BIOLASE, INC
Form 10-K
March 15, 2013
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)**

OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012

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 000-19627

BIOLASE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**87-0442441**
(State or Other Jurisdiction	*(I.R.S. Employer Identification No.)*

of Incorporation or Organization)

4 Cromwell

Irvine, California 92618

(Address of Principal Executive Offices, including zip code)

(949) 361-1200

(Registrant s Telephone Number, Including Area Code)

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

(Title of each class)	(Name of each exchange on which registered)
Common Stock, par value $0.001 per share	**The NASDAQ Stock Market LLC (NASDAQ Capital Market)**

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

None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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 ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer x	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller Reporting Company ¨

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

The aggregate market value of the Registrant s common stock held by non-affiliates was $57,615,816 based on the last sale price of common stock on June 30, 2012.

As of March 8, 2013, there were 31,343,661 shares of the Registrant s common stock, par value $0.001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s definitive proxy statement related to its 2013 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the Registrant s fiscal year ended December 31, 2012, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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BIOLASE, INC.

ANNUAL REPORT ON FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K (Form 10-K), particularly in Item 1, Business, and Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, and the documents incorporated by reference, includes forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they prove incorrect or never materialize, could cause our results to differ materially and adversely from those expressed or implied by such forward-looking statements. Examples of forward-looking statements include, but are not limited to any statements, predictions and expectations regarding our earnings, revenue, sales and operations, operating expenses, anticipated cash needs, capital requirements and capital expenditures, needs for additional financing, use of working capital, plans for future products and services and for enhancements of existing products and services, anticipated growth strategies, ability to attract customers, sources of net revenue, anticipated trends and challenges in our business and the markets in which we operate, the adequacy of our facilities, the impact of economic and industry conditions on our customers and our business, customer demand, our competitive position, the outcome of any litigation against us, the perceived benefits of any technology acquisitions, critical accounting policies and the impact of recent accounting pronouncements. Additional forward-looking statements include, but are not limited to, statements pertaining to other financial items, plans, strategies or objectives of management for future operations, our financial condition or prospects, and any other statement that is not historical fact. Forward-looking statements are often identified by the use of words such as may, might, will, intend, should, could, can, would, expect, believe, anticipate, estimate, predict, potential, plan, seek and similar expressions and variations or the negativities of these other comparable terminology.

These forward-looking statements are based on the expectations, estimates, projections, beliefs and assumptions of our management based on information currently available to management, all of which is subject to change. Such forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict and could cause actual results to differ materially from those stated or implied by our forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified under Risk Factors in Item 1A in this Form 10-K. We undertake no obligation to revise or update publicly any forward-looking statements to reflect events or circumstances after the date of such statements for any reason except as otherwise required by law.

The information contained in this Form 10-K is not a complete description of our business or the risks associated with an investment in our common stock. We urge you to carefully review and consider the various disclosures made by us in this Annual Report and in our other reports filed with the Securities and Exchange Commission (the SEC).

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PART I

Item 1. ***Business***

Overview

We are a biomedical company that develops, manufactures, and markets lasers in dentistry and medicine and also markets and distributes dental imaging equipment, including cone beam digital x-rays and CAD/CAM intra-oral scanners. Our dental laser systems allow dentists, periodontists, endodontists, oral surgeons, and other specialists to perform a broad range of dental procedures, including cosmetic and complex surgical applications. Our systems are designed to provide clinically superior performance for many types of dental procedures with less pain and faster recovery times than are generally achieved with drills, scalpels, and other dental instruments. We have clearance from the U.S. Food and Drug Administration (the FDA) to sell our laser systems in the United States and also have the necessary approvals to sell our laser systems in Canada, the European Union and various other international markets. Our licensed dental imaging equipment and other related products are designed to improve diagnoses, applications, and procedures in dentistry and medicine.

We offer two categories of laser system products: Waterlase systems and Diode systems. Our flagship product category, the Waterlase system, uses a patented combination of water and laser energy to perform most procedures currently performed using dental drills, scalpels, and other traditional dental instruments for cutting soft and hard tissue. We also offer our Diode laser systems to perform soft tissue, pain therapy, and cosmetic procedures, including teeth whitening. We currently have approximately 160 issued and 150 pending U.S. and international patents, the majority of which are related to our core Waterlase technology and dental and medical lasers. Since 1998, we have sold over 9,500 Waterlase systems, including more than 5,500 Waterlase MD® and iPlus® systems, and more than 21,600 laser systems in over 60 countries around the world.

We currently operate in a single reportable business segment. We had net revenues of $57.4 million, $48.9 million, and $26.2 million in 2012, 2011, and 2010, respectively, and we had net losses of $3.1 million, $4.5 million, and $12.0 million for the same periods.

We were originally formed as Societe Endo Technic, SA (SET) in 1984 in Marseilles, France, to develop and market various endodontic and laser products. In 1987, SET merged into Pamplona Capital Corp., a public holding company incorporated in Delaware. In 1994, we changed our name to BIOLASE Technology, Inc. and to BIOLASE, Inc. in 2012. Since 1998, our primary objective has been to be the leading designer, manufacturer and marketer of laser systems for the dental industry.

Recent Developments

Product Offerings

In October 2012, we expanded the line of dental imaging products by executing a definitive five-year agreement with Copenhagen-based 3Shape Corporation (3Shape), making the Company a distributor of 3Shape s TRIOS® intra-oral CAD/CAM scanning technologies for digital impression-taking solutions in the U.S. and Canada. Among other capabilities, the TRIOS offers on-screen visualization of the impressions with online communication with dental laboratories. We are currently selling this product as a distributor under the manufacturer s regulatory market clearances.

In September 2012, we introduced the Epic , which received the CE Mark in late September 2012 and which received FDA 510(k) clearance in October 2012. This innovative diode laser provides versatility with soft tissue surgery, teeth whitening, and pain therapy capabilities in a portable and convenient design with pre-set and customizable settings. Weighing only two and a half pounds, the Epic diode laser has 10 Watts of power. The Epic V-Series launching in 2013 is based on the Epic platform with software and delivery adaptations enabling a wide range of veterinary applications, including surgical, dental, and pain therapy procedures. We anticipate further expansion of the Epic diode laser into additional medical markets in 2013.

