

Edgar Filing: BIOMET INC - Form 10-Q

BIOMET INC  
Form 10-Q  
January 14, 2003

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended November 30, 2002.

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file Number 0-12515.

BIOMET, INC.  
(Exact name of registrant as specified in its charter)

Indiana  
(State or other jurisdiction of  
incorporation or organization)

35-1418342  
(I.R.S. Employer  
Identification No.)

56 East Bell Drive, Warsaw, Indiana 46582  
(Address of principal executive offices)

(574) 267-6639  
(Registrant's telephone number, including area code)

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 X No

As of November 30, 2002, the registrant had 258,952,816 common shares  
outstanding.

BIOMET, INC.

CONTENTS

Pages

Part I. Financial Information

Item 1. Financial Statements:

Consolidated Balance Sheets	1-2
Consolidated Statements of Income	3

## Edgar Filing: BIOMET INC - Form 10-Q

Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-11
Item 3. Quantitative and Qualitative Disclosure about Market Risks	11
Item 4. Controls and Procedures	11
Part II. Other Information	12
Signatures	13
Certifications of Principal Executive Officer and Principal Financial Officer regarding facts and circumstances relating to quarterly reports	14-15
Index to Exhibits	16

### PART I. FINANCIAL INFORMATION

#### ITEM 1. FINANCIAL STATEMENTS

##### BIOMET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
at November 30, 2002 and May 31, 2002  
(in thousands)

#### ASSETS

	November 30, 2002	May 31, 2002
	-----	-----
	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 141,521	\$ 154,297
Investments	38,621	30,973
Accounts and notes receivable, net	388,483	365,148
Inventories	360,153	335,348
Deferred income taxes	50,294	49,523
Prepaid expenses and other	20,975	17,655
	-----	-----
Total current assets	1,000,047	952,944
	-----	-----
Property, plant and equipment, at cost	421,358	389,454
Less, Accumulated depreciation	196,241	170,393
	-----	-----
Property, plant and equipment, net	225,117	219,061
	-----	-----
Investments	149,945	201,247
Intangible assets, net	12,368	8,532
Excess acquisition costs over fair value of acquired net assets, net	123,265	125,157
Other assets	13,761	14,782
	-----	-----
Total assets	\$1,524,503	\$1,521,723
	=====	=====

## Edgar Filing: BIOMET INC - Form 10-Q

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

BIOMET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
at November 30, 2002 and May 31, 2002  
(in thousands)

### LIABILITIES AND SHAREHOLDERS' EQUITY

	November 30, 2002	May 31, 2002
	-----	-----
	(Unaudited)	
Current liabilities:		
Short-term borrowings	\$ 111,715	\$ 90,467
Accounts payable	37,048	36,318
Accrued income taxes	7,216	17,483
Accrued wages and commissions	33,196	35,106
Accrued litigation	5,864	5,864
Other accrued expenses	53,523	52,461
	-----	-----
Total current liabilities	248,562	237,699
Long-term liabilities:		
Deferred income taxes	2,780	3,332
Other liabilities	380	406
	-----	-----
Total liabilities	251,722	241,437
Minority interest	107,573	103,807
	-----	-----
Contingencies (Note 7)		
Shareholders' equity:		
Common shares	131,700	124,417
Additional paid-in capital	48,266	48,868
Retained earnings	1,019,392	1,054,020
Accumulated other comprehensive loss	(34,150)	(50,826)
	-----	-----
Total shareholders' equity	1,165,208	1,176,479
Total liabilities and shareholders' equity	\$1,524,503	\$1,521,723
	=====	=====

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

BIOMET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME  
for the six and three month periods ended November 30, 2002 and 2001  
(Unaudited, in thousands, except per share data)

	Six Months Ended		Three Months Ended	
	-----	-----	-----	-----
	2002	2001	2002	2001
	----	----	----	----
Net sales	\$659,048	\$561,409	\$341,448	\$289,387

