



Stock Selection Guide®

The most widely used aid to good investment judgment

Company BIOMET INC Date 07/08/05

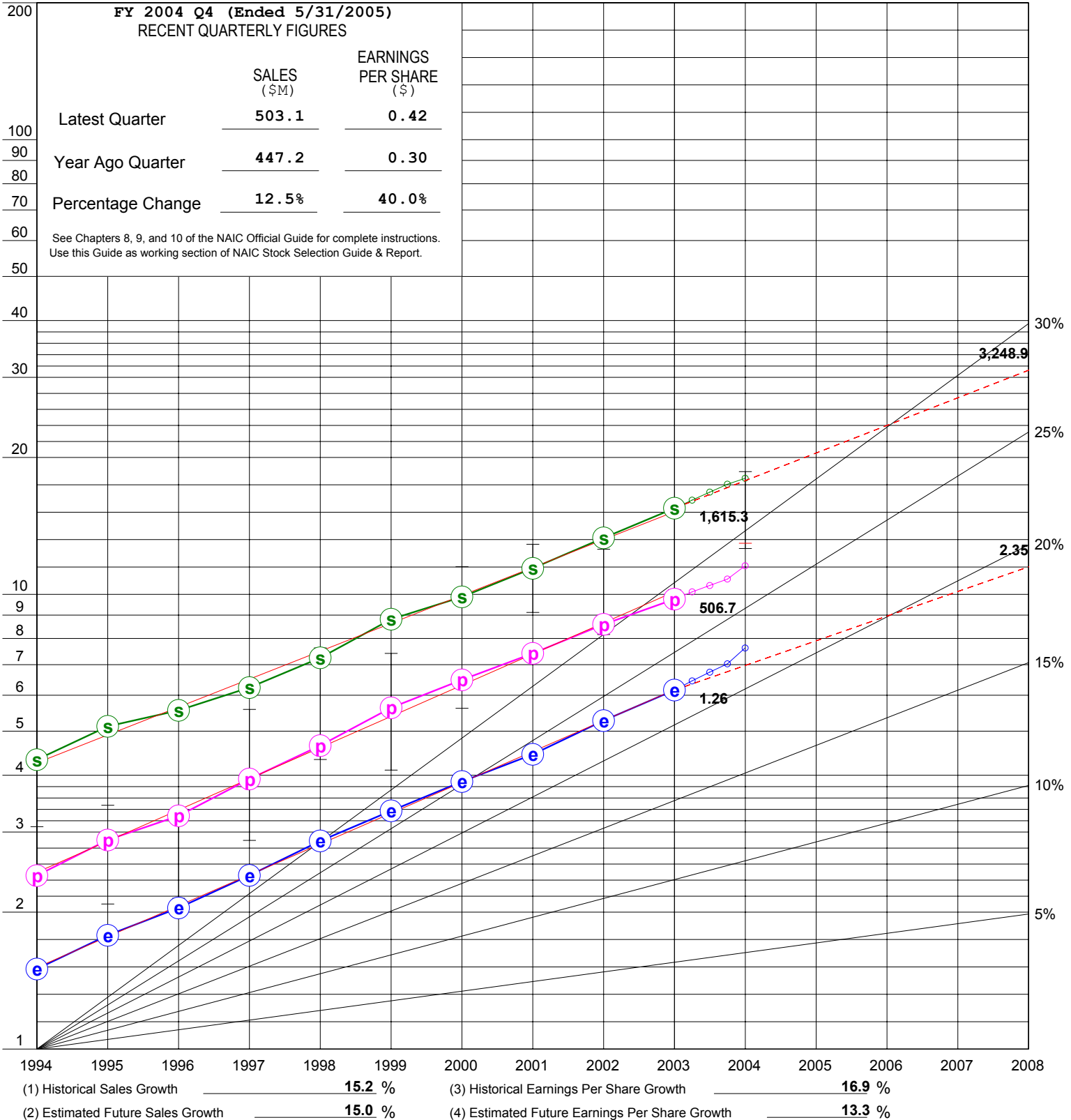
Prepared by AIH Data taken from NAIC Data

Where traded NASDAQ Major product/service Health Care

CAPITALIZATION --- Outstanding Amounts		Reference		
Preferred (\$M)	0.0	% Insiders	% Institution	
Common (M Shares)	251.9	0.0	0.0	
Debt (\$M)	0.0	% to Tot.Cap.	0.0	% Potential Dil. None

1 VISUAL ANALYSIS of Sales, Earnings and Price

BMET



2 EVALUATING MANAGEMENT

Company **BIOMET INC (BMET)**

07/08/05

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes + Sales)	27.6	28.0	29.1	31.3	31.9	31.8	32.7	32.3	32.1	31.4	32.0		DOWN
B % Earned on Equity (E/S + Book Value)	17.9	17.8	18.9	18.6	19.2	19.3	18.6	20.4	21.6	22.1	20.4	UP	

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE **34.530** HIGH THIS YEAR **49.640** LOW THIS YEAR **33.640**

Year	PRICE		C Earnings Per Share	E Price Earnings Ratio		F Dividend Per Share	G % Payout F + C X 100	H % High Yield F ÷ B X 100
	A HIGH	B LOW		D HIGH A + C	E LOW B + C			
1 1999	19.8	10.9	0.68	28.9	15.9	0.062	9.1	0.6
2 2000	30.7	15.0	0.79	38.7	18.9	0.071	9.0	0.5
3 2001	34.4	24.3	0.91	37.8	26.7	0.090	9.9	0.4
4 2002	33.5	21.8	1.08	31.0	20.2	0.100	9.3	0.5
5 2003	41.7	27.3	1.26	33.1	21.7	0.150	11.9	0.5
6 TOTAL		99.3		59.9	55.0		49.2	
7 AVERAGE		19.9		30.0	18.3		9.8	
8 AVERAGE PRICE EARNINGS RATIO			24.1	9 CURRENT PRICE EARNINGS RATIO				22.1

4 Proj. P/E [19.54] Based on Next 4 qtr. EPS [1.77] Current P/E Based on Last 4 qtr. EPS [1.56] EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E **30.0** (3D7 as adj.) X Estimate High Earnings/Share **2.35** = Forecast High Price \$ **70.5** (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E **18.3** (3E7 as adj.) X Estimated Low Earnings/Share **1.26** = \$ **28.5**
 (b) Avg. Low Price of Last 5 Years = **19.9** (3B7)
 (c) Recent Severe Market Low Price = **21.8**

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.200}{0.006} = 35.2$
 Selected Estimate Low Price = \$ **28.5** (4B1)

C ZONING

70.5 (4A1) High Forecast Price Minus **28.5** (4B1) Low Forecast Price Equals **42.0** (C) Range. 1/3 of Range = **10.5** (4CD)
 (4C2) Lower 1/3 = **28.5** (4B1) to **39.0** (Buy) **Note: Ranges changed to 25%/50%/25%**
 (4C3) Middle 1/3 = **39.0** to **60.0** (Maybe)
 (4C4) Upper 1/3 = **60.0** (4A1) to **70.5** (Sell)

Present Market Price of **34.530** is in the **Buy** (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) **70.5** Minus Present Price **34.530**
 Present Price **34.530** Minus Low Price (4B1) **28.5** = $\frac{36.0}{6.0} = 6.0$ To 1 (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) **70.5**
 Present Market Price **34.530** = $(2.042) \times 100 = (204.2) - 100 = 104.2$ % Appreciation (4E)

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ **0.200**
 Present Price of Stock \$ **34.530** = $\frac{0.006}{0.6} \times 100 = 0.6$ Present Yield or % Returned on Purchase Price (5A)

B AVERAGE YIELD OVER NEXT 5 YEARS
 Avg. Earnings Per Share Next 5 Years **1.83** X Avg. % Payout (3G7) **9.8** = **17.9** = **0.5** % (5B)
 Present Price \$ **34.530**

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 104.2		P.A.R.	Tot. Ret.
$\frac{104.2}{5} = 20.8$ %		Average Yield 0.4%	0.3%
Average Yield (5B) 0.5 %		Annual Appreciation 13.6%	20.1%
Average Total Annual Return Over the Next 5 Years (5C) 21.3 %		% Compd Ann Rate of Ret 14.0%	20.4%

PERT Worksheet-A Graph

Company BIOMET INC (BMET)