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In February 2012, we introduced the Waterlase MDX line, a new product line of all-tissue lasers which expands the Company s product offerings and complements the industry-leading Waterlase iPlus all-tissue dental laser system. Two models of the Waterlase MDX are available. The 8-watt Waterlase MDX 300 improves on Biolase s time-tested Waterlase MD platform with an updated user interface, a new laser engine and a new lightweight and more flexible titanium fiber cable. The Waterlase MDX 450 increases the power output to 9-watts and cuts hard-tissue up to 70 percent faster than the Waterlase MDX 300. The Waterlase MDX 300 is upgradeable in the field to the MDX 450 performance level.

In February 2012, we introduced NewTom Cone Beam three-dimensional (3-D) Imaging products, manufactured by Cefla Dental Group, which we distribute in the United States and Canada. The NewTom 3-D product line will complement the Biolase DaVinci Imaging dental imaging devices and provide our dental customers a wider and more comprehensive choice of configurations, range of performance, and price points. The NewTom imaging products are typically used in highly complex dentistry cases by periodontists, endodontists, and oral surgeons where more involved and more accurate images are required. We believe that they are increasingly being adopted by general practitioners for use in placing implants. We are currently selling these products as a distributor under the manufacturer s 510(k) clearances. We initially introduced dental imaging products in July 2011 under the Biolase DaVinci Imaging name.

In January 2011, we introduced the Waterlase iPlus®, a powerful and intuitive dual wavelength all-tissue dental laser system. We believe the iPlus is our most significant advancement in all-tissue laser technology since we introduced the Waterlase MD in 2005. The Waterlase iPlus received FDA 510(k) clearance in the United States in August 2010 and received European CE mark-approval in February 2011.

Credit Facilities Established

On May 24, 2012, we entered into two revolving credit facility agreements with Comerica Bank (the Credit Agreements), as amended on August 6, 2012, (Amendment No. 1), which provide for borrowings against certain domestic accounts receivable and inventory, as set forth in the $4.0 million revolving credit facility agreement (the Domestic Revolver), and borrowings against certain export related accounts receivable and inventory, as set forth in the $4.0 million revolving credit facility agreement (the Ex-Im Revolver), for a combined aggregate commitment of borrowings of up to $8.0 million. The Credit Agreements mature on May 1, 2014 and are secured by substantially all of our assets now owned or hereinafter acquired. The Credit Agreements require compliance with certain financial and non-financial covenants, as defined therein. If a default occurs, Comerica Bank may declare the amounts outstanding under the Credit Agreements immediately due and payable. As of December 31, 2012, we were in compliance with these covenants.

Termination of Master Distribution Agreement

On September 23, 2010, we entered into a Distribution and Supply Agreement with Henry Schein, Inc. (HSIC), effective August 30, 2010, (the D&S Agreement), which terminated all prior agreements with HSIC. Under the D&S Agreement, we granted HSIC certain non-exclusive distribution rights in North America and several international markets with respect to our dental laser systems, accessories, and related support and services in certain circumstances. In addition, we granted HSIC exclusivity in selected international markets subject to review of certain performance criteria. In connection with the D&S Agreement, HSIC placed two irrevocable purchase orders totaling $9 million for our products. The first purchase order, totaling $6 million, was for the purchase of iLase® systems and was fully satisfied during the first quarter of 2011. The second purchase order, totaling $3 million, was for the purchase of a combination of laser systems and was fully satisfied during the third quarter of 2011. The D&S Agreement granted HSIC a security interest in our inventory and assets, including our intellectual property.

On April 12, 2012, we completed a transaction with HSIC (the 2012 Termination Agreement) whereby we purchased HSIC s inventory of Waterlase MD Turbo laser systems for approximately $1.1 million and HSIC released its liens on our assets, including our inventory and intellectual property. As part of the 2012 Termination Agreement, we reacquired 153 MD Turbo laser systems at a cost well below market. Pursuant to the terms of the

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transaction, the entire purchase price was paid by offsetting certain accounts receivable currently due from HSIC from sales made in the normal course of business. None of the funds used to offset the purchase price were related to the original sales of the MD Turbo laser systems that were purchased. As a result of the transaction, we are no longer required to fulfill certain future service obligations and, accordingly, derecognized approximately $155,000 of accounts receivable due from HSIC related to support services previously provided and approximately $142,000 of accrued warranties during the quarter ended March 31, 2012. During the quarter ended June 30, 2012, the Company reversed accrued sales and marketing service liabilities of approximately $350,000 because the liability was extinguished with the closing of the 2012 Termination Agreement. During the year ended December 31, 2012, we sold all laser systems purchased under this arrangement at margins consistent with our comparable laser products.

Industry Background

General

Dental procedures are performed on hard tissue, such as bone and teeth, and soft tissue, such as gum and other oral tissue.

A 2007 American Dental Association (ADA) Survey of Dental Services Rendered (the ADA Study) has estimated that more than 200 million hard tissue procedures are performed annually in the United States. Hard tissue procedures include cavity preparation, root canals and other procedures involving bone or teeth. The ADA study also indicated that more than 1.2 million soft tissue procedures are performed annually in the United States. Soft tissue procedures include operations such as gum line alteration. According to statistics compiled in the ADA s study, over 90% of hard tissue procedures and 60% of soft tissue procedures in the United States are performed by general dentists and the rest are performed by oral surgeons, endodontists, periodontists, and other specialists.

The ADA estimated that the demand for dental services in the United States will continue to grow due to population growth and the increased awareness of the benefits associated with preventive dentistry in reducing the incidence of oral and systemic disease.

We believe there is a growing awareness among consumers of the value and importance of a healthy smile and its connections to overall systemic health. As such, the dental industry has entered an era of growth and consideration of advanced technologies that allow dentists to perform simple or complex cosmetic dental procedures with minimal trauma, improved patient acceptance and clinically superior results. We believe our product offerings correspond with this trend, and we expect incremental growth from these pressures in the marketplace.

