

Message to Our Shareholders

Fiscal Year 2005 2nd Quarter - Quarter Ended November 30, 2004

Biomet is pleased to report record sales and earnings results for the second quarter of fiscal year 2005. The Company's reported results reflect the acquisition of Merck KGaA's interest in the Biomet Merck joint venture on March 19, 2004, as well as the acquisition of Interpore International, Inc. on June 18, 2004.

We are also pleased to announce the recent addition of Sandra Lamb to the Company's Board of Directors. Ms. Lamb is currently serving as President and CEO of Lamb Advisors, providing strategic management consulting services to nonprofit organizations. From 1983 through 2002, Ms. Lamb was managing director at the investment bank, Lazard Freres, where she held executive responsibility working with corporate clients on all aspects of buying and selling businesses and other financial advisory assignments. Ms. Lamb holds a bachelor's degree in political science from Duke University and a master's degree in business administration from New York University.

The following discussion includes the Company's results on an adjusted basis, which exclude acquisition costs. Net sales increased 18% to \$456,674,000 during the second quarter of fiscal year 2005. Gross profit increased 17%, as reported, during the second quarter to \$325,559,000 representing 71.3% of sales, with an increase of 19% to \$332,961,000 on an adjusted basis, at 72.9% of sales, a 100 basis point improvement over the second quarter of fiscal year 2004. SG&A expenses increased 22% to 166,305,000 representing 36.4% of sales. R&D expenses increased 24% to \$19,606,000 or 4.3% of sales. Operating income increased 11%, as reported, to \$139,648,000 with operating margins at 30.6% of sales and increased 16% to \$147,050,000 on an adjusted basis, with operating margins at 32.2% of sales. Net income increased 10%, as reported, to \$91,199,000 and increased 16% to \$96,030,000, while diluted earnings per share increased 13%, as reported, to \$0.36 per share and increased 19%, as adjusted, to \$0.38 per share.

Excluding the impact of foreign currency, which increased revenues by approximately \$9.6 million, net sales increased 15% worldwide during the second quarter, with a 17% increase in domestic sales and a 12% increase in international sales.

Worldwide reconstructive device sales increased 20% to \$301,385,000 during the second quarter of fiscal year 2005. Biomet's domestic reconstructive products continued to experience very strong demand, growing 22% during the quarter. Biomet's knee revenues increased 30% in the United States during the second quarter and 25% worldwide, leading the industry in knee sales growth. Numerous total knee systems experienced excellent sales growth during the quarter including the Vanguard Complete Knee System, the Ascent and Maxim Systems, as well as the Biomet OSS (Orthopaedic Salvage System).

The general launch of primary components of the Vanguard Complete Knee System, Our most comprehensive knee system, is ongoing. The minimally invasive, bone conserving Vanguard patello-femoral replacement option was introduced during the second quarter.

The Vanguard patello-femoral replacement option utilizes Biomet's existing ArCom Direct compression molded polyethylene patella and offers intraoperative surgical latitude for size exchange, providing a key advantage over competing systems. Additionally, the revision and mobile-bearing options for the Vanguard System are in development.

During the second quarter, sales growth in unicompartmental knees was driven by the fixed-bearing Vanguard M System and the Oxford System, which is the only freefloating meniscal bearing unicompartmental system approved for sale in the United States. Approximately 150 surgeons received Oxford training during the second quarter. An additional 80 surgeons are scheduled for Oxford-specific training during the third quarter and 150 sets of Oxford instruments are slated for launch. A major advantage of the Oxford System is its long-term clinical heritage outside the United States, demonstrating success rates of 98% at 10 years and 95% at 15 years.

Biomet was the first company to introduce minimally invasive total knee instrumentation to the market, providing the Company with the industry-leading position in this technology. Featuring the unique Slidex technology, Biomet's Microplasty System for knees is experiencing excellent surgeon demand. During the past six quarters, approximately 700 sets of Microplasty Total Knee Instruments have been released, with 200 additional sets scheduled for launch during the third quarter. Approximately 800 domestic surgeons were trained on Microplasty Total Knee Instruments during the past six quarters, with training scheduled during the third quarter for an additional 100 surgeons.