Edgar Filing: BIOMET INC - Form 10-Q

Cost of sales	188,742	156,426	98,605	79,034
	-----	-----	-----	-----
Gross profit	470,306	404,983	242,843	210,353
Selling, general and administrative expenses	237,137	207,995	121,249	106,679
Research and development expense	25,707	23,655	13,069	11,987
	-----	-----	-----	-----
Operating income	207,462	173,333	108,525	91,687
Other income, net	6,802	8,935	2,858	4,371
	-----	-----	-----	-----
Income before income taxes and minority interest	214,264	182,268	111,383	96,058
Provision for income taxes	74,138	61,876	38,544	32,607
	-----	-----	-----	-----
Income before minority interest	140,126	120,392	72,839	63,451
Minority interest	3,766	2,927	2,485	1,999
	-----	-----	-----	-----
Net income	\$136,360	\$117,465	\$ 70,354	\$ 61,452
	=====	=====	=====	=====
Earnings per share:				
Basic	\$.52	\$.44	\$.27	\$.23
	=====	=====	=====	=====
Diluted	\$.52	\$.43	\$.27	\$.23
	=====	=====	=====	=====
Shares used in the computation of earnings per share:				
Basic	260,862	269,635	259,499	269,809
	=====	=====	=====	=====
Diluted	262,925	272,747	261,626	272,822
	=====	=====	=====	=====
Cash dividends per common share	\$.10	\$.09	\$ --	\$ --
	=====	=====	=====	=====

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

BIOMET, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
for the six months ended November 30, 2002 and 2001  
(Unaudited, in thousands)

	2002	2001
	----	----
Cash flows from (used in) operating activities:		
Net income	\$136,360	\$117,465
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	20,401	16,446
Amortization	1,944	6,089
Gain on sale of investments, net	(59)	(89)
Minority interest	3,766	2,927
Deferred income taxes	(967)	4,467
Changes in current assets and liabilities, excluding effects of acquisitions:		
Accounts and notes receivable, net	(15,788)	(8,249)
Inventories	(11,195)	(29,690)
Prepaid expenses and other	59	3,625
Accounts payable	1,097	3,458
Accrued income taxes	(10,762)	(2,812)

## Edgar Filing: BIOMET INC - Form 10-Q

Accrued wages and commissions	(1,910)	(4,883)
Other accrued expenses	(3,833)	(24,401)
	-----	-----
Net cash from operating activities	119,113	84,353
	-----	-----
Cash flows from (used in) investing activities:		
Proceeds from sales and maturities of investments	74,650	66,316
Purchases of investments	(31,919)	(81,562)
Capital expenditures	(19,083)	(34,025)
Other	(3,614)	(1,345)
	-----	-----
Net cash from (used in) investing activities	20,034	(50,616)
	-----	-----
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings, net	12,043	(4,974)
Issuance of common shares	9,944	9,422
Cash dividends	(26,431)	(24,268)
Purchase of common shares	(148,264)	--
	-----	-----
Net cash used in financing activities	(152,708)	(19,820)
	-----	-----
Effect of exchange rate changes on cash	785	(1,885)
	-----	-----
Increase (decrease) in cash and cash equivalents	(12,776)	12,032
Cash and cash equivalents, beginning of year	154,297	235,091
	-----	-----
Cash and cash equivalents, end of period	\$141,521	\$247,123
	=====	=====

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

BIOMET, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE 1: BASIS OF PRESENTATION.

The accompanying consolidated financial statements include the accounts of Biomet, Inc. and its subsidiaries (individually and collectively referred to as the "Company"). The unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six-month period ended November 30, 2002 are not necessarily indicative of the results that may be expected for the fiscal year ending May 31, 2003. For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2002.

The accompanying consolidated balance sheet at May 31, 2002, has been derived from the audited Consolidated Financial Statements at that date, but does not include all disclosures required by accounting principles generally accepted in the United States.

The Company operates in one business segment, musculoskeletal products, which includes the designing, manufacturing and marketing of reconstructive products, fixation devices, spinal products and other products. Other products consist primarily of Arthrotek's arthroscopy products, EBI's softgoods and bracing

## Edgar Filing: BIOMET INC - Form 10-Q

products, general instruments and operating room supplies. The Company manages its business segment primarily on a geographic basis. These geographic markets are comprised of the United States, Europe and other. The other geographic market include Canada, South America, Mexico, Japan and the Pacific Rim.