Traditional Dental Instruments

Dentists and other specialists choose from a variety of instruments depending on the tissue involved and the type of procedure. Most procedures require the use of multiple instruments to achieve the desired result.

High Speed Drills. Most dentists use high speed drills for hard tissue procedures, such as preparing cavities for filling and gaining access for performing root canals or shaving and contouring oral bone tissue. Potentially adverse effects associated with drills include thermal heat transfer, vibration, pressure and noise. The cutting and grinding action of high speed drills can cause damage to the patient s dental structure. The trauma caused to the surrounding tissues can lead to increased recovery times and the need for future crowns and root canals. Additionally, this grinding action of high speed drills may weaken the tooth s underlying structure, leading to fractures and broken cusps. Procedures involving high-speed drills typically require anesthesia. Because many dentists do not recommend anesthetizing more than one or two quadrants of the mouth in a single session, patients may need to return several times to complete their treatment plan. Further, based on the results of several recent studies, autoclaving fails to completely decontaminate dental burs and approximately 15% of these sterilized burs carry pathogenic micro-organisms, which may be transferred from patient to patient.

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Cutting Instruments. Soft tissue procedures, such as reshaping gum lines and grafting on new gum tissue, are typically performed by oral surgeons or periodontists using scalpels, scissors, and other cutting tools. Due to the pain and discomfort associated with procedures performed with these instruments, most soft tissue procedures require the use of local anesthetic which results in numbness and discomfort, and often require stitches. The use of scalpels, scissors, and other cutting tools typically cause bleeding, post-operative swelling, and discomfort. Bleeding can impair the practitioner s visibility during the procedure, thereby reducing efficiency and is a particular problem for patients with immune deficiencies or blood disorders, and patients taking blood-thinning medications.

Film Radiography Equipment. Since the early twentieth century, dentists have relied on radiographic images produced by exposing photographic film to X-ray radiation as part of the examination and diagnosis of patients. These X-ray images can help reveal tooth decay, periodontal disease, bone loss, infections, hidden dental structures, abscesses or cysts, developmental abnormalities, some types of tumors, and other issues that might not be detected during a visual examination or upon probing with a handheld instrument. Due to the chemical development process required for film, however, this process is time-consuming, inefficient, and costly for dental offices, and not environmentally friendly. Mistakes in the development process can require retakes which expose patients to additional radiation. Film X-rays also restrict the abilities of doctors to enhance or further manipulate images for easier and more accurate analysis and treatment planning. Furthermore, one of the most critical limitations of film is that it is restricted to two-dimensional images, which can potentially lead to misdiagnosis.

Alternative Dental Instruments

Alternative technologies have been developed over the years to address the problems associated with traditional methods used in dentistry. Most alternatives have addressed either hard or soft tissue applications but not both. The predominant alternative technologies are discussed below.

Electrosurge Systems. Electrosurge systems use an electrical current to heat a shaped tip that simultaneously cuts and cauterizes soft tissue, resulting in less bleeding than occurs with scalpels. However, electrosurge is generally less precise than lasers and can damage surrounding tissue. Electrosurge is also not suitable for hard tissue procedures and, due to the depth of penetration, generally requires anesthesia and a lengthy healing process. Electrosurge generally cannot be used in areas near metal fillings and dental implants. Finally, electrosurge generally cannot treat patients with implanted pacemakers and defibrillators.

Traditional Laser Systems. More recently, lasers have gained acceptance for use in general and cosmetic dentistry. Most lasers used in dentistry have been adapted from other medical applications, such as dermatology, and are not designed to perform a wide range of common dental procedures. Most dental lasers use thermal energy to cut tissue and are used primarily for soft tissue procedures.

Our Solution

Due to the limitations associated with traditional and alternative dental instruments, we believe there is a large market opportunity for all-tissue dental laser systems that provide superior clinical results and help reduce the trauma, pain, and discomfort associated with dental procedures. We also believe there is a large market opportunity for digital radiography systems that improve practice efficiency and accuracy of diagnosis, leading to superior treatment planning, increased practice revenue, and healthier outcomes for patients.

Our Waterlase systems precisely cut hard tissue and soft tissue with minimal or no damage to surrounding tissue and dental structure. Our Diode systems are designed to complement the Waterlase systems, and are used in soft tissue procedures, pain therapy, hygiene, and cosmetic applications, including teeth whitening. The Diode systems, together with our Waterlase systems, offer practitioners a broad product line with a range of features and price points.

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The Biolase DaVinci Imaging and Cefla NewTom products are state-of-the-art digital radiography systems that provide both two- and three-dimensional X-ray images as well as intraoral color images that allow doctors to visualize and manipulate significantly more information than previously available with film, without the time delay of film development or cost associated with chemicals and the film itself. These imaging systems have been designed to produce the highest quality images while exposing patients to the least amount of radiation necessary. The Trios intra-oral CAD/CAM scanning product offers diversity in our imaging product line with spray-free, high-speed, 3-D impression capture as well as touch screen and online lab communication capabilities.

A small percentage of dental professionals worldwide currently use lasers. Our laser systems are more expensive than traditional dental tools; however, we believe that the significant clinical advantages of our systems, patient benefits, the potential return on investment that our systems offer practitioners, and the options available to finance the purchase of our systems will enable us to continue to penetrate the global dental market. Laser technologies with similar patient benefits have become standard of care in ophthalmology, dermatology, and other medical specialties. When combined with better information digital imaging, dental lasers will give the doctor the best treatment options to perform more procedures in a minimally invasive manner. This combination of lasers and digital imaging systems makes us the only company to offer high-technology solutions for the diagnosis, treatment planning, and delivery of treatment, in the most minimally invasive manner possible: the Biolase Total Technology Solution .

We believe the demand for our systems will continue to expand as we increase awareness of the benefits to patients and dental professionals.