Hip sales increased 9% worldwide during the second quarter and increased 6% in the United States. Biomet's metal-on-metal articulation sales grew at a 33% rate during the quarter and this technology currently represents 35% of the Company's domestic hip articulation units. During the second quarter, Biomet's M2a Magnum Metal-on-Metal System received regulatory clearance. The rollout of the Magnum will begin in earnest during the third and fourth quarters. The M2a Magnum utilizes a larger head design, which more closely replicates the natural anatomy, providing excellent range of motion and joint stability.

From our broad line of clinically successful porous coated hip stems, Biomet's key stems during the quarter included the Taperloc, Bi-Metric and Mallory Head. Particularly wellsuited for Microplasty minimally invasive procedures, the Taperloc now represents over 40% of Biomet's domestic porous primary unit sales.

The domestic rollout of the ReCap Femoral Resurfacing System was initiated during the second quarter, while the launch of the ReCap Total Resurfacing System took place in Europe. The bone-conserving ReCap Systems are indicated for patients in the early stages of degenerative joint disease. In addition, the clinical study for the ReCap Total Resurfacing System is scheduled to begin during the second half of fiscal year 2005.

Interest remains strong for Biomet's Microplasty Minimally Invasive Hip Programs (posterior and anterolateral approaches). During the past six quarters, approximately 900 domestic surgeons completed Microplasty Hip training, with third quarter training scheduled for an additional 200 surgeons. Additionally, we continue to further the development of Microplasty minimally invasive programs with related instrumentation and implants.

On December 7, Biomet supported a continuing medical education live surgery webcast of a minimally invasive total hip arthroplasty utilizing large head metal-on-metal articulation, which was performed by Dr. Barry Waldman. Dr. Waldman is Co-Director of the Center for Joint Preservation and Replacement at the Rubin Institute for Advanced Orthopaedics in Baltimore. The webcast was extremely well received with an estimated 2,000 surgeons connected to the live event.

Key revision hip products during the second quarter include the Freedom Constrained Liner, which reported second quarter sales growth of 90%, as well as

the PAR 5 Acetabular System and the Max-Ti Protrusio Cage. The Freedom Constrained Liner offers greater joint stability and increased range of motion to patients with the propensity for hip dislocations. The PAR 5 System consists of a RingLoc liner and a cementless shell, providing intra-operative flexibility not available with traditional cemented protrusio cup designs. The bolt-on augments and flanges of the porous-coated Max-Ti Protrusio Cage provide surgeons increased latitude for optimal positioning of the implant in cases with significant bone loss. Additionally, Biomet is on track to receive clearance of the Medallion Modular CT (Collared Taper) Revision System components during the third quarter.

The Company is also awaiting regulatory clearance for ArCom XL, a highly cross-linked polyethylene with mechanical properties equivalent to Biomet's standard ArCom material. In contrast to competitive highly cross-linked offerings, Biomet's proprietary process yields a material with significantly lower wear rates without compromising mechanical strength.

The Company's Rapid Recovery Program continues to be well received with over 12,000 unique visitors having accessed the website, www.myrapidrecovery.com, since late June. Biomet's Health Care Initiatives department supports patient education through programs designed for surgeon involvement.

Biomet's direct-to-patient branding campaign is currently being conducted via network television in five geographical regions. Response has been strong with an increase in average unique daily website visits of 23.5%. Specifically, for August, September, October and November, the monthly average number of find-a-doctor searches was triple the number of searches for July. Biomet will continue to monitor the Company's current test markets and seek to identify additional opportunities to stimulate patient awareness of Biomet's clinically superior products and technologies.

