations and reporting obligations under applicable laws and regulations;
- for the Company's internal records management and/or communications between the Company and the Company's Affiliates;
- to facilitate the employee's participation in any contest, event and / or membership program;
- for internal investigations, audit, compliance monitoring or security purposes;
- to communicate employment opportunities within the Company and the Group Companies
- to process other matters relating to the employees' employment (such as for training, events, functions and activities held by the Company for its employees);
- to enforce the Company's rights under employment terms or other applicable laws or to defend the Company's rights under the law and/or to obtain legal advice; and
- other purposes directly related to the above.

It is the Company's policy to retain certain Personal Data of employees when the employees cease to be employed by the Company. Such data are required for any residual employment-related activities in relation to a former employee including, but not limited to the provision of job reference, processing applications for re-employment, matters relating to retirement benefits and allowing us to fulfil contractual or statutory obligations.

(3) Disclosure or transfer of personal data (within or outside of Hong Kong)

The employees personal data provided to the Company may be disclosed or transferred to the following classes of third parties (within or outside of Hong Kong as required under the law or pursuant to relevant contractual relationships (for example, where the Company appoint third party service providers) or for the purposes or directly related to the purposes stated in Section (2) above:

- entities within the Group Companies and outsourcing partners;
- potential or actual purchasers or successors-in-title of the business or share (wholly or in part) of the Company or any one of the Group Companies (including their advisers / representatives) as a result of a potential, proposed or actual sale of business, disposal, acquisition, merger or re-organization;
- the Company's authorized dealers, the Company's distributors and authorized suppliers;
- government departments or agencies, statutory authorities and industry regulators;
- any person to whom the Company is compelled or required to do so under the law or in response to a competent or government agency;
- the employees' current, past or prospective employers;
- education or training institutions and examining bodies;
- employment and recruitment agencies;
- banks, financial institutions and advisers;
- law enforcement agencies; and
- third parties appointed by the Company to provide services to the Company or on the Company's behalf (such as auditors, lawyers, company secretary services, professional advisers, printing companies, mailing companies, telecommunications companies, contractors, events or training organizers, insurance companies, information technology service providers, service providers providing services such as managing, administering and processing claims, benefits, payroll and other human resource related matters, travel agents, security companies and other advisers).

(4) Website

4.1 Links to other sites

Links to other sites are provided for the employees' convenience and information. These sites may have their own privacy statement in place and the Company does not control, recommend or endorse these sites and the Company will not be held responsible for these sites or their contents. As such, the Company encourages the employees to read the privacy policies of these sites.

4.2 Cookies

In processing the employees' information, a cookie, which is a text file placed into the memory of the employees' computer, may be used. The Company is able to use these cookies to identify the Company. The Company may be able to collect the following information during the employees visit to the Company's website and / or the fully qualified domain name from which the employees accessed the Company's site, or alternatively, the employees' internet protocol address:

- the date and time the employees accessed each page on the Company's web site;
- the URL of any webpage from which the employees accessed the Company's site (the referrer); and
- the web browser that the employees are using and the pages the employees accessed.

(5) Right to access and correct personal data

The employees have the right to access and correct their personal data held by the Company. The Company will make every endeavour to ensure the employee's personal data is accurate and up to date therefore the Company ask that if there are changes to the employees' personal data, the employees should notify the Company directly via the contact details provided in Section (6) below.

If the employees would like to access their personal data, or correct their personal data, please contact the Company at the details provided in Section (6) below.

(6) Limiting the processing of personal data, further enquiries and complaints

If:

- the employee would like to obtain further information on how to limit the processing of the employee's personal data;
- the employee has any further query; or
- the employee would like to make a complaint in respect of their personal data,

requests for access to and correction of your personal data or other queries should be addressed in writing to: **Director Human Resources, Greater China.**

(7) Conflict

In the event of any conflict between this English language Personal Data Protection Notice and its corresponding local language translation, the terms in this English language Notice shall prevail.

I hereby acknowledge and consent to the above terms.