Benefits to Dental Professionals

Expanded range of procedures and revenue opportunities. Our laser systems often allow general dentists to perform surgical and cosmetic procedures that they are unable or unwilling to perform with conventional methods, and which would typically be referred to a specialist. Our systems allow dentists to perform these procedures easily and efficiently, increasing their range of skills, professional satisfaction, and revenues.

Additional procedures through increased information and efficiency. Our digital imaging systems allow dentists to diagnose and discover cases that they might not be able to detect with film images and/or two-dimensional images, thereby giving them the ability to offer more treatment options for patients. Our laser systems can shorten and reduce the number of patient visits, providing dental professionals with the ability to service more patients. For hard tissue procedures, our Waterlase systems can reduce the need for anesthesia, which enables the dental practitioner to perform multiple procedures in one visit. For soft tissue procedures, the Waterlase and Diode systems allow tissue to be cut more precisely and with minimal bleeding when compared to traditional tools such as scalpels and electrosurge systems. We have FDA clearance for treatment protocols including Deep Pocket Therapy with New Attachment and subgingival calculus removal using the Waterlase System and the patented Radial Firing Perio Tip. This is a non-surgical alternative treatment for moderate to advanced gum disease, the leading cause for tooth loss for adults over age 35 and a condition impacting more than half of Americans over age 55. In addition, the Epic and iLase systems can be used to quickly perform teeth whitening with our proprietary whitening gel and to provide temporary pain relief from myofascial disorders.

Increased loyalty and expanded patient base. We believe the improved patient comfort and convenience offered by our laser systems and the reduction in chair time and radiation exposure of our digital imaging systems will help improve patient retention, attract new patients, increase revenue per patient, increase demand for elective procedures, increase acceptance of treatment plans, and increase word-of-mouth referrals.

Fewer post-operative complications. By providing more complete and accurate information, our digital imaging systems make it possible for the doctor to determine the optimal diagnosis and treatment plan.

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Our laser systems can then be used to reduce trauma, swelling, and general discomfort of the patient, resulting in fewer post-operative complications that require follow up treatment. In addition, our laser systems effectively reduce the risk of cross-contamination that can occur with traditional dental tools. These factors make it possible for practitioners to devote time to new cases, rather than treating complications from prior procedures.

Benefits to Patients

Comfort. The Waterlase system is able to perform various types of dental procedures without causing the heat, vibration, microfractures, trauma, or pressure associated with traditional dental methods, without cross-contamination. Further, in many cases procedures can be performed without the need for local anesthesia.

Convenience. Our Waterlase system does not require anesthesia in many cases, which allows dental practitioners to perform procedures in multiple quadrants of the mouth during a single office visit. Digital images are available almost immediately, so patients will not have to spend extra time in the dental chair waiting for film to be developed and doctors are more efficient. Combined with the diode lasers, these systems offer a variety of solutions for patients.

Reduced trauma. The Waterlase system avoids the thermal heat transfer, vibration, and grinding action associated with high speed dental drills. As a result, our systems can result in less trauma, swelling, bleeding, and general discomfort to the patient.

Broader range of available procedures. Due to the improved comfort and convenience of our Waterlase system, we believe patients are more likely to consider cosmetic and other elective procedures that would generally be time consuming and uncomfortable, including osseous crown lengthening, periodontal surgeries, and numerous other procedures. Since digital images are displayed on computer monitors, doctors can make treatment planning a more personal experience with patients. We believe that this will lead to greater patient case acceptance.

Business Strategy

Our objectives are to increase our leadership position in the dental laser market, to establish our laser systems as essential tools in dentistry, and to leverage our existing technology platform into other medical markets where it can provide significant improvements over existing standards of care. Our business strategy consists of the following key elements:

Increasing awareness of our laser systems among dental practitioners and patients. We intend to further penetrate the dental market by educating dental practitioners and patients about the clinical benefits of Waterlase Dentistry. We plan to increase adoption of our laser systems by dental practitioners through our continued participation in key industry trade shows, the World Clinical Laser Institute® (WCLI®) (which we founded in 2002), dental schools, and other educational forums. We also intend to market our systems to dental practitioners through our laser specialists and advertising. We continue to explore marketing efforts aimed directly at patients.

Expanding sales and distribution capabilities. In the United States and Canada, we distributed our products directly to dental practitioners utilizing a direct sales force through August 2006. From September 2006 to September 2010, we distributed our products in North America exclusively through HSIC, a leading U.S. dental products and equipment distributor. In September 2010, we changed our relationship with HSIC from an exclusive to a non-exclusive distributor of our products in North America and once again sold directly to dental practitioners utilizing a direct sales force. During 2012, we augmented our outside direct sales force by establishing an inside sales organization. The inside sales force is located at our corporate headquarters and is comprised of sales representatives and lead generators who work in partnership with the outside sales team to maximize sales by leveraging the existing installed customer base. In addition to our direct sales force in North America, we also have distribution agreements with various independent distributors to distribute our products in the United

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States, Canada, and various countries in Europe, the Middle East, Latin America, and Asia-Pacific. We are continuing to develop an infrastructure to support growth in sales and marketing both domestically and internationally. This infrastructure includes product management, information technology systems, and personnel to manage our sales force, compile sales and marketing data, and better serve our customers and non-exclusive distributors.

Expanding product platform and applications. We plan to expand our product line and product applications by developing product enhancements and new laser technologies including new products for use in the medical community. To this end, we launched the Epic in September 2012 which improves and expands on certain capabilities previously offered by the Diolase 10 which was launched in late 2009 for use in the medical specialty markets, including sports medicine, orthopedics, podiatry, physical therapy, and chiropractics. We also have an objective to increase our sales of disposable products that are used by dental practitioners when performing procedures using our dental laser systems. Additionally, we may strategically acquire complementary products and technologies. In February 2011, we established a new division, Biolase DaVinci Imaging, to distribute state-of-the-art extra-oral and intra-oral dental imaging devices. We began selling these imaging devices in the second half of 2011. Additionally, in early 2012, we began distributing the NewTom VGi 3-D cone beam and in late 2012 we began distributing the Trios intra-oral scanning system which expands our imaging product line and offers customers a wider and more comprehensive choice of configurations and range of performance.