Extremity sales increased 21% in the United States during the second quarter and increased 18% worldwide. Numerous extremity products continue to experience strong demand, including the Copeland Humeral Resurfacing Head, the Comprehensive Fracture Stem, the Mosaic Humeral Replacement System, the Discovery Elbow and the Bio-Modular Total Shoulder System. With its excellent long-term clinical results, the bone-conserving Copeland shoulder is a resurfacing system designed for patients in the early stages of degenerative joint disease. The Comprehensive Fracture Stem is indicated for complex shoulder fractures. The modular Mosaic system is utilized to create a shoulder implant in complex revision and salvage procedures. The bone-sparing Discovery Elbow offers an improved hinge design featuring direct compression molded ArCom polyethylene. With its wide range of sizing and component options, the Bio-Modular Shoulder offers surgeons an extremely versatile system.

Sales of bone cements and accessories increased 82% in the United States during the quarter and increased 36% worldwide. Palacos and Palacos G bone cements continue to experience excellent market acceptance. Palacos G is standard Palacos bone cement with the addition of Gentamicin antibiotic. Additionally, the Optivac Vacuum Mixing System also exhibited excellent sales growth during the second quarter.

Cell Factor Technologies released a small volume GPS (Gravitational Platelet Separation) System during the second quarter, which utilizes a 30 cc sample of the patient's blood for the collection of platelets to be reintroduced at the surgical site. The original GPS System utilizes a 60 cc sample of blood for those cases where a larger volume of platelet concentrate is needed. In addition, Cell Factor Technologies introduced Boost Demineralized Bone Matrix Putty, which is entirely

human-derived, unlike competitive products that contain synthetic binders. Boost DBM is available in a pre-filled delivery device for ease of use.

Dental reconstructive implant revenues increased 17% worldwide during the second quarter and increased 16% in the United States. Slower sales growth during the second quarter was attributable to tough comparisons as a result of the second quarter fiscal 2004 introduction of the OSSEOTITE Certain Implant System, the Company's first internal connection dental reconstructive implant system, in addition to the impact of the hurricanes which swept through Florida in September. While 3i's September revenues were below the Company's internal expectations, October and November sales were strong.

Worldwide fixation sales growth was flat during the second quarter at \$60,328,000. Weak sales across EBI's fixation product segments continued into the second quarter. With the Interpore integration now complete, EBI is shifting its focus back to the fracture fixation business and the integration of Biomet's internal fixation sales representatives with EBI's fixation salesforce.

External fixation sales increased 3% worldwide during the second quarter and decreased 5% in the United States. During the quarter, sales of electrical stimulation products decreased 4% worldwide and in the United States.

During the second quarter, internal fixation sales decreased 2% worldwide and 11% in the United States. EBI introduced the OptiLock Distal Radius Plating System, a minimally invasive plating system for Colles' fractures, during the second quarter. This system should help to drive future internal fixation sales. Other new products in internal fixation include the VPC Compression Screw and the Pediatric VHS Variable Hip Screw. Additionally, the EBI Trochanteric Nail is slated for launch during the third quarter. Craniomaxillofacial fixation sales through Lorenz Surgical increased 5% worldwide and 1% in the United States during the second quarter. The newest additions to the Lorenz product line include the LactoSorb RapidFire Screw Delivery System and the Lorenz Power Driver, both designed to reduce time in the operating room. Introduced in the United States on a limited basis during the second quarter, the LactoSorb RapidFire will have an expanded release in the United States during the third quarter.

Worldwide spinal product sales increased 37% to \$53,232,000 and increased 30% in the United States during the second quarter. Domestic sales of spinal implants and orthobiological products for the spine increased 124%, while domestic sales of spinal stimulation systems decreased 8% during the quarter.

The national launch of EBI's first top-loading system, the Array Top-Loading Multiaxial Pedicle Screw System, continued during the second quarter. The Array System addresses the degenerative and spine deformity markets and has quickly become the Company's best-selling spinal hardware system. Additionally, the VueLock Anterior Cervical Plate System continues to be well-received by spinal surgeons and neurosurgeons. The ESL Spine Spacer System, a vertebral body endplate sparing design, was launched during the second quarter. The Curved Anterior Spacer System (CAS), a unique curved endplate sparing design, is slated for a third quarter launch. The CAS System, a TLIF device, is the Company's first product for this type of approach, the most commonly used approach by spine surgeons in the United States.