Net sales of musculoskeletal products by product category are as follows for the six and three month periods ended November 30:

	Six Months Ended		Three Months Ended	
	2002	2001	2002	2001
	-----	-----	-----	-----
	(in thousands)			
Reconstructive	\$403,939	\$336,066	\$211,914	\$174,894
Fixation	117,808	106,882	58,427	53,236
Spinal products	69,463	57,151	36,197	29,692
Other	67,838	61,310	34,910	31,565
	-----	-----	-----	-----
	\$659,048	\$561,409	\$341,448	\$289,387
	=====	=====	=====	=====

### NOTE 2: COMPREHENSIVE INCOME.

Other comprehensive income includes foreign currency translation adjustments and unrealized appreciation of available-for-sale securities, net of taxes. Other comprehensive income (loss) for the three months ended November 30, 2002 and 2001 was \$(4,000) and \$1,269,000, respectively. Other comprehensive income for the six months ended November 30, 2002 and 2001 was \$16,676,000) and \$1,668,000, respectively. Total comprehensive income combines reported net income and other comprehensive income. Total comprehensive income for the three months ended November 30, 2002 and 2001 was \$70,350,000 and \$62,721,000, respectively. Total comprehensive income for the six months ended November 30, 2002 and 2001 was \$153,036,000 and \$119,133,000, respectively.

### NOTE 3: INVENTORIES.

Inventories at November 30, 2002 and May 31, 2002 are as follows:

	November 30, 2002	May 31, 2002
	-----	-----
	(in thousands)	
Raw materials	\$ 36,466	\$ 35,036
Work-in-process	41,904	45,476
Finished goods	149,943	135,842
Consigned inventory	131,840	118,994
	-----	-----
	\$360,153	\$335,348
	=====	=====

### NOTE 4: COMMON SHARES.

During the six months ended November 30, 2002, the Company issued 941,274 Common Shares upon the exercise of outstanding stock options for proceeds aggregating \$9,944,000. Purchases of Common Shares pursuant to the Common Share Repurchase Programs aggregated 5,639,628 shares for \$148,264,000 during the six months ended November 30, 2002.

### NOTE 5: EARNINGS PER SHARE.

## Edgar Filing: BIOMET INC - Form 10-Q

Earnings per common share amounts ("basic EPS") are computed by dividing net income by the weighted average number of common shares outstanding and excludes any potential dilution. Earnings per common share amounts assuming dilution ("diluted EPS") are computed by reflecting potential dilution from the exercise of stock options.

### NOTE 6: INCOME TAXES.

The difference between the reported provision for income taxes and a provision computed by applying the federal statutory rate to pre-tax accounting income is primarily attributable to state income taxes, tax benefits relating to operations in Puerto Rico, tax-exempt income and tax credits.

### NOTE 7: CONTINGENCIES.

In January 1996, a jury returned a verdict in a patent infringement matter against the Company and in favor of Raymond G. Tronzo ("Tronzo"), which in August 1998 was subsequently reversed and vacated by the United States Court of Appeals for the Federal Circuit (the "Federal Circuit"). The Federal Circuit then remanded the case to the District Court for the Southern District of Florida (the "District Court") for further consideration on state law claims only. On August 27, 1999, the District Court entered a final judgment of \$53,530 against the Company. Tronzo then appealed the District Court's final judgment with the Federal Circuit and in January 2001 the Federal Circuit reinstated a \$20 million punitive damages award against the Company while affirming the compensatory damage award of \$520. The Federal Circuit's decision was based principally on procedural grounds, and in March 2001 it denied the Company's combined petition for panel rehearing petition and petition for rehearing en banc. On November 13, 2001 the United States Supreme Court ("Supreme Court") denied the Company's petition to review the \$20 million punitive damage award against the Company given to Tronzo. The Company had previously recorded a one-time special charge during the third quarter of fiscal 2001 of \$26.1 million, which represents the total damage award plus the maximum amount of interest that, as calculated by the Company, may be due under the award and related expenses. While the Company was disappointed in the Supreme Court's decision not to review the case, the Company has paid \$20,236,000 out of escrow. The amount of interest owed by the Company, if any, on this award continues to be in dispute; however, if a decision on the interest award is adverse to the Company, it should not exceed the amount of the remaining funds in escrow. The Supreme Court's decision does not affect the ongoing sales of any of Biomet's product lines.