Signed /s/ Yi, Sang Date
Name: Sang Yi

Subsidiaries of Zimmer Biomet Holdings, Inc.
As of June 30, 2020

Name of Subsidiary[1]	**Jurisdiction of Formation**
Domestic subsidiaries:	
Biomet 3i, LLC	Florida
dba Zimmer Biomet Dental	
Biomet Biologics, LLC	Indiana
Biomet CV Holdings, LLC	Delaware
Biomet Fair Lawn LLC	Indiana
Biomet Finance US, LLC	Delaware
Biomet International Orthopedics, LLC	Delaware
Biomet International, Inc.	Delaware
Biomet Leasing, Inc.	Indiana
Biomet Manufacturing, LLC	Indiana
Biomet Orthopedics, LLC	Indiana
Biomet Sports Medicine, LLC	Indiana
dba Biomet Sports Medicine Limited Liability Company *(Forced)*	
Biomet Trauma, LLC	Indiana
Biomet U.S. Reconstruction, LLC	Indiana
Biomet, Inc.	Indiana
dba Zimmer Biomet	
Cayenne Medical, Inc.	Delaware
CD Diagnostics, Inc.	Delaware
CD Laboratories, Inc.	Maryland
CelgenTek Innovations Corporation	Delaware
Citra Labs, LLC	Indiana
dba Biomet Citra Labs, LLC (*Forced*)	
Compression Therapy Concepts, Inc.	New Jersey
Dornoch Medical Systems, Inc.	Illinois
EBI Holdings, LLC	Delaware
EBI Medical Systems, LLC	Delaware
EBI, LLC	Indiana
dba Zimmer Biomet Bone Healing Technologies	
dba Biomet Bone Healing Technologies	
dba Biomet Bracing	
dba Biomet Healing Technologies (*Forced*)	
dba Biomet Osteobiologics	
dba Biomet Spine (*Forced*)	
dba Biomet Spine & Bone Healing Technologies	
dba Biomet Spine & Bone Healing Technologies, LLC (*Forced*)	
dba Biomet Spine & Bone Healing Technologies, Biomet Bracing and Biomet Osteobiologics, LLC (*Forced*)	
dba Biomet Trauma, Biomet Spine (*Forced*)	
dba Biomet Trauma, Biomet Spine, Biomet Bracing and Biomet Osteobiologics, LLC (*Forced*)	
dba EBI, LLC (IN) (*Forced*)	
dba EBI, LLC of Indiana (*Forced*)	
Electro-Biology, LLC	Delaware
ETEX Corporation	Massachusetts
dba Zimmer ETEX	
dba Zimmer Biomet ETEX	
ETEX Holdings, Inc.	Delaware
dba Zimmer ETEX	
dba Zimmer Biomet ETEX	

Name of Subsidiary[1]	Jurisdiction of Formation
Implant Concierge, LLC	Texas
InnoVision, Inc.	Delaware
Interpore Cross International, LLC	California
dba Zimmer Biomet Irvine	
Kirschner Medical Corporation	Delaware
LVB Acquisition, Inc.	Delaware
Medical Compression Systems, Inc.	Delaware
Medtech Surgical, Inc.	Delaware
Orthopaedic Advantage, LLC	Indiana
Synvasive Technology, Inc.	California
ZB COOP LLC	Delaware
ZB EMEA US UK LLC	Delaware
ZB Manufacturing, LLC	Delaware
Zimmer Biomet CMF and Thoracic, LLC	Florida
dba Biomet Microfixation	
Zimmer Biomet Distribution LLC	Delaware
Zimmer Biomet Finance US Holding, Inc.	Delaware
Zimmer Biomet Spine, Inc.	Delaware
dba Lanx	
dba Zimmer Spine	
Zimmer Biomet US 2 Holding, Inc.	Delaware
Zimmer Caribe, LLC	Delaware
Zimmer CBT I Holding, Inc.	Delaware
Zimmer CBT II Holding, Inc.	Delaware
Zimmer CEP USA Holding Co.	Delaware
Zimmer CEP USA, Inc.	Delaware
Zimmer Co-op Holdings, LLC	Delaware
Zimmer CV, Inc.	Delaware
Zimmer Dental Inc.	Delaware
Zimmer Investments, LLC	Delaware
Zimmer Knee Creations, Inc.	Delaware
Zimmer Orthobiologics, Inc.	New Jersey
Zimmer Production, Inc.	Delaware
Zimmer Southeast Florida, LLC	Delaware
Zimmer Spine Next, Inc.	Delaware
Zimmer Surgical, Inc.	Delaware
Zimmer Trabecular Metal Technology, Inc.	New Jersey
Zimmer US, Inc.	Delaware
dba Zimmer Biomet	
dba Zimmer Biomet Bay Area	
dba Zimmer Biomet Mid-Atlantic	
dba Zimmer Biomet North Texas	
dba Zimmer Biomet Southern California	
dba Zimmer US Cooperative	
dba Compression Therapy Concepts	
dba CTC Inc.	
Zimmer, Inc.	Delaware
dba Zimmer Biomet	
dba Zimmer Biomet Corporate Services (*Forced*)	
dba Z Hotel	
dba CD Diagnostics	
dba CD Laboratories	