Expanding our Er,Cr:YSGG and 940 nm diode technologies into the medical field. Our Waterlase and Diode lasers and their delivery systems and accessories have applications in many other medical and veterinary specialties, including ophthalmology, orthopedics, sports medicine, dermatology, and podiatry. We currently hold a strong patent position which is complemented by our FDA-cleared general indications for use of our lasers with ocular tissue. Our patented Er,Cr:YSGG Waterlase technology has the potential to address several areas in ophthalmology including dry eye, glaucoma, and presbyopia, as well as several other major medical applications in dermatology, cosmetic surgery, orthopedics, and urology. During 2011 we established a new subsidiary, Occulase, Inc., for the purpose of consolidating our ophthalmologic-specific intellectual property, which includes over 30 U.S. and international patents and pending patents, as we continue our efforts to expand in this area. We recently launched the Occulase website at www.occulase.com to further our marketing efforts of this laser technology. We plan to commercialize or license these applications in the future and may use distribution partners or other strategic partnerships to enter into these markets.

Continuing high quality manufacturing and customer service. Our manufacturing operations are focused on producing high quality dental laser systems. We intend to continually develop and refine our manufacturing processes to increase both production efficiencies and product quality. We provide high quality maintenance and support services through our support hotline and dedicated staff of in-house and field service personnel. Additionally, we maintain a network of factory-trained service technicians to provide maintenance and support services to customers in markets within and beyond North America.

Strengthening and defending technology leadership. We believe our proprietary Waterlase system and YSGG Laser technology represent significant advancements in dentistry. We will pursue the protection of our intellectual property rights by expanding our existing patent portfolio in the United States and internationally. We intend to strategically enforce our intellectual property rights worldwide.

Strengthening training and development of our laser users. In 2012 we opened our technology and training center at corporate headquarters. The center provides introductory and specialized training sessions for dental professionals seeking proficiency and certification training utilizing our products, and will also be used for ongoing training and clinical education for both outside and inside sales teams and our service professionals. We also have established access to several training facilities around the U.S. through our network of key-opinion leaders and trainers.

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Products

Our Waterlase Dentistry consists of two principal product lines: Waterlase systems and Diode systems. We developed the Waterlase and Diode systems through our own research and development, as well as intellectual property obtained through various acquisitions. During the second half of 2012, we introduced the Epic diode laser system which increases our customer base by providing an exceptional laser at an attractive value proposition. During the second half of 2011, we introduced the Biolase DaVinci Imaging line of imaging products which enabled us to offer high quality digital diagnostic solutions to complement the minimally invasive dental treatment solutions offered by our Waterlase and Diode dental systems. In 2012, we added the distribution of the NewTom 3-D cone beam and Trios intra-oral CAD/CAM scanning system which expanded our imaging product line and provides dental customers with a wider and more comprehensive choice of configurations and range of performance. The integration of our laser products with imaging offers dental professionals the Total Technology Solution which provides imaging capabilities for early diagnosis and minimally invasive treatment with our Waterlase and Diode laser technologies.

Waterlase systems. Our all-tissueWaterlase dental laser systems currently consist of the Waterlase iPlus, the Waterlase MD Turbo, and the Waterlase MDX 300 and 450, both introduced in February 2012. Each of these systems is designed around our patented YSGG Laser technology that refers to the unique laser crystal used in the Waterlase system, which contains the elements erbium, chromium and yttrium, scandium, gallium and garnet (Er, Cr: YSGG). This unique crystal laser produces energy with specific absorption and tissue interaction characteristics optimized for dental applications. HydroPhotonics refers to the interaction of YSGG lasers with water to produce energy to cut tissue. It is minimally invasive and can precisely cut hard tissue, such as bone and teeth, and soft tissue, such as gums or skin, without the heat, vibration, or pressure associated with traditional dental treatments. By eliminating heat, vibration, and pressure, our Waterlase systems reduce and, in some instances, eliminate the need for anesthesia and also result in faster healing times versus traditional methods of treatment.

The Waterlase systems incorporate an ergonomic handpiece and an extensive control panel located on the front of the system with precise preset functionality to control the mix of laser energy, air, and water, as well as the pulse rate. Each system also has been designed to be easily moved from operatory to operatory within a practice office.

The original Waterlase MD released in 2005 features white light-emitting diode (LED) handpiece illumination, a full color touch screen improving user friendliness (with a built in user Help system), a refined water spray that improves cutting, and a Windows CE operating system. In 2008, we introduced a new clinical procedure for endodontic root canal disinfection with radial firing tips. The Waterlase MD Turbo All-Tissue Dental Laser System was introduced in the first quarter of 2009 and increased the cutting speed compared to the original Waterlase MD. In 2009, we also obtained FDA clearance for a new treatment protocol called Deep Pocket Therapy with New Attachment using the Waterlase MD and the patented Radial Firing Perio Tip. This is a non-surgical alternative treatment for moderate to advanced gum disease, the leading cause of tooth loss for adults over 35 and a condition impacting more than half of Americans over age 55. The procedure assists in new attachment and subgingival calculus removal, and in most cases provides deep pocket treatments in a single visit without the use of a scalpel, stitches, or the conventional cutting of the gums. The Waterlase iPlus, introduced in January 2011, is our most advanced and powerful, yet most intuitive, dual-wavelength all-tissue dental laser system. It delivers all the benefits of our other Waterlases, but with more power, versatility, and ease of use, including and intuitive user interface and a significant increase in cutting speed that is comparable to a high speed drill. The Waterlase iPlus also incorporates the iLase wireless diode laser that can be utilized for unexpected soft-tissue cases in an adjacent treatment room, controlling bleeding, and temporary pain relief.

Diode systems. Our Diode laser systems in dentistry currently consist of the Epic and iLase, semiconductor diode lasers that perform soft tissue, hygiene, cosmetic procedures, teeth whitening, and temporary pain relief.