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

### NOTE 8: RECENT ACCOUNTING PRONOUNCEMENTS.

In June of 2001 the Financial Accounting Standards Board (FASB) approved the issuance of Statement 142, "Goodwill and Other Intangible Assets". FASB Statement 142, among other things, requires that goodwill not be amortized but should be tested for impairment at least annually. The Company adopted this statement during the first quarter by discontinuing the amortization of goodwill totaling \$1.8 million per quarter (\$1.6 million net of tax). In

## Edgar Filing: BIOMET INC - Form 10-Q

addition, the Company was required to review its goodwill during the first six months for possible impairment. Based on the Company's review, no impairment charges have been recorded during the first six months. The following tables show the reported net income and earnings per share for the three and six month periods ended November 30, 2001, reconciles them to the adjusted net income and earnings per share had the nonamortization provisions of Statement 142 been applied in that period and compares them to the three and six month periods ended November 30, 2002:

	Six Months Ended		Three Months Ended	
	2002	2001	2002	2001
	(in thousands, except per share data)			
Reported net income	\$136,360	\$117,465	\$ 70,354	\$ 61,452
Effect of goodwill amortization	--	3,200	--	1,600
As adjusted	\$136,360	\$120,665	\$ 70,354	\$ 63,052
Reported earnings per share	\$ .52	\$ .44	\$ .27	\$ .23
Effect of goodwill amortization	--	.01	--	--
As adjusted	\$ .52	\$ .45	\$ .27	\$ .23
Reported diluted earnings per share	\$ .52	\$ .43	\$ .27	\$ .23
Effect of goodwill amortization	--	.01	--	--
As adjusted	\$ .52	\$ .44	\$ .27	\$ .23

### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### FINANCIAL CONDITION AS OF NOVEMBER 30, 2002

The Company's cash and investments decreased \$56,430,000 to \$330,087,000 at November 30, 2002. This decrease resulted from the \$26,431,000 dividend paid during the first quarter and the \$148,264,000 used to purchase shares during the first six months pursuant to the share repurchase programs, offset by positive cash flow from operations.

Cash flows provided by operating activities were \$119,113,000 for the first six months of fiscal 2003 compared to \$84,353,000 in 2002. The primary sources of fiscal year 2003 cash flows from operating activities were net income and depreciation. The primary uses were increases in accounts receivable and inventory and a reduction in accrued income taxes. Over the last several quarters, the Company has experienced a greater sales growth in its insurance billings verses its hospital billings in the United States. These insurance billings historically have had a longer collection cycle. In addition, accounts receivable continue to increase as the Company's sales grow at a rapid rate. Inventories increased from new product introductions (specifically in Europe) and a buildup of inventory associated with the Company's establishment of its direct operations in Japan. Accounts and notes receivable and inventory balances were increased during the six month period by \$7.5 million and \$13.6 million, respectively, due to currency exchange rates.

Cash flows from investing activities were \$20,034,000 for the first six months of fiscal 2003 compared to a use of \$50,616,000 in 2002. The primary source of cash flows from investing activities were sales and maturities of



## Edgar Filing: BIOMET INC - Form 10-Q

investments offset by purchases of investments and capital equipment.

Cash flows used in financing activities were \$152,708,000 for the first six months of fiscal 2003 compared to a use of \$19,820,000 in 2002. The primary use of cash flows from financing activities was the cash dividend paid in the first quarter and the share repurchase program. In July 2002, the Company's Board of Directors declared a cash dividend of ten cents (\$.10) per share payable to shareholders of record at the close of business on July 8, 2002.

Currently available funds, together with anticipated cash flows generated from future operations, are believed to be adequate to cover the Company's anticipated cash requirements, including capital expenditures, research and development costs and litigation settlements, if any.

### RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2002 AS COMPARED TO THE SIX MONTHS ENDED NOVEMBER 30, 2001

Net sales increased 17% to \$659,048,000 for the six-month period ended November 30, 2002, from \$561,409,000 for the same period last year. Excluding the impact of foreign currency which increased sales for the six months by \$11.4 million, net sales increased 15% during the first six months of fiscal year 2003. The Company's U.S.-based revenue increased 14% to \$466,700,000 during the first six months of fiscal 2003, while foreign sales increased 25% to \$192,348,000. Excluding the positive foreign exchange adjustment, foreign sales in local currencies increased 18%. Biomet's worldwide sales of reconstructive products during the first six months of fiscal 2003 were \$403,939,000, representing a 20% increase compared to the first six months of last year. This increase came through balanced growth in all of the reconstructive product categories. The Company's extensive line of reconstructive products continues to gain market share in this rapidly growing market. Sales of fixation products were \$117,808,000 for the first six months of fiscal 2003, representing a 10% increase as compared to the same period in 2002. Sales of spinal products were \$69,463,000 for the first six months of fiscal 2003, representing a 21% increase as compared to the same period in 2002. The increase is a result of continued market acceptance of EBI's spinal stimulation systems and the expansion of EBI's product portfolio into the hardware and biological segments of the spinal markets. The Company's sales of other products totaled \$67,838,000, representing an 11% increase over the first six months of fiscal year 2002, primarily as a result of increased sales of arthroscopy products and softgoods and bracing products.

Cost of sales increased as a percentage of net sales to 28.6% for the first six months of fiscal 2003 from 27.9% last year primarily as a result of higher growth rates in foreign sales, where gross margins are lower, versus domestic sales. Selling, general and administrative expenses as a percentage of net sales decreased to 36.0% compared to 37.0% for the first six months last year. This decrease in the percentage is a result of the Company's continued emphasis on slowing its general and administrative expense growth and adopting FASB 142 which discontinued the amortization of goodwill (\$3.6 million during the six month period). Research and development expenditures increased during the first six months to \$25,707,000 reflecting the Company's continued emphasis on new product introductions. Operating income rose 20% from \$173,333,000 for the first six months of fiscal 2002, to \$207,462,000 for the first six months of fiscal 2003. Other income decreased 24%. Over the last four quarters, the Company has used \$358,000,000 to purchase its common stock which has reduced investable cash. In addition, as interest rates fall, higher yielding investments are called and replaced with lower yielding investments. The effective income tax rate increased to 34.6% for the first six months of fiscal year 2003 from 34.0% last year primarily as a result of states increasing their tax rates.

## Edgar Filing: BIOMET INC - Form 10-Q

These factors resulted in a 16% increase in net income to \$136,360,000 for the first six months of fiscal 2003 as compared to \$117,465,000 for the same period in fiscal 2002. Basic earnings per share increased 18%, from \$.44 to \$.52 while diluted earnings per share increased 20%, from \$.43 to \$.52 for the periods presented.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED NOVEMBER 30, 2002  
AS COMPARED TO THE THREE MONTHS ENDED NOVEMBER 30, 2001

Net sales increased 18% to \$341,448,000 for the second quarter of fiscal 2003, as compared to \$289,387,000 for the same period last year. Excluding the impact of foreign currency which increased second quarter sales by \$5.2 million, net sales increased 16% during the second quarter of fiscal year 2003. Operating income increased 18% from \$91,687,000 for the second quarter of fiscal 2002, to \$108,525,000 for the second quarter of fiscal 2003. During the second quarter, net income increased 14.5% to \$70,354,000 as compared to \$61,452,000 for the same period last year. Basic and diluted earnings per share increased 17% from \$.23 to \$.27 for the periods presented. The business factors resulting in these changes and relevant trends affecting the Company's business during the periods in question are comparable to those described in the preceding discussion for the six-month period.

Item 3. Quantitative and Qualitative Disclosures about Market Risks.

There have been no material changes from the information provided in the Company's Annual Report on Form 10-K for the year ended May 31, 2002.

Item 4. Controls and Procedures.

As of November 30, 2002, an evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of November 30, 2002. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to November 30, 2002.

## PART II. OTHER INFORMATION

Item 1: Legal Proceedings.