Name of Subsidiary[1]	**Jurisdiction of Formation**
Foreign subsidiaries:	
Biomet Argentina SA	Argentina
Biomet 3i Australia Pty. Ltd.	Australia
Biomet Australia Pty. Ltd.	Australia
Zimmer Australia Holding Pty. Ltd.	Australia
Zimmer Biomet Pty. Ltd.	Australia
Zimmer Biomet Austria GmbH	Austria
ZH2LX Barbados Branch (branch)	Barbados
Zimmer Biomet Finance Srl	Barbados
Biomet 3i Belgium N.V.	Belgium
Biomet 3i Benelux Holdings N.V.	Belgium
Zimmer Biomet BVBA	Belgium
Biomet Insurance Ltd.	Bermuda
Biomet 3i do Brasil Comercio de Aparelhos Medicos Ltda.	Brazil
Biomet Brazil Medical Device Ltda.	Brazil
LDR Brasil Comercio, Importacao e Exportacao Ltda.	Brazil
Zimmer do Brasil Comercio Ltda.	Brazil
ORTHOsoft ULC	Canada
dba Zimmer CAS	
Zimmer Biomet Canada, Inc.	Canada
Zimmer Biomet Dental Canada Inc.	Canada
ZB Cayman (Asia) Holding Ltd.	Cayman Islands
ZB Cayman Island CBT 2 Ltd.	Cayman Islands
Zimmer Cayman Islands Holding Co. Ltd.	Cayman Islands
Biomet Chile SA	Chile
Zimmer Dental Chile Spa	Chile
Beijing Montagne Medical Device Co. Ltd.	China
Biomet China Co., Ltd.	China
Changzhou Biomet Medical Devices Co. Ltd.	China
Shanghai Biomet Business Consulting Co. Ltd.	China
Zhejiang Biomet Medical Products Co. Ltd.	China
Zimmer Biomet CBT	China
Zimmer Biomet CBT 2	China
Zimmer Dental (Shanghai) Medical Device Co. Ltd.	China
Zimmer (Shanghai) Medical International Trading Co., Ltd.	China
Zimmer Colombia SAS	Colombia
IC Guided Surgery, SRL	Costa Rica
Zimmer Biomet Centroamerica SA	Costa Rica
Zimmer Czech sro	Czech Republic
Zimmer Biomet Denmark ApS	Denmark
Zimmer Biomet Finland Oy	Finland
Biomet France Sarl	France
LDR Médical S.A.S.	France
Medtech SA	France
Zimmer Dental SAS	France
Zimmer France Manufacturing Sarl	France
Zimmer Biomet France SAS	France
Zimmer Biomet France Holdings SAS	France
Zimmer Spine SAS	France
Biomet Deutschland GmbH	Germany
Biomet Deutschland Holding GmbH	Germany
Biomet Healthcare Management GmbH	Germany
Zimmer Dental GmbH	Germany

Name of Subsidiary[1]	Jurisdiction of Formation
Zimmer Biomet Deutschland GmbH	Germany
Zimmer Germany Holdings GmbH	Germany
Zimmer International Logistics GmbH	Germany
Zfx GmbH	Germany
Zimmer Biomet Hellas SA	Greece
SM Re Ltd.	Guernsey
Biomet Hong Kong Holding Ltd.	Hong Kong
Biomet Hong Kong No. 1 Ltd.	Hong Kong
ZB Hong Kong CBT 2 Ltd.	Hong Kong
ZB Hong Kong Holding Ltd.	Hong Kong
ZB Hong Kong Ltd.	Hong Kong
Zimmer Asia (HK) Ltd.	Hong Kong
ZB Dental India Private Limited	India
Zimmer India Private Ltd.	India
Zimmer Biomet Ireland Limited	Ireland
Zimmer Orthopedics Manufacturing Limited	Ireland
D.S. Comp Ltd.	Israel
Zimmer Biomet Comp Ltd.	Israel
Zimmer Dental Ltd.	Israel
Lanx Srl	Italy
Zimmer Dental Italy Srl	Italy
Zimmer Biomet Italia Srl	Italy
Zfx Innovation GmbH	Italy
Zimmer Biomet Dental GK	Japan
Zimmer Biomet GK	Japan
Zimmer Biomet Korea Ltd.	Korea
Zimmer Biomet OUS Holdings AG	Liechtenstein
JERDS Luxembourg Holding Sarl	Luxembourg
Zimmer Luxembourg Sarl	Luxembourg
Zimmer Luxembourg II Sarl	Luxembourg
Zimmer Medical Malaysia SDN BHD	Malaysia
Biomet 3i Mexico S.A. de C.V.	Mexico
Biomet Mexico S.A. de C.V.	Mexico
Representaciones Zimmer Inc., S. de R.L. de C.V.	Mexico
Biomet 3i Netherlands B.V.	Netherlands
Biomet C.V.	Netherlands
Biomet Global Supply Chain Center B.V.	Netherlands
Biomet Holdings B.V.	Netherlands
Biomet Microfixation B.V.	Netherlands
ZB COOP C.V.	Netherlands
Zimmer Biomet Asia Holding B.V.	Netherlands
Zimmer Manufacturing B.V.	Netherlands
Zimmer Biomet Nederland B.V.	Netherlands
Zimmer Netherlands Cooperatief U.A.	Netherlands
Zimmer Biomet New Zealand Company	New Zealand
Zimmer Biomet Norway AS	Norway
Zimmer Biomet Polska Sp. z.o.o	Poland
Biomet 3i Portugal Lda	Portugal
Zimmer Biomet Portugal Unipessoal, Lda	Portugal
Biomet Orthopedics Puerto Rico, Inc.	Puerto Rico
EBI Patient Care, Inc.	Puerto Rico
Lanx Puerto Rico, LLC	Puerto Rico
Zimmer Manufacturing B.V. (branch)	Puerto Rico