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In February 2010, we introduced our iLase diode laser system, the first wireless, affordable dental diode laser that provides minimally invasive solutions for the most common everyday soft tissue surgical and hygiene procedures. Featuring patent-pending finger switch activation, battery power, our unique 940 nm wavelength, and ComfortPulse® cutting modality, we believe the wireless and highly portable iLase is a perfect complement for every dental operatory. In September 2012, we introduced our new Epic diode laser system, a portable touch screen system with applications in soft tissue surgery, dental hygiene, teeth whitening, and temporary pain relief. The iLase and Epic are FDA cleared in the United States and CE mark-approved in Europe.

Imaging systems. Our imaging systems include licensed state-of-the-art extra-oral and intra-oral dental digital imaging devices. Our expansion into digital imaging systems enables us to offer high quality diagnostic solutions to complement the minimally invasive dental treatment solutions offered by our Waterlase and Diode systems. We now provide both high-precision intuitive diagnosis and treatment planning solutions, fundamental to the delivery of quality dentistry, together with truly advanced laser treatment solutions thereby delivering, we believe, the best biological and therapeutic results for dentists and patients. Our Imaging systems include the Cefla NewTom VGi and Biolase DaVinci D3D, 3-D Cone Beam Computed Tomography (CBCT) devices. We are currently selling these products as a distributor under the manufacturer s FDA 510(k) clearance. Our 3-D CBCT devices produce stable and high quality 3-D images with low levels of radiation critical features in dental implant, endodontic, orthodontic, and oral surgery cases.

The first CBCT system introduced to the dental market in 1996 was a NewTom. Since that time, the NewTom brand has been synonymous with providing the clearest, sharpest, and highest quality three-dimensional images. The NewTom VGi is a small-footprint CBCT system that offers medical grade imaging technology at a fraction of the cost and radiation exposure typically associated with medical CT equipment. In addition to producing up to 50% higher image resolution with medical grade rotating anode technology, its proprietary SafeBeam technology automatically adjusts radiation dosage to ensure patient safety.

3Shape Trios CAD/CAM Imaging Systems. 3Shape unveiled this system at the International Dental Show in Germany in 2011. We immediately recognized this system as an advanced dental imaging product designed with technical solutions for the dental practitioner and comfort for patients. The 3Shape system offers a spray-free scanning device for optimal accuracy and patient comfort, high speed technology with accurate digital impression-taking with up to 1000 3-D pictures, a touchscreen interface with live 3-D visualization, online communication capability with labs, and additional benefits. We are currently selling this product as a distributor under the manufacturer s regulatory market clearances.

Medical systems. Our Medical systems include the Diolase 10 Diode Laser for which we received FDA 510(k) clearance in April 2009 to use in our ezlase platform for both dental and medical pain relief applications. In late 2009 we broadened our product scope to include the use of lasers in a variety of health care and therapeutic markets outside of dentistry. The Diolase 10 was launched with a patented handpiece for therapeutic applications, including temporary pain relief, topical heating for the purpose of temporarily relieving minor muscle and joint pain and stiffness, minor arthritis pain, muscle spasm, minor sprains and strains, and minor muscular back pain; temporarily increasing local blood circulation; and temporarily relaxing muscles. The Diolase 10 was our first strategic expansion into the medical market (which includes sports medicine, orthopedics, podiatry, physical therapy, and chiropractics). We initially focused on the chiropractic market and in 2010 we expanded into physical therapy and sports medicine and introduced the Deep Tissue Handpiece. A continuation of our expansion into the medical market is also realized in our Epic diode laser, which was launched in late 2012 and has improved portability and value proposition with applications including temporary pain relief. The Epic V-Series launching in 2013 is based on the Epic platform with software and delivery adaptations enabling a wide range of veterinary applications, including surgical, dental, and pain therapy procedures. We anticipate further expansion of the Epic diode laser into additional medical markets in 2013.

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Related Accessories and Disposable Products

We also manufacture and sell disposable products and accessories for our laser systems. Our Waterlase and Diode systems use disposable laser tips of differing sizes and shapes depending on the procedures being performed. We also market flexible fibers and hand pieces that dental practitioners will replace at some point after initially purchasing laser systems. For our Epic and ezlase systems, we sell teeth whitening gel kits.

Warranties

Our Waterlase laser systems sold domestically are covered by a warranty against defects in material and workmanship for a period of up to one-year while our Diode systems warranty is for a period of up to two years from the date of sale to the end-user by us or a distributor. Waterlase systems sold internationally are generally covered by a warranty against defects in material and workmanship for a period of sixteen months while our Diode systems warranty period is up to twenty eight months from date of sale to the international distributor. Our warranty covers parts and service for sales in our North American territories and parts only for international distributor sales. In North America, we sell service contracts to our end users that cover the period after the expiration of our standard warranty coverage for our laser systems. Extended warranty coverage provided under our service contracts varies by the type of system and the level of service desired by the customer. Products or accessories remanufactured, refurbished, or sold by authorized parties, voids all warranties in place for such products and exempts us from liability issues relating to the use of such products. We do not offer warranties on imaging products which are covered by manufacturer s warranties.

Insurance

We maintain product liability insurance on a claims-made-and-reported basis with a limit of $10 million per occurrence and $10 million in the aggregate for all occurrences. The insurance is subject to various standard coverage exclusions, including damage to the product itself, losses from recall of our product, and losses covered by other forms of insurance such as workers compensation. We cannot be certain that we will be able to successfully defend any claims against us, nor can we be certain that our insurance will cover all liabilities resulting from such claims. In addition, we cannot assure you that we will be able to obtain such insurance in the future on terms acceptable to us, or at all.

Manufacturing

Our strategy is to manufacture products in-house when it is efficient for us to do so. We currently manufacture, assemble, and test all of our products at our corporate headquarters facility in Irvine, California. The 57,000 square foot facility has approximately 20,000 square feet dedicated to manufacturing and warehousing. The facility is ISO 13485 certified. ISO 13485 certification provides guidelines for our quality management system associated with the design, manufacturing, installation, and servicing of our products. In addition, our U.S. facility is registered with the FDA and is compliant with the FDA s Quality System Regulation.

