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BIOMET INC
Form 10-Q
April 14, 2004

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 February 29, 2004.

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 No

As of February 29, 2004, the registrant had 254,420,089 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

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Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5-7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	8-10
Item 3. Quantitative and Qualitative Disclosure about Market Risks	11
Item 4. Controls and Procedures	11
Part II. Other Information	12
Signatures	13
Index to Exhibits	14

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BIOMET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
at February 29, 2004 and May 31, 2003
(in thousands)

ASSETS

	February 29, 2004	May 31, 2003
	-----	-----
	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 376,923	\$ 225,650
Investments	13,945	37,337
Accounts and notes receivable, net	468,497	418,095
Inventories	383,200	356,270
Deferred income taxes	54,642	54,262
Prepaid expenses and other	24,987	20,141
	-----	-----
Total current assets	1,322,194	1,111,755
	-----	-----
Property, plant and equipment, at cost	525,966	468,965
Less, Accumulated depreciation	258,426	215,519
	-----	-----
Property, plant and equipment, net	267,540	253,446
	-----	-----
Investments	72,770	155,607
Goodwill, net	130,299	126,706
Intangible assets, net	10,033	10,874
Other assets	15,089	13,781
	-----	-----
Total assets	\$1,817,925	\$1,672,169
	=====	=====

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

BIOMET, INC. AND SUBSIDIARIES

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CONSOLIDATED BALANCE SHEETS
at February 29, 2004 and May 31, 2003
(in thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY

	February 29, 2004	May 31, 2003
	-----	-----
	(Unaudited)	
Current liabilities:		
Short-term borrowings	\$ 122,465	\$ 114,120
Accounts payable	38,769	42,106
Accrued income taxes	17,746	12,453
Accrued wages and commissions	45,964	43,715
Other accrued expenses	63,598	54,260
	-----	-----
Total current liabilities	288,542	266,654
Long-term liabilities:		
Deferred income taxes	7,455	7,031
Other liabilities	--	462
	-----	-----
Total liabilities	295,997	274,147
Minority interest	118,161	111,888
	-----	-----
Contingencies (Note 7)		
Shareholders' equity:		
Common shares	161,159	141,931
Additional paid-in capital	54,155	54,081
Retained earnings	1,159,125	1,100,462
Accumulated other comprehensive income (loss)	29,328	(10,340)
	-----	-----
Total shareholders' equity	1,403,767	1,286,134
	-----	-----
Total liabilities and shareholders' equity	\$1,817,925	\$1,672,169
	=====	=====

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

BIOMET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
for the nine and three month periods ended February 29, 2004 and
February 28, 2003
(Unaudited, in thousands, except per share data)

	Nine Months Ended		Three Months Ended	
	2004	2003	2004	2003
	----	----	----	----
Net sales	\$1,168,065	\$1,013,090	\$410,185	\$354,042
Cost of sales	330,400	296,378	115,992	107,636
	-----	-----	-----	-----
Gross profit	837,665	716,712	294,193	246,406

Selling, general and

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administrative expenses	414,773	365,126	145,712	127,990
Research and development expense	46,450	40,262	15,892	14,555
	-----	-----	-----	-----
Operating income	376,442	311,324	132,589	103,861
Other income, net	10,260	15,947	3,570	9,145
	-----	-----	-----	-----
Income before income taxes and minority interest	386,702	327,271	136,159	113,006
Provision for income taxes	134,659	113,307	47,430	39,169
	-----	-----	-----	-----
Income before minority interest	252,043	213,964	88,729	73,837
Minority interest	6,273	5,010	2,129	1,243
	-----	-----	-----	-----
Net income	\$ 245,770	\$ 208,954	\$ 86,600	\$ 72,594
	=====	=====	=====	=====
Earnings per share:				
Basic	\$.96	\$.80	\$.34	\$.28
	=====	=====	=====	=====
Diluted	\$.95	\$.80	\$.34	\$.28
	=====	=====	=====	=====
Shares used in the computation of earnings per share:				
Basic	255,916	259,895	255,110	257,929
	=====	=====	=====	=====
Diluted	257,892	261,597	257,244	259,824
	=====	=====	=====	=====
Cash dividends per common share	\$.15	\$.10	\$ --	\$ --
	=====	=====	=====	=====