The clinical study for the lumbar version of the Regain Artificial Disc, EBI's one-piece pyrocarbon nucleus replacement, was initiated in Europe during the first quarter. The pyrocarbon material is biocompatible, has a high level of strength and is extremely resistant to wear. The clinical study for the cervical version of Regain should begin late fiscal year 2005 or early 2006.

"Other product" sales increased 15% worldwide to \$41,729,000 during the second quarter and increased 10% in the United States. Arthroscopy sales increased 19% worldwide and 16% in the United States during the quarter. Sales of softgoods and bracing products decreased 2% worldwide and in the United States during the second quarter.

Growth drivers for Arthrotek include the EZ-Loc femoral fixation device, which was released during the second quarter, and the resorbable LactoScrew Suture Anchor. Approximately 100 surgeons were trained specifically on these products during the quarter. Additionally, during the second quarter, Arthrotek initiated the launch of the InnerVue Diagnostic Scope System, a needle scope utilized in the physician's office to readily diagnose knee conditions. New product releases scheduled for Arthrotek during the third quarter include the LactoScrew LS Anchor, which features individual suture channels with MaxBraid 100% polyethylene sutures; the SureFire Meniscal Repair Device; the LactoScrew with AutoKnot, a pre-tied knot for ease of use; as well as resorbable and metal Axl Cross Pins.

We are pleased with the Company's record sales and earnings results during the second quarter of fiscal year 2005. Second quarter revenue growth was led by continued, strong sales of Biomet's reconstructive products, as well as growth in spinal hardware and orthobiologics. The Company's expanding lineup of new products and technologies, which will be highlighted at the American Academy of Orthopedic Surgeons Annual Meeting in February, is generating much excitement as we look forward to the second half of fiscal year 2005.

Respectfully,



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



Niles L. Noblitt
Chairman of the Board

CONSOLIDATED STATEMENTS OF INCOME

for the six and three month periods ended November 30, 2004 and 2003
(Unaudited, in thousands, except per share data)

	Six Months Ended		Three Months Ended	
	2004	2003	2004	2003
	----	----	----	----
Net sales	\$ 894,834	\$ 757,880	\$456,674	\$387,561
Cost of sales	257,087	214,408	131,115	108,790
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Gross profit	637,747	543,472	325,559	278,771

Selling, general and administrative expenses	326,765	269,061	166,305	136,664
Research and development expense	38,082	30,558	19,606	15,810
In-process research and development	26,020	--	--	--
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Operating income	246,880	243,853	139,648	126,297
Other income, net	(484)	6,690	244	3,669
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Income before income taxes and minority interest	246,396	250,543	139,892	129,966
Provision for income taxes	94,764	87,229	48,693	45,250
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Income before minority interest	151,632	163,314	91,911	84,716
Minority interest	--	4,144	--	2,024
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Net income	\$ 151,632	\$ 159,170	\$ 91,199	\$ 82,692
	=====	=====	=====	=====
Earnings per share:				
Basic	\$.60	\$.62	\$.36	\$.32
	====	====	====	====
Diluted	\$.59	\$.62	\$.36	\$.32
	====	====	====	====
Shares used in the computation of earnings per share:				
Basic	253,403	256,325	252,944	255,797
	=====	=====	=====	=====
Diluted	255,586	257,904	255,225	257,599
	=====	=====	=====	=====
Cash dividends per common share	\$.20	\$.15	\$ --	\$ --
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Sales Analysis

	2004	2003
U.S. sales	\$ 309,006	\$ 264,702
Foreign sales	147,668	122,859
Reconstructive sales	\$ 301,385	\$ 252,083
Fixation sales	60,328	60,295
Spinal products	53,232	38,979
Other product sales	41,729	36,204