We use an integrated approach to manufacturing, including the assembly of tips, laser hand pieces, fiber assemblies, laser heads, electro-mechanical subassembly, final assembly, and testing. We obtain components and subassemblies for our products from third party suppliers, the majority of which are located in the United States. We generally purchase components and subassemblies from a limited group of suppliers through purchase orders. In general, we rely on these purchase orders and do not have written supply contracts with many of our key suppliers. Three key components used in our Waterlase system: handpieces, laser crystals, and fiber components are each supplied by separate single-source suppliers. In recent years, we have not experienced material delays from the suppliers of these three key components. However, in the event that we experience an unexpected interruption from a single source supplier, manufacturing delays, re-engineering, significant costs, and sales disruptions could occur, any of which could have a material adverse effect on our operations. We are currently in the process of identifying

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and qualifying alternate source suppliers for our key components, including but not limited to those noted above. There can be no assurance, however, that we will successfully identify and qualify an alternate source supplier for any of our key components or that we could enter into an agreement with any such alternate source supplier on terms acceptable to us.

Marketing and Sales

Marketing

We currently market our laser systems in the United States and worldwide. Our marketing efforts are focused on increasing brand and specific product awareness among dental practitioners. We continue to explore methods to increase awareness of the benefits of our products by marketing directly to patients.

Dental Practitioners. We currently market our laser systems to dental practitioners through regional, national and international trade publications, educational events, individual meetings, the internet, and seminars. We also use brochures, direct mailers, press releases, posters, and other promotional materials, as well as print and electronic media news coverage. In 2010, we introduced the Biolase Store for online purchase of lasers, consumables, accessories, and service contracts in North America. In 2002, we founded the WCLI to formalize our efforts to educate and train dental practitioners in laser dentistry. The WCLI conducts and sponsors educational programs domestically and internationally for dental practitioners, researchers, and academicians, including one, two, and three-day seminars and training sessions involving in-depth presentations on the use of lasers in dentistry. In addition, we have developed relationships with research institutions, dental schools, and laboratories which use our products in training and demonstrations. We believe these relationships will increase awareness of our products. In 2012 we formalized a 5 year agreement with Professor Norbert Gutknecht and the Aachen Center for Laser Dentistry (AALZ), the acknowledged leader in dental laser education since its founding in 1992. We expect the AALZ and related World Academy for Laser Education in Dentistry Network (WALED) will expand the availability of postgraduate advanced wavelength clinical laser education to more than 40 countries while also taking major steps toward standardizing laser dental education for all our owners worldwide.

Chiropractors, Sports Medicine. We market to chiropractors, physical therapists, and other pain management specialists through trade advertising, seminars, and trade shows. Our marketing activities are primarily executed by our network of independent sales representatives who are managed by our internal sales management team.

Patients. We market the benefits of our laser systems directly to patients through marketing and advertising programs, including the internet, social networks, print and broadcast media, local television news and radio spots, as well as product placements of our laser systems on television programs. We believe that making patients aware of our laser systems and their benefits will increase demand for our products.

Sales

We currently sell our products primarily to dentists in general practice through our direct sales force and our distributor network. The majority of the dentists in the United States and the majority of our end-user customers are sole practitioners. We expect our laser systems to continue to gain acceptance among periodontists, endodontists, oral surgeons, and other dental specialists as they become better aware of the clinical benefits and new treatment options available through the use of our laser systems. Outside of the dental market, we expect that our initial sales of lasers will be to chiropractors, physical therapists, and other pain management specialists, as well as the veterinary market.

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The following table summarizes our net revenues by category for the years ended December 31, 2012, 2011, and 2010 (dollars in thousands):

	Years Ended December 31,					
	2012(1)		2011(2)		2010(2)	
Waterlase systems	$ 36,041	63%	$ 29,288	60%	$ 8,241	32%
Diode systems	6,307	11%	9,172	19%	7,907	30%
Imaging systems	3,365	6%	238	0%		0%
Consumables and other	5,954	10%	5,236	11%	4,234	16%
Services revenue	5,524	10%	4,485	9%	4,198	16%
Products and services revenue	57,191	100%	48,419	99%	24,580	94%
License fees and royalties	165	0%	439	1%	1,645	6%

&n ended June 30, 2002 compared to $4.2 million for the same period in 2001, principally for capacity enhancements, capital maintenance, and safety and environmental projects. Financing activities. Net borrowings of $7.6 million in the 2002 period are primarily attributable to increases in working capital (exclusive of cash). Net repayments in the 2001 period were primarily attributable to the Company's litigation settlement with Boeing. The Company also made a $1.1 million dividend payment to CEZUS in the second quarter of 2002. -32- Borrowing arrangements. At June 30, 2002, the Company's net debt was approximately $13.0 million, consisting of $7.4 million of cash and equivalents and $20.4 million of debt (principally borrowings under the Company's U.S. and U.K. credit agreements). This compares to a net cash position of $12.1 million as of December 31, 2001. Borrowings under the Company's U.S. asset-based revolving credit agreement are limited to the lesser of $125 million or a formula-determined borrowing base derived from the value of accounts receivable, inventory and equipment ("borrowing availability"). This facility requires the Company's U.S. daily cash receipts to be used to reduce outstanding borrowings, which may then be reborrowed, subject to the

terms of the agreement. Interest generally accrues at rates that vary from LIBOR plus 2% to LIBOR plus 2.5%. Borrowings are collateralized by substantially all of the Company's U.S. assets. The credit agreement prohibits the payment of dividends on TIMET's Convertible Preferred Securities if "excess availability", as defined, is less than $25 million, limits additional indebtedness, prohibits the payment of dividends on the Company's common stock if excess availability is less than $40 million, requires compliance with certain financial covenants and contains other covenants customary in lending transactions of this type. Excess availability is defined as borrowing availability less certain contractual commitments such as letters of credit. At June 30, 2002, excess availability was approximately $90 million. The Company's U.S. credit agreement allows the lender to modify the borrowing base formulas at its discretion, subject to certain conditions. During the second quarter of 2002, the Company's lender elected to exercise such discretion and modified the Company's borrowing base formulas, which reduced the amount that the Company can borrow against its inventory and equipment by approximately $7 million. In the event the lender exercises such discretion in the future, such event could have a material adverse impact on the Company's liquidity. Borrowings outstanding under this U.S. facility are classified as a current liability. Unused borrowing availability under this agreement at June 30, 2002 was approximately $93 million. The credit agreement expires in February 2003. The Company is currently negotiating with its lender to extend the maturity date of this agreement on substantially similar terms; however, no assurance can be given that an agreement to extend this facility will be achieved.