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

BIOMET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the nine months ended February 29, 2004 and February 28, 2003
(Unaudited, in thousands)

	2004	2003
	----	----
Cash flows from (used in) operating activities:		
Net income	\$245,770	\$208,954
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	38,876	31,003
Amortization	2,274	2,608
Gain on sale of investments, net	(583)	(153)
Minority interest	6,273	5,010
Deferred income taxes	(1,562)	646
Changes in current assets and liabilities:		
Accounts and notes receivable, net	(37,130)	(32,675)
Inventories	(2,059)	(2,146)
Accounts payable	(6,782)	(8,376)
Accrued income taxes	4,597	(17,173)
Other	4,419	(3,320)
	-----	-----
Net cash from operating activities	254,093	184,378
	-----	-----
Cash flows from (used in) investing activities:		
Proceeds from sales and maturities of investments	215,286	104,717
Purchases of investments	(106,694)	(43,899)

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Capital expenditures	(42,594)	(41,766)
Other	(1,587)	(4,178)
	-----	-----
Net cash from investing activities	64,411	14,874
	-----	-----
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings, net	(2,254)	6,655
Issuance of common shares	21,874	13,897
Cash dividends	(38,604)	(26,431)
Purchase of common shares	(152,020)	(187,115)
	-----	-----
Net cash used in financing activities	(171,004)	(192,994)
	-----	-----
Effect of exchange rate changes on cash	3,773	7,222
	-----	-----
Increase in cash and cash equivalents	151,273	13,480
Cash and cash equivalents, beginning of year	225,650	154,297
	-----	-----
Cash and cash equivalents, end of period	\$376,923	\$167,777
	=====	=====

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 nine-month period ended February 29, 2004 are not necessarily indicative of the results that may be expected for the fiscal year ending May 31, 2004. 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, 2003.

The accompanying consolidated balance sheet at May 31, 2003, 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 EBI's softgoods and bracing products, Arthrotek's arthroscopy 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 the Rest of World. Major markets included in the Rest of World geographic market are Canada, South America, Mexico, Japan and the Pacific Rim.

Net sales of musculoskeletal products by product category are as follows for the nine and three month periods ended February 29, 2004 and February 28, 2003:

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	Nine Months Ended		Three Months Ended	
	2004	2003	2004	2003
	(in thousands)			
Reconstructive	\$ 755,726	\$ 626,192	\$270,203	\$222,253
Fixation	184,889	176,869	62,460	59,061
Spinal products	116,267	105,620	39,322	36,157
Other	111,183	104,409	38,200	36,571
	-----	-----	-----	-----
	\$1,168,065	\$1,013,090	\$410,185	\$354,042
	=====	=====	=====	=====

As permitted by SFAS No. 123, the Company accounts for its employee stock options using the intrinsic value method. Accordingly, no compensation expense is recognized for the employee stock-based compensation plans. If compensation expense for the Company's employee stock options had been determined based on the fair value method of accounting, pro forma net income and diluted earnings per share for the nine and three month periods ended February 29, 2004 and February 28, 2003 would have been as follows:

	Nine Months Ended		Three Months Ended	
	2004	2003	2004	2003
Net income as reported (in thousands)	\$245,770	\$208,954	\$ 86,600	\$ 72,594
Deduct: Total stock-based employee compensation expense determined under the fair value method for all awards net of related tax effects (in thousands)	3,853	4,146	1,290	1,382
	-----	-----	-----	-----
Pro forma net income (in thousands)	\$241,917	\$204,808	\$ 85,310	\$ 71,212
	=====	=====	=====	=====
Earning per share:				
Basic, as reported	\$0.96	\$0.80	\$0.34	\$0.28
	=====	=====	=====	=====
Basic, pro forma	\$0.95	\$0.79	\$0.33	\$0.28
	=====	=====	=====	=====
Diluted, as reported	\$0.95	\$0.80	\$0.34	\$0.28
	=====	=====	=====	=====
Diluted, pro forma	\$0.94	\$0.79	\$0.33	\$0.27
	=====	=====	=====	=====