Market Value of Common Shares

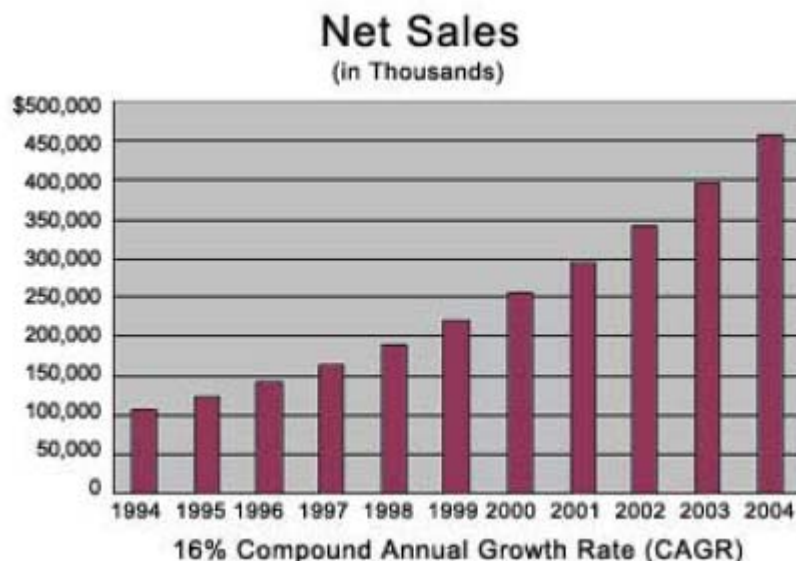
Fiscal Year 2005 2nd Quarter - *Quarter Ended November 30, 2004*

The following table shows the quarterly range of high and low sale prices for the Company's Common Shares as reported by Nasdaq Stock Market (Biomet's fiscal year commences on June 1 and ends on May 31.) Stock Symbol: BMET. The amount reflects inter-dealer prices, without retail mark-up, mark-down or commission. Record holders of outstanding Common Shares - November 30, 2004 6,252.

2005				
High	49.60	49.50		
Low	39.69	43.13		
2004				
High	30.95	36.25	41.25	41.67
Low	27.26	29.56	34.50	37.05
2003				
High	29.28	32.00	30.50	33.50
Low	21.75	25.69	26.42	26.74