The Company's subsidiary, TIMET UK, has a credit agreement that provides for borrowings limited to the lesser of (pound)30 million or a formula-determined borrowing base derived from the value of accounts receivable, inventory and equipment ("borrowing availability"). The credit agreement includes a revolving and term loan facility and an overdraft facility (the "U.K. facilities"). Borrowings under the U.K. facilities can be in various currencies including U.S. dollars, British pounds and euros, accrue interest at rates that vary from LIBOR plus 1% to LIBOR plus 1.25% and are collateralized by substantially all of TIMET UK's assets. The U.K. facilities require the maintenance of certain financial ratios and amounts and other covenants customary in lending transactions of this type. The U.K. overdraft facility is subject to annual review in February of each year and was extended for one year in February 2002. The U.K. facilities expire in February 2005. As of June 30, 2002, the outstanding balance of the U.K. facilities was approximately $10 million with unused borrowing availability of approximately $32 million. The Company also has overdraft and other credit facilities at certain of its other European subsidiaries. These facilities accrue interest at various rates and are payable on demand. Unused borrowing availability as of June 30, 2002 under these facilities was approximately $14 million. -33- Although excess availability under TIMET's U.S. credit agreement remains above $40 million, no dividends were paid by TIMET during the six-month periods ended June 30, 2002 and 2001. Any future dividends will be at the discretion of the Company's board of directors and will depend upon, among other things, earnings, financial condition, cash requirements, cash availability and

contractual requirements. TIMET presently has no plans to resume payment of common stock dividends. Legal and environmental matters. See Note 14 to the Consolidated Financial Statements for additional discussion of environmental and legal matters. Other. The Company periodically evaluates its liquidity requirements, capital needs and availability of resources in view of, among other things, its alternative uses of capital, debt service requirements, the cost of debt and equity capital and estimated future operating cash flows. As a result of this process, the Company has in the past, and in light of its current outlook, may in the future seek to raise additional capital, modify its common and preferred dividend policies, restructure ownership interests, incur, refinance or restructure indebtedness, repurchase shares of capital stock, sell assets, or take a combination of such steps or other steps to increase or manage its liquidity and capital resources. In the normal course of business, the Company investigates, evaluates, discusses and engages in acquisition, joint venture, strategic relationship and other business combination opportunities in the titanium, specialty metal and other industries. In the event of any future acquisition or joint venture opportunities, the Company may consider using then-available liquidity, issuing equity securities or incurring additional indebtedness. -34- Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK General. The Company is exposed to market risk from changes in foreign currency exchange rates, interest rates and commodity prices. The Company typically does not enter into interest rate swaps or other types of contracts in order to manage its interest rate market risk and typically does not enter into currency forward contracts

to manage its foreign exchange market risk associated with receivables, payables and indebtedness denominated in a currency other than the functional currency of the particular entity. Interest rates. Information regarding the Company's market risk relating to interest rate volatility was disclosed in the Company's 2001 Annual Report and should be read in conjunction with this interim financial information. Since December 31, 2001, there has been no significant change in the nature of the Company's exposure to market risks. Foreign currency exchange rates. The Company is exposed to market risk arising from changes in foreign currency exchange rates as a result of its international operations. See Item 2 - "Management's Discussion and Analysis of Financial Condition and Results of Operations." Commodity prices. The Company is exposed to market risk arising from changes in commodity prices as a result of its long-term purchase and supply agreements with certain suppliers and customers. These agreements, which offer various fixed or formula-determined pricing arrangements, effectively obligate the Company to bear (i) the risk of increased raw material and other costs to the Company which cannot be passed on to the Company's customers through increased titanium product prices (in whole or in part) or (ii) the risk of decreasing raw material costs to the Company's suppliers which are not passed on to the Company in the form of lower raw material prices. -35- PART II - OTHER INFORMATION Item 1. LEGAL PROCEEDINGS Reference is made to Note 14 of the Consolidated Financial Statements which information is incorporated herein by reference and to the Company's 2001 Annual Report for descriptions of certain previously reported legal proceedings. Item 6.

EXHIBITS AND REPORTS ON FORM 8-K (a) Exhibits 10.1*Amended and Restated Employment Contract between TIMET Savoie, SA and Christian Leonhard 10.2 Purchase and Sale Agreement (for titanium products) between The Boeing Company, acting through its division, Boeing Commercial Airplanes, and Titanium Metals Corporation (as amended and restated effective April 19, 2001) 10.3 Purchase and Sale Agreement between Rolls-Royce plc and Titanium Metals Corporation 99.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002. 99.2 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002. * Management contract, compensatory plan or arrangement. (b) Reports on Form 8-K filed by the Registrant for the quarter ended June 30, 2002 and the month of July 2002: Date of Report Items Reported
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April 11, 2002 5 and 7 April 26, 2002 5 and 7 May 15, 2002 5 and 7 July 9, 2002 5 and 7 -36- 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. TITANIUM METALS CORPORATION

(Registrant) Date: August 13, 2002 By /s/ Mark A. Wallace

Mark A. Wallace (Executive Vice President and Chief Financial Officer) Date: August 13, 2002 By /s/ JoAnne A. Nadalin
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JoAnne A. Nadalin (Vice President, Corporate Controller and Principal Accounting Officer)