

Message to Our Shareholders

Fiscal Year 2005 3rd Quarter - *Quarter Ended February 28, 2005*

Biomet is pleased to announce record sales and earnings results for the third 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, and the acquisition of Interpore International, Inc. on June 18, 2004.

The Board of Directors authorized the purchase of up to an additional \$100 million of the Company's outstanding Common Shares in open market or privately negotiated transactions. This is in addition to the July 2004 authorizations to repurchase \$100 million, of which approximately \$41.8 million is still available, and 2.5 million shares to be automatically purchased in equal increments on a daily basis through July 2005. Purchases of the additional \$100 million of Common Shares, if any, will be dependent on market conditions and may be made from time to time between March 21, 2005 and March 20, 2006. In aggregate, the Company has purchased approximately \$764 million representing 24.3 million of its Common Shares in its previous share repurchase programs since December 2001.

The following discussion will focus on the Company's results on an adjusted basis, which exclude acquisition costs. During the third quarter of fiscal year 2005, net sales increased 18% to \$482.0 million. Gross profit increased 19% to \$351.4 million during the third quarter, representing 72.9% of sales and a 120 basis point improvement compared to last year's third quarter. SG&A expenses increased 23% to \$179.2 million, representing 37.2% of sales. R&D expenses increased 29% to \$20.5 million or 4.3% of sales. Operating income increased 14% to \$151.7 million, with operating margins at 31.4% of sales. Net income increased 17% to \$101.6 million, while diluted earnings per share increased 18% to \$0.40 per share.

Net sales increased 15% worldwide during the third quarter, excluding the impact of foreign currency, which increased revenues by approximately \$11.2 million. Domestic sales increased 15% and international sales increased 14% during the quarter.

Worldwide reconstructive device sales increased 21% to \$326.2 million during the third quarter of fiscal year 2005. Biomet's domestic reconstructive products continued to experience very strong demand during the quarter, growing at 22%. Biomet's reconstructive device sales during the third quarter, excluding dental reconstructive implants, increased 24% in the U.S. and increased 19% worldwide, constant currency. The Company's knee revenue growth continued to lead the industry and increased 36% in the United States during the quarter and 31% worldwide. Total knee implant systems experiencing excellent sales growth during the third quarter included the Vanguard Complete Knee System, the Ascent and Maxim Revision Systems, and the Biomet OSS (Orthopaedic Salvage System).

During the third quarter, sales growth of unicompartamental knees was driven by the Oxford System, the only free-floating meniscal bearing uni approved for sale in the United States. The Oxford System's long-term clinical results outside the United States demonstrate a 98% success rate at 10 years and 95% success at 15 years. Approximately 220 domestic surgeons were trained on the Oxford System during the past two quarters. An additional 150 surgeons are scheduled for Oxford-specific training in the United States during the fourth quarter.

As the first company to introduce minimally invasive total knee instrumentation to the market, Biomet continues to enjoy the industry-leading position in this technology. Over 850 sets of Microplasty Total Knee Instruments have been released during the past seven quarters, with more than 100 additional sets

scheduled for rollout during the fourth quarter. During the past seven quarters, approximately 900 domestic surgeons were trained on Microplasty Total Knee Instruments, with an additional 100 surgeons scheduled for training during the fourth quarter. Additionally, during the fourth quarter, Biomet plans to begin the general launch of the Vanguard Premier Instrumentation, designed for implantation of the Vanguard System utilizing more traditional open procedures.

Hip sales increased 11% worldwide and 5% in the United States during the third quarter. Biomet's metal-on-metal articulation sales grew at a rate of 41% in the United States during the third quarter and represented 32% of the Company's domestic hip articulation units. Biomet's M2a Magnum Metal-on-Metal System, which received FDA clearance near the end of the second quarter, is receiving excellent market acceptance. The general rollout of the M2a Magnum began during the third quarter. With its larger head design, the Magnum more closely resembles the natural anatomy and provides for excellent joint stability and range of motion.

A continuing medical education accredited live surgical webcast was conducted during the third quarter featuring the Company's Microplasty Minimally Invasive Program utilizing Biomet's M2a Magnum Acetabular System with the Taperloc Hip Stem.

Approximately 15,000 individuals accessed the webcast, to date. The porous coated Taperloc Hip Stem, with more than 20% domestic growth during the third quarter, remains a key product, in part, due to the continued success of Biomet's Microplasty Program. Approximately 1,000 domestic surgeons completed Microplasty Hip training during the past seven quarters, with training scheduled for an additional 150 surgeons during the fourth quarter. The Company continues to further its development of minimally invasive programs and is working to expand the Microplasty Hip Program to include instruments for an anterior supine approach.

On March 9th, Biomet announced receipt of U.S. Food and Drug Administration clearance for ArCom XL, the Company's highly cross-linked polyethylene. Biomet's proprietary process yields a material with significantly lower wear rates compared to standard ArCom polyethylene, without compromising mechanical strength. The rollout of ArCom XL commenced upon clearance.

The domestic rollout of the ReCap Femoral Resurfacing System continued during the third quarter and the clinical study for the ReCap Total Resurfacing System is scheduled to begin soon. The ReCap is a bone-conserving resurfacing system indicated for patients in the early stages of degenerative joint disease.

Biomet received U.S. Food and Drug Administration clearance of the Medallion Modular CT (Collared Taper) Revision Hip during the third quarter. Additional Medallion CT Hip instrument sets are scheduled for rollout during the fourth quarter as the early stage clinical evaluation of the system is continued.

The Freedom Constrained Liner, another key revision product, continued to post excellent sales growth during the third quarter. The Freedom liner offers greater joint stability and increased range of motion to patients with the propensity for hip dislocations.

During the third quarter, extremity sales increased 10% worldwide and 4% in the United States. Key extremity products during the quