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BIOMET INC
Form 11-K
June 27, 2006

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

FORM 11-K

(Mark One)

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

For the fiscal period ended December 31, 2005.

OR

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

For the transition period from _____ to _____.

Commission file Number 0-12515.

A. Full title of the plan and the address of the plan, if different from that
of the issuer named below:

Biomet, Inc. 401(k) Profit Sharing Plan

B. Name of issuer of the securities held pursuant to the plan and the address
of its principal executive office.

BIOMET, INC.
56 East Bell Drive
Warsaw, Indiana 46582

REQUIRED INFORMATION

Item 4. The Biomet Inc. 401(k) Profit Sharing Plan (the "Plan") is subject to
the Employee Retirement Income Security Act of 1974, as amended
("ERISA") and the Plan's financial statements and schedule have been
prepared in accordance with the financial reporting requirements of
ERISA. Such financial statements and schedules are included in this
Report in lieu of the information required by items 1-3 of Form 11-K.

Financial Statements and Exhibits

(a) Financial Statements:

Report of Independent Registered Public Accounting Firm
Statements of Net Assets Available for Benefits
Statement of Changes in Net Assets Available for Benefits
Notes to Financial Statements
Schedule of Assets (Held at End of Year)
Schedule of Reportable Transactions

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Other supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

(b) Exhibits.

23.1 Consent of Ernst & Young LLP

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. 401(k) Profit Sharing Plan

DATE: 06/23/2006

BY: /s/ Gregory D. Hartman

Gregory D. Hartman
(Member, Biomet, Inc. Benefits Committee)

Biomet, Inc. 401(k) Profit Sharing Plan
Financial Statements and Supplemental Schedules

December 31, 2005 and May 31, 2005, and for the Period June 1, 2005
through December 31, 2005

Contents

Report of Independent Registered Public Accounting Firm

Audited Financial Statements

Statements of Net Assets Available for Benefits
Statement of Changes in Net Assets Available for Benefits
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Schedule of Assets (Held At End of Year)
Schedule of Reportable Transactions

Report of Independent Registered Public Accounting Firm

The Plan Administrator
Biomet, Inc. 401(k) Profit Sharing Plan

We have audited the accompanying statements of net assets available for benefits of Biomet, Inc. 401(k) Profit Sharing Plan as of December 31, 2005 and May 31, 2005, and the related statement of changes in net assets available for benefits for the period June 1, 2005 through December 31, 2005. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public

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Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2005 and May 31, 2005, and the changes in its net assets available for benefits for the period June 1, 2005 through December 31, 2005, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets held at end of year as of December 31, 2005, and reportable transactions for the period June 1, 2005 through December 31, 2005, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

May 23, 2006

Biomet, Inc. 401(k) Profit Sharing Plan Statement of Net Assets Available for Benefits

| | December 31, 2005 ---- | May 31, 2005 ---- |
|---------------------------------|------------------------------|-------------------------|
| Assets | | |
| Investments | \$204,256,414 | \$200,656,750 |
| Contributions receivable: | | |
| Employer | 475,633 | 153,782 |
| Participant | 500,018 | 362,513 |
| Cash (overdraft) | (18,609) | (17,133) |
| Due from brokers | 16,961 | 47,266 |
| Interest receivable | 37,546 | 23,646 |
| | ----- | ----- |
| Total assets | 205,267,963 | 201,226,824 |
| Liabilities | | |
| Accrued administrative expenses | 60,106 | 61,380 |
| Due to brokers | 614,227 | 393,698 |
| | ----- | ----- |

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| | | |
|-----------------------------------|---------------|---------------|
| Total liabilities | 674,333 | 455,078 |
| | ----- | ----- |
| Net assets available for benefits | \$204,593,630 | \$200,771,746 |
| | ===== | ===== |

See accompanying notes.

Biomet, Inc. 401(k) Profit Sharing Plan
Statement of Changes in Net Assets Available for Benefits
Period June 1, 2005 through December 31, 2005

| | | |
|--|----|---------------|
| Additions | | |
| Contributions: | | |
| Employer | \$ | 3,128,621 |
| Participant | | 7,796,199 |
| Net appreciation in fair value of investments | | 1,757,653 |
| Investment income | | 1,887,990 |
| | | ----- |
| Total additions | | 14,570,463 |
| Deductions: | | |
| Benefits paid to participants | | 10,635,859 |
| Administrative expense | | 112,720 |
| | | ----- |
| Total deductions | | 10,748,579 |
| | | ----- |
| Net Increase | | 3,821,884 |
| Net assets available for benefits, beginning of period | | 200,771,746 |
| | | ----- |
| Net assets available for benefits, end of period | | \$204,593,630 |
| | | ===== |

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Biomet, Inc. 401(k) Profit Sharing Plan
Notes to Financial Statements
December 31, 2005

1. Description of the Plan

The following brief description of Biomet, Inc. 401(k) Profit Sharing Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

General

The Plan is a defined-contribution plan which became effective on June 1, 1985. The Plan covers substantially all full-time employees of Biomet, Inc. and certain United States subsidiaries (individually and collectively, the Employer or Company or Plan Sponser) who have reached age 18 and completed the earlier of 1,000 hours of service or 90 days of continuous employment. The Plan is subject to the provisions of The Employee Retirement Income Security Act of 1974 (ERISA).

Contributions and Vesting

Participating employees may contribute up to 60% of their compensation, as defined. Participants may direct the investment of their contributions into

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various investment options offered by the Plan. The Employer-matching contribution is 75% of the participant's contribution up to 5% of the participant's compensation. The Employer may also make an additional contribution at the discretion of the Board of Directors. Such contributions, if any, are allocated to participants based on compensation. All Employer contributions are invested in Biomet, Inc. common shares. Participants are vested in Employer contributions 20% after two years and an additional 20% per year thereafter to 100% at the end of six years. Participant contributions are fully vested at all times.

Participant Accounts

Each participant's account is credited with the participant's contribution and an allocation of the Employer contributions and Plan earnings. Plan earnings are allocated to participants based on the participant's account balance per fund compared to the total participant accounts per fund.

Withdrawals

Withdrawals are not permitted before age 59 1/2 except in the event of death, disability, termination of employment, loan, or reasons of proven financial hardship.

Distributions

Vested benefits are distributed in cash or common shares of the Company in accordance with the Plan's provisions.

Forfeitures

Nonvested portions of Employer contributions are held pending a break in service, at which time such amounts are used to reduce future Employer contributions. At December 31, 2005 and May 31, 2005, forfeited nonvested accounts totaled \$527,646 and \$530,873, respectively. During the period ended December 31, 2005, \$700,000 was used to reduce Employer contributions.

Participant Loans

A participant may borrow from the Plan an amount up to the lesser of one-half his vested account balances or \$50,000. The Benefits Committee approves all loan applications and determines the interest rate to be charged to the participant.

Termination of Plan

Although the Company has not expressed any intent to do so, it has the right under the Plan to discontinue its matching contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become fully vested.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

Investments in securities (commercial notes and common stocks) traded on a national securities exchange, including Biomet Inc. shares, are valued at fair value determined by the quoted market prices on the last business

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day of the Plan year. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices. Investments in common trust funds are stated at fair value based upon quoted redemption values on the last business day of the Plan year. Investments in mutual funds are valued based on quoted market prices, which represent the net asset values of shares held by the Plan on the last business day of the Plan year.

Participant loans are valued at cost which approximates fair value.

Purchases and sales are recorded on a trade-date basis. Gain or loss on sales of securities is based on the specific identification method or average cost method, depending on the type of investment.

Dividend income is recorded on the ex-dividend date. Investment income is recorded on the accrual basis.

Use of Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan invests in Biomet, Inc. common shares, other common stock, mutual funds, and other investments, which are exposed to various risks, such as market and credit. Due to level of risk associated with such investment securities and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

3. Investments

All investment information disclosed in the accompanying financial statements and schedules, including investments held at December 31, 2005 and May 31, 2005, and net appreciation in fair value of investments, and investment income for the period from June 1, 2005 through December 31, 2005, were obtained or derived from information supplied to the plan administrator and certified as complete and accurate by 1st Source Bank, the Trustee.

The following presents investments that represent 5% or more of the Plan's net assets at December 31, 2005 and May 31, 2005:

| | December 31, 2005 | May 31, 2005 |
|----------------------------|----------------------|-----------------|
| | ---- | ---- |
| Biomet, Inc. common shares | \$114,069,510* | \$118,866,835* |

*Includes nonparticipant-directed amounts of \$76,458,680 and \$79,742,851 at December 31, 2005 and May 31, 2005, respectively.