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 for the three months ended February 29, 2004 and February 28, 2003 was \$27,186,000 and \$22,034,000, respectively. Other comprehensive income for the nine months ended February 29, 2004 and February 28, 2003 was \$39,668,000 and \$38,710,000, respectively. Total comprehensive income combines reported net income and other comprehensive income. Total comprehensive income for the three months ended February 29, 2004 and February 28, 2003 was \$113,786,000 and \$94,628,000, respectively. Total comprehensive income for the nine months ended February 29, 2004 and February 28, 2003 was \$285,438,000 and \$247,664,000, respectively.

NOTE 3: INVENTORIES.

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Inventories at February 29, 2004 and May 31, 2003 are as follows:

	February 29, 2004	May 31, 2003
	-----	-----
	(in thousands)	
Raw materials	\$ 36,503	\$ 37,685
Work-in-process	44,574	38,110
Finished goods	155,214	142,483
Consigned inventory	146,909	137,992
	-----	-----
	\$383,200	\$356,270
	=====	=====

NOTE 4: COMMON SHARES.

During the nine months ended February 29, 2004, the Company issued 1,551,155 Common Shares upon the exercise of outstanding stock options for proceeds aggregating \$21,874,000. Purchases of Common Shares pursuant to the Common Share Repurchase Programs aggregated 4,619,749 shares for \$152,020,000 during the nine months ended February 29, 2004.

NOTE 5: EARNINGS PER SHARE.

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.

There are various 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 statements.

NOTE 8: SUBSEQUENT EVENTS.

On March 22, 2004, the Company announced the successful completion of the agreement with Merck KGaA, Darmstadt, Germany, to acquire Merck's 50% interest in the Biomet-Merck Joint Venture for an aggregate purchase price of \$300 million in cash. The transaction has now been completed subject only to the receipt of clearance from the competition authorities in certain European jurisdictions.

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On March 8, 2004, the Company announced that it had entered into a definitive agreement with Interpore International, Inc. under which the Company will acquire all of the outstanding common stock of Interpore for \$14.50 per share, in cash, representing a total equity value of approximately \$280 million. The Company will use currently available cash and readily available short-term debt to fund the transaction, which is expected to close in the second calendar quarter.

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

FINANCIAL CONDITION AS OF FEBRUARY 29, 2004

The Company's cash and investments increased \$45,044,000 to \$463,638,000 at February 29, 2004. This increase resulted from positive cash flow from operations, offset by the \$38,604,000 dividend paid during the first quarter and the \$152,020,000 used to purchase shares during the first nine months pursuant to the Company's share repurchase programs.

Cash flows provided by operating activities were \$254,093,000 for the first nine months of fiscal 2004 compared to \$184,378,000 in 2003. The primary sources of fiscal year 2004 cash flows from operating activities were net income and depreciation. The primary uses were increases in accounts receivable and inventory and a reduction in accounts payable. Over the last several quarters, the Company has experienced a greater sales growth in its insurance billings versus its hospital billings for bone healing products 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 continue to grow. Inventories increased from new product introductions (specifically in Japan) and a buildup of inventory associated with the Company's establishment of its direct operations in Japan. Biomet's direct operations in Japan have experienced an increased in sales by 108% for the first nine months compared to last year. Accounts payable decreased due to the lower levels of common stock being purchased at the end of this quarter versus the end of the fiscal year. Accounts and notes receivable and inventory balances were increased during the nine month period by \$13.3 million and \$24.9 million, respectively, due to currency exchange rates.

Cash flows provided from investing activities were \$64,411,000 for the first nine months of fiscal 2004 compared to \$14,874,000 in 2003. The primary source of cash flows from investing activities were sales and maturities of investments offset by purchases of investments and capital equipment. In preparation for the cash needed to complete the Biomet-Merck Joint Venture transaction (see Footnote 8 in the Notes to Consolidated Financial Statements), the Company began liquidation of some longer term higher yielding investments and invested them in short-term cash.

Cash flows used in financing activities were \$171,004,000 for the first nine months of fiscal 2004 compared to a use of \$192,994,000 in 2003. The primary use of cash flows from financing activities were the cash dividend paid in the first quarter and the share repurchase programs. In July 2003, the Company's Board of Directors declared a cash dividend of fifteen cents (\$.15) per share payable to shareholders of record at the close of business on July 11, 2003.

Currently available funds, together with anticipated cash flows generated from future operations and readily available short-term debt, are believed to be adequate to cover the Company's anticipated cash requirements, including the purchase of Merck's KGaA's 50% interest in the Biomet-Merck Joint Venture and the acquisition of Interpore International, Inc. (see Footnote 8 in the Notes to Consolidated Financial Statements), capital expenditures, research and

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development costs and stock repurchases.

RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED FEBRUARY 29, 2004 AS COMPARED TO THE NINE MONTHS ENDED FEBRUARY 28, 2003

Net sales increased 15% to \$1,168,065,000 for the nine-month period ended February 29, 2004, from \$1,013,090,000 for the same period last year. Excluding the impact of foreign currency, which increased sales for the nine months by \$46.3 million, net sales increased 11% during the first nine months of fiscal year 2004. The Company's U.S.-based revenue increased 11% to \$788,317,000 during the first nine months of fiscal 2004, while foreign sales increased 26% to \$379,748,000. Excluding the positive foreign exchange adjustment, foreign sales in local currencies increased 11%. The Company's worldwide sales of reconstructive products during the first nine months of fiscal 2004 were \$755,726,000, representing a 21% increase compared to the first nine months of last year. This increase came through balanced growth in all of the reconstructive product categories. Sales of fixation products were \$184,889,000 for the first nine months of fiscal 2004, representing a 5% increase as compared to the same period in 2003. Sales of spinal products were \$116,267,000 for the first nine months of fiscal 2004, representing a 10% increase as compared to the same period in 2003. The increase was primarily a result of the expansion of EBI's product portfolio into the hardware and biological segments of the spinal market. The Company's sales of other products totaled \$111,183,000, representing a 6% increase over the first nine months of fiscal year 2003, primarily as a result of increased sales of arthroscopy products and softgoods and bracing products.

Cost of sales decreased as a percentage of net sales to 28.2% for the first nine months of fiscal 2004 from 29.3% for the same period last year. This decrease primarily resulted from increased in-house manufacturing efficiencies. Selling, general and administrative expenses as a percentage of net sales decreased to 35.5% compared to 36.0% for the first nine months last year. This decrease is a result of the Company's continued efforts to slowing its general and administrative expense growth. Research and development expenditures increased 15% during the first nine months to \$46,450,000 reflecting the Company's continued emphasis on new product introductions. Operating income rose 21% from \$311,324,000 for the first nine months of fiscal 2003, to \$376,442,000 for the first nine months of fiscal 2004. Other income decreased 36%. Excluding the effect of the pre-tax gain of approximately \$5.8 million to reflect the Federal Circuit's decision that the Company did not owe post-judgment interest in connection with the damage award paid in the Tronzo litigation, other income increased 1%. The Company's average cash balances have remained fairly constant compared to last year due to the use of cash flows to fund the stock repurchase programs. Over the last nine quarters, the Company has used \$581,000,000 to purchase its common stock. The effective income tax rate increased to 34.8% for the first nine months of fiscal year 2004 from 34.6% last year primarily as a result of increases in domestic state income tax rates.

These factors resulted in an 18% increase in net income to \$245,770,000 for the first nine months of fiscal 2004 as compared to \$208,954,000 for the same period in fiscal 2003. Basic earnings per share increased 20%, from \$.80 to \$.96 for the periods presented while diluted earnings per share increased 19%, from \$.80 to \$.95 for the periods presented.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004 AS COMPARED TO THE THREE MONTHS ENDED FEBRUARY 28, 2003

Net sales increased 16% to \$410,185,000 for the third quarter of fiscal 2004, as compared to \$354,042,000 for the same period last year. Excluding the impact of foreign currency, which increased third quarter sales by \$17.9 million, net

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sales increased 11% during the third quarter of fiscal year 2004. The Company's U.S.-based revenue increased 11% to \$271,520,000 during the third quarter of fiscal 2004, while foreign sales increased 27% to \$138,665,000. Excluding the positive foreign exchange adjustment, foreign sales in local currencies increased 11%. The Company's worldwide sales of reconstructive products during the third quarter of fiscal 2004 were \$270,203,000, representing a 22% increase compared to the same period last year. This increase came through balanced growth in all of the reconstructive product categories. Sales of fixation products were \$62,460,000 for the third quarter of fiscal 2004, representing a 6% increase as compared to the same period in 2003. Sales of spinal products were \$39,322,000 for the third quarter of fiscal 2004, representing a 9% increase as compared to the same period in 2003. The increase was primarily a result of the expansion of EBI's product portfolio into the hardware and biological segments of the spinal market. The Company's sales of other products totaled \$38,200,000, representing a 4% increase over the same period of fiscal year 2003, primarily as a result of increased sales of arthroscopy products and softgoods and bracing products.

Cost of sales decreased as a percentage of net sales to 28.3% for the third quarter of fiscal 2004 from 30.4% for the same period last year. This decrease primarily resulted from increased in-house manufacturing efficiencies. Selling, general and administrative expenses as a percentage of net sales decreased to 35.5% compared to 36.1% for the third quarter of last year. This decrease is a result of the Company's continued efforts to slowing its general and administrative expense growth. Research and development expenditures increased 9% during the third quarter to \$15,892,000 reflecting the Company's continued emphasis on new product introductions. Operating income rose 28% from \$103,861,000 for the third quarter of fiscal 2003, to \$132,589,000 for the third quarter of fiscal 2004. Other income decreased 61%. Excluding the effect of the pre-tax gain of approximately \$5.8 million to reflect the Federal Circuit's decision that the Company does not owe post-judgment interest in connection with the damage award paid in the Tronzo litigation, other income increased 7%. The effective income tax rate increased to 34.8% for the third quarter of fiscal year 2004 from 34.6% last year primarily as a result of increases in domestic state income tax rates.

These factors resulted in a 19% increase in net income to \$86,600,000 for the third quarter of fiscal 2004 as compared to \$72,594,000 for the same period in fiscal 2003. Basic and diluted earnings per share increased 21%, from \$.28 to \$.34 for the periods presented.

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, 2003.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of its management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934). Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective in timely notification to them of information the Company is required to disclose in its periodic SEC filings and in ensuring that this information is recorded, processed summarized and reported within the time periods specified in the SEC's rules and regulations.

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(b) Changes in Internal Control. During the third quarter of fiscal 2004 covered by this report, there have been no significant changes in internal control over financial reporting that have materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

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: 4/14/2004

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)

BIOMET, INC.

FORM 10-Q

INDEX TO EXHIBITS

Number Assigned
in Regulation
S-K Item 601

Description of Exhibit

- (2) No exhibit
- (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) 10.1 Joint Venture Agreement between Biomet, Inc. and Merck KGaA dated as of November 24, 1997

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(Incorporated by reference to Exhibit 2.01 to Biomet, Inc. Form 8-K Current Report dated February 17, 1998, Commission File No. 0-12515).

- (11) No exhibit
- (15) No exhibit.
- (18) No exhibit.
- (19) No exhibit.
- (22) No exhibit.
- (23) No exhibit.
- (24) No exhibit.
- (31) 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- (32) 32.1 Written Statement of Chief Executive Officer and Chief Financial Officer Pursuant to Sections 906 of the Sarbanes-Oxley Act of 2002.