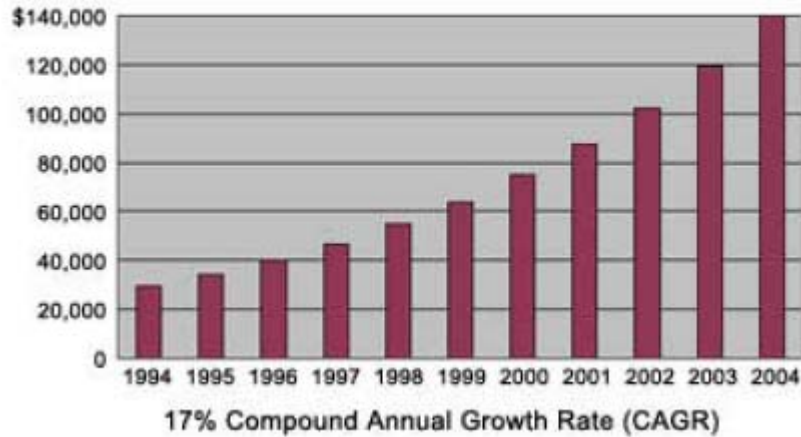
Quarterly Reports -Quarterly Graphs

Fiscal Year 2005 2nd Quarter - *Quarter Ended November 30, 2004*

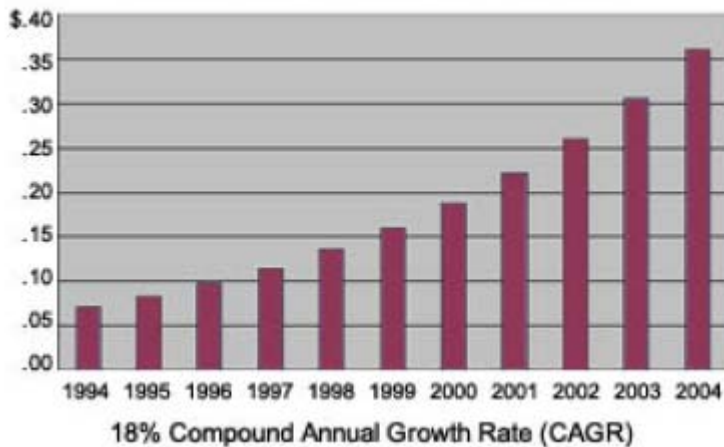


Operating Income

(in Thousands)



Diluted Income Per Share



Quarterly Reports - Consolidated Balance Sheets and Consolidated Statements of Cash Flow

BIOMET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
at November 30, 2004 and May 31, 2004
(in thousands)

ASSETS

	November 30, 2004	May 31, 2004
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	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 99,518	\$ 159,243
Investments	10,907	10,030
Accounts and notes receivable, net	476,574	465,949
Inventories	446,711	389,391

Deferred income taxes	85,748	69,379
Prepaid expenses and other	29,674	21,877
	-----	-----
Total current assets	1,149,132	1,115,869
	-----	-----
Property, plant and equipment, at cost	527,423	466,460
Less, Accumulated depreciation	228,626	197,634
	-----	-----
Property, plant and equipment, net	298,797	268,826
	-----	-----
Investments	63,880	66,339
Goodwill, net	439,335	266,860
Intangible assets, net	90,335	53,571
Other assets	16,261	16,232
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Total assets	\$2,057,740	\$1,787,697
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

	November 30, 2004	May 31, 2004
	-----	-----
	(Unaudited)	
Current liabilities:		
Short-term borrowings	\$ 324,676	\$ 109,654
Accounts payable	55,548	55,365
Accrued income taxes	10,013	18,940
Accrued wages and commissions	50,707	51,288
Other accrued expenses	104,558	78,155
	-----	-----
Total current liabilities	545,502	313,402
Long-term liabilities:		
Deferred income taxes	34,981	26,085
	-----	-----
Total liabilities	580,483	339,487
	-----	-----
Contingencies (Note 9)		
Shareholders' equity:		
Common shares	178,585	167,301
Additional paid-in capital	60,720	60,344
Retained earnings	1,217,538	1,218,682
Accumulated other comprehensive income	20,414	1,883
	-----	-----
Total shareholders' equity	1,477,257	1,448,210
	-----	-----
Total liabilities and shareholders' equity	\$2,057,740	\$1,787,697
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BIOMET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the six months ended November 30, 2004 and 2003
(Unaudited, in thousands)

	2004	2003
	-----	-----
Net cash from operating activities	179,183	149,315
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Cash flows from (used in) investing activities:		
Proceeds from sales and maturities of investments	24,692	68,981
Purchases of investments	(22,284)	(77,237)
Capital expenditures	(43,511)	(24,618)
Acquisitions, net of cash acquired	(266,229)	--
Other	(3,131)	(1,878)
	-----	-----
Net cash used in investing activities	(310,463)	(34,752)
	-----	-----
Cash flows from (used in) financing activities:		
Increase in short-term borrowings, net	209,385	6,877
Issuance of common shares	12,766	13,323
Cash dividends	(50,872)	(38,604)
Purchase of common shares	(103,990)	(78,703)
	-----	-----
Net cash from (used in) financing activities	67,289	(97,107)
	-----	-----
Effect of exchange rate changes on cash	4,266	(1,366)
	-----	-----
Increase (decrease) in cash and cash equivalents	(59,725)	16,090
Cash and cash equivalents, beginning of year	159,243	225,650
	-----	-----
Cash and cash equivalents, end of period	\$ 99,518	\$241,740
	=====	=====