In January 1996, a jury returned a verdict in a patent infringement matter against the Company and in favor of Raymond G. Tronzo ("Tronzo"), which in August 1998 was subsequently reversed and vacated by the United States Court of Appeals for the Federal Circuit (the "Federal Circuit"). The Federal Circuit then remanded the case to the District Court for the Southern District of Florida (the "District Court") for further consideration on state law claims only. On August 27, 1999, the District Court entered a final judgment of \$53,530 against the Company. Tronzo then appealed the District Court's final judgment with the Federal Circuit and in January 2001 the Federal Circuit reinstated a \$20 million punitive damages award against the Company while affirming the compensatory damage award of \$520. The Federal Circuit's decision was based principally on procedural grounds, and in March 2001 it denied the Company's combined petition for panel rehearing petition and petition for rehearing en banc. On November 13, 2001 the United States Supreme Court ("Supreme Court") denied the Company's

## Edgar Filing: BIOMET INC - Form 10-Q

petition to review the \$20 million punitive damage award against the Company given to Tronzo. The Company had previously recorded a one-time special charge during the third quarter of fiscal 2001 of \$26.1 million, which represents the total damage award plus the maximum amount of interest that, as calculated by the Company, may be due under the award and related expenses. While the Company was disappointed in the Supreme Court's decision not to review the case, the Company has paid \$20,236,000 out of escrow. The amount of interest owed by the Company, if any, on this award continues to be in dispute; however, if a decision on the interest award is adverse to the Company, it should not exceed the amount of the remaining funds in escrow. The Supreme Court's decision does not affect the ongoing sales of any of Biomet's product lines.

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibits. See Index to Exhibits.
- (b) Reports on Form 8-K. None.

### 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.

BIOMET, INC.  
-----

DATE: 1/13/2003  
-----

BY: /s/ Gregory D. Hartman  
-----

Gregory D. Hartman  
Senior Vice President - Finance  
(Principal Financial Officer)

(Signing on behalf of the registrant  
and as principal financial officer)

### CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER REGARDING FACTS AND CIRCUMSTANCES RELATING TO QUARTERLY REPORTS

I, Dane A. Miller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Biomet, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

## Edgar Filing: BIOMET INC - Form 10-Q

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - (a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
  - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: 1/13/2003  
-----

/s/ Dane A. Miller  
-----

Dane A. Miller, Ph.D.  
President and Chief Executive Officer

### CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER REGARDING FACTS AND CIRCUMSTANCES RELATING TO QUARTERLY REPORTS

I, Gregory D. Hartman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Biomet, Inc.;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash

**Edgar Filing: BIOMET INC - Form 10-Q**

flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - (a) designed such disclosure controls and procedures 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 quarterly report is being prepared;
  - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
  
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
  
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: 1/13/2003  
-----

/s/ Gregory D. Hartman  
-----  
Gregory D. Hartman  
Senior Vice President - Finance  
and Chief Financial Officer

BIOMET, INC.

FORM 10-Q

INDEX TO EXHIBITS

Number Assigned in Regulation S-K Item 601	Exhibit No.	Description of Exhibit
-----	-----	-----
(2)		No exhibit

## Edgar Filing: BIOMET INC - Form 10-Q

- (4) 4.1 Specimen certificate for Common Shares.  
(Incorporated by reference to Exhibit 4.1 to the registrant's Report on Form 10-K for the fiscal year ended May 31, 1985.)
- 4.2 Rights Agreement between Biomet, Inc. and Lake City Bank, as Rights Agent, dated as of December 16, 1999. (Incorporated by reference to Exhibit 4.01 to Biomet, Inc. Form 8-K Current Report dated December 16, 1999, Commission File No. 0-12515), as amended September 1, 2002 to change rights agent to American Stock Transfer & Trust Company.
- (10) No exhibit.
- (11) No exhibit.
- (15) No exhibit.
- (18) No exhibit.
- (19) No exhibit.
- (22) No exhibit.
- (23) No exhibit.
- (24) No exhibit.
- (99) 99.1 Written Statement of Chief Executive Officer and Chief Financial Officer Pursuant to Sections 906 and 302 of the Sarbanes-Oxley Act of 2002.