During the period ended December 31, 2005, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in value as follows:

Investments at fair value as determined by quoted market prices:

| | |
|----------------------------|---------------|
| Biomet, Inc. common shares | \$(3,951,950) |
|----------------------------|---------------|

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| | |
|--------------------|--------------|
| Other common stock | 1,806,974 |
| Common trust fund | 100,297 |
| Mutual funds | 3,802,332 |
| | ----- |
| | \$ 1,757,653 |
| | ===== |

4. Nonparticipant-Directed Investments

Information about the assets and the significant components of the changes in assets relating to the nonparticipant-directed investments is as follows:

| | December 31 2005 ---- | May 31, 2005 ---- | |
|--------------------------------|-----------------------------|-------------------------|--|
| Biomet, Inc. common shares | \$76,458,680 | \$79,742,851 | |
| Money market fund | 66,852 | 24,855 | |
| | ----- | ----- | |
| Net assets | \$76,525,532 | \$79,767,706 | |
| | ===== | ===== | |
| | | | Period Ended December 31, 2005 ----- |
| Changes in net assets | | | |
| Net depreciation in fair value | | \$ (2,120,391) | |
| Employer contributions | | 2,808,259 | |
| Investment income | | 530,079 | |
| Benefit payments | | (4,430,312) | |
| Transfers-out | | (29,809) | |
| | | ----- | |
| | | \$ (3,242,174) | |
| | | ===== | |

5. Party-in-Interest Transactions

During the period June 1, 2005 through December 31, 2005, the Plan acquired 140,951 Biomet, Inc. common shares at a cost of \$5,128,690.

During the period June 1, 2005 through December 31, 2005, the Plan sold 64,172 Biomet, Inc. common shares for \$2,316,621. A gain of \$1,105,705 was realized.

During the period June 1, 2005 through December 31, 2005, 112,209 Biomet, Inc. common shares with a cost of \$1,961,520 were distributed to participants. The fair value of the shares distributed aggregated \$4,158,634.

The above transactions are statutorily exempt from the prohibitions against party-in-interest transactions under ERISA.

The Company provides certain accounting, record-keeping, and administrative services to the Plan for which it receives no compensation. The Company also paid certain other administrative expenses of the plan during the period June 1, 2005 through December 31, 2005.

6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated June 19, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan sponsor believes the Plan

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is being operated in compliance with the Code and, therefore, believes that the Plan, as amended, is qualified and the related trust is tax exempt.

7. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, and May 31:

| | December 31 2005 ---- | May 31 2005 ---- |
|--|-----------------------------|------------------------|
| Net assets available for benefits per the financial statements | \$204,593,630 | \$200,771,746 |
| Amounts allocated to participants withdrawing | (7,787,703) | (3,471,497) |
| | ----- | ----- |
| Net assets available for benefits per Form 5500 | \$196,805,927 ===== | \$197,300,249 ===== |

The following is a reconciliation of benefits paid to participants per the financial statements to Form 5500:

| | |
|---|-----------------------|
| Benefits paid to participants per the financial statements | \$10,635,859 |
| Add amounts allocated to withdrawing participants at end of year | 7,787,703 |
| Less amounts allocated to withdrawing participants at Beginning of year | (3,471,497) |
| | ----- |
| Benefits paid to participants per Form 5500 | \$14,952,065 ===== |

In accordance with accounting principles generally accepted in the United States, the financial statements herein do not include accruals for lump-sum distributions due participants which have been approved and processed as of year-end; however, the Department of Labor (DOL) requires these amounts to be reported as a liability on the Form 5500.

8. Subsequent Event

Effective January 1, 2006 the assets of the Interpore International, Inc. (a wholly-owned subsidiary of Biomet, Inc.) Retirement Savings Plan ("Retirement Plan") merged into the Plan. The amount transferred into the plan was approximately \$3,698,272.

Biomet, Inc. 401(k) Profit Sharing Plan
 Schedule H, Line 4i - Schedule of Assets (Held At End of Year)
 EIN #35-1382845 Plan Number 002
 December 31, 2005

| Identity of issue, Borrower, Lessor, or Similar Party | Description of Investment, Including Maturity Date, Rate of Interest, Par, or Maturity Value | Cost | Current Value |
|---|---|--------------|------------------|
| ----- | ----- | ---- | ----- |
| Common stocks | | | |
| *Biomet, Inc. | 3,119,210 shares | \$53,025,004 | \$114,069,510 |
| Mutual funds | | | |
| Merrill Lynch Funds: | | | |
| Balanced Capital | 285,247 units | 6,658,037 | 7,310,876 |
| Foundational Growth | 332,816 units | 4,720,516 | 6,373,430 |
| Global Allocation | 282,409 units | 3,823,015 | 4,784,001 |
| Small Cap Value | 301,200 units | 6,588,097 | 7,786,032 |

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| | | | |
|-------------------------------------|---|------------|---------------------------------|
| US Government Mtg. | 12,557 units | 122,646 | 126,450 |
| *1st Source Monogram Funds: | | | |
| Diversity Equity | 429,384 units | 3,537,555 | 3,246,143 |
| Income Equity | 482,923 units | 5,710,261 | 6,306,979 |
| Income | 155,350 units | 1,566,480 | 1,514,666 |
| Other Mutual Funds | | | |
| Calvert Income | 78,484 units | 1,336,061 | 1,315,397 |
| Davis NY Venture A | 68,423 units | 1,883,962 | 2,305,135 |
| Delaware Group Trend | 80,518 units | 1,520,267 | 1,792,334 |
| Janus Adv. Agressive Growth | 49 units | 3,284 | 1,383 |
| John Hancock Government Income | 164,134 units | 1,548,515 | 1,485,412 |
| MFS Capital Opportunities | 40,864 units | 452,046 | 559,025 |
| MFS Massachusetts Investors | 99,240 units | 1,074,057 | 1,296,075 |
| Morgan Stanley International Equity | 214,362 units | 4,003,286 | 4,330,142 |
| Oppenheimer Global Growth & Income | 71,707 units | 1,952,662 | 2,648,862 |
| Alliance RCM Innovation | 17,301 units | 714,937 | 674,236 |
| Blackrock Aurora | 109,724 units | 3,746,976 | 3,751,460 |
| Vanguard 500 Index | 23,622 units | 2,457,677 | 2,714,630 |
| Common Trust Fund | | | |
| *1st Source Bank Guaranteed Income | 225,066 units | 5,343,285 | 5,779,894 |
| Money Market Fund | | | |
| Goldman Sachs Financial Square | 6,549,501 units | 6,549,501 | 6,549,501 |
| Bonds and Notes | | | |
| Federal Agencies & Other Bonds: | | | |
| Heller Financial, Inc. | 25,000 units | 26,599 | 25,085 |
| U.S. Government Securities: | | | |
| U.S. Treasury Strips | 51,000 units | 27,566 | 42,715 |
| Federal Home Loan Bank | 50,000 units | 50,000 | 49,977 |
| Corporate Preferred Stock | | | |
| Flaherty Preferred | 1,050 units | 25,010 | 20,265 |
| Other | | | |
| Life Insurance Policies: | | | |
| State Farm Life Insurance Company | Cash Surrender Value | 9,873 | 9,873 |
| Self-directed brokerage funds | Various | 11,977,942 | 11,418,460 |
| Participant loans | Interest Rate Range from 5.00% tp 10.00% | 5,968,465 | 5,968,466 |
| Total | | | ----- \$204,256,414 ===== |

*Indicates party-in-interest to the Plan.

Biomet, Inc. 401(k) Profit Sharing Plan
 Schedule H, Line 4j - Schedule of Reportable Transactions
 EIN #35-1382845 Plan Number 002
 Period June 1, 2005 through December 31, 2005

(a) (b) (c) (d) (g) (h) (i)
 Current

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| Identity of Party Involved | Description of Asset | Purchase Price | Selling Price | Cost of Asset | Value of Asset on Transaction Date | Net Gain |
|--|----------------------------|-------------------|------------------|------------------|---|-------------|
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Category (iii) - Series of transactions in excess of 5% of plan assets | | | | | | |
| Biomet Inc. | Biomet, Inc. common stock: | | | | | |
| | Purchases | \$ 5,128,690 | -- | \$ 5,128,690 | \$5,128,690 | -- |
| | Sales | | -- \$2,316,621 | \$ 1,210,916 | \$2,316,621 | \$1,105,705 |

Note: Columns (e) and (f) and categories (i), (ii) and (iv) are not applicable.