Name of Subsidiary[1]	Jurisdiction of Formation
Zimmer Biomet Romania S.R.L.	Romania
Zimmer CIS Ltd.	Russia
Zimmer Biomet Asel Alarabiya Limited Company	Saudi Arabia
Zimmer Biomet Asia Holdings Pte. Ltd.	Singapore
Zimmer Pte. Ltd.	Singapore
Zimmer Slovakia sro	Slovakia
Zimmer Biomet South Africa (Pty) Ltd.	South Africa
Biomet 3i Dental Iberica SL	Spain
Biomet Spain Orthopaedics S.L.	Spain
Espanormed S.L.	Spain
Zimmer Biomet Spain S.L.	Spain
Biomet 3i Nordic AB	Sweden
Biomet Cementing Technologies AB	Sweden
Scandimed Holding AB	Sweden
Zimmer Biomet Sweden AB	Sweden
Biomet 3i Switzerland GmbH	Switzerland
Zimmer Biomet Global Holdings Switzerland GmbH	Switzerland
Zimmer GmbH	Switzerland
Zimmer GmbH Euro IP Branch (branch)	Switzerland
Zimmer GmbH, Winterthur Branch (branch)	Switzerland
Zimmer Surgical SA	Switzerland
Zimmer Switzerland Holdings LLC	Switzerland
Zimmer Switzerland Manufacturing GmbH	Switzerland
Zimmer Biomet Taiwan Co., Ltd.	Taiwan
Zimmer Biomet (Thailand) Co., Ltd.	Thailand
Biomet 3i Turkey	Turkey
Zimmer Tibbi Cihazlar Sanayi ve Ticaret AS	Turkey
Zimmer Gulf FZ LLC	United Arab Emirates
Biomet 3i UK Ltd.	United Kingdom
Biomet Acquisitions (Unlimited)	United Kingdom
Biomet UK Ltd.	United Kingdom
Biomet UK Healthcare Ltd.	United Kingdom
ZB EMEA 1 LP	United Kingdom
ZB EMEA Finance UK 1 Ltd.	United Kingdom
ZB EMEA Finance UK 2 Ltd.	United Kingdom
ZB EMEA Finance UK 3 Ltd.	United Kingdom
ZB EMEA Finance UK 4 Ltd.	United Kingdom
ZB UK Group Holdings Limited	United Kingdom
Zimmer Biomet UK Ltd.	United Kingdom
Zimmer Trustee Ltd.	United Kingdom
Zimmer UK Limited	United Kingdom

[1] Excludes certain entities that have de minimis activity or are in the process of being liquidated or dissolved and that, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

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, Bryan C. Hanson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Zimmer Biomet 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 the 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: August 4, 2020

/s/ Bryan C. Hanson

Bryan C. Hanson

President and Chief Executive Officer

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, Suketu Upadhyay, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Zimmer Biomet 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 the 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: August 4, 2020

/s/ Suketu Upadhyay

Suketu Upadhyay

Executive Vice President and Chief Financial Officer

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 Quarterly Report on Form 10-Q of Zimmer Biomet Holdings, Inc. (the "Company") for the period ended June 30, 2020 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.

/s/ Bryan C. Hanson
Bryan C. Hanson
President and Chief Executive Officer
August 4, 2020

/s/ Suketu Upadhyay
Suketu Upadhyay
Executive Vice President and Chief Financial Officer
August 4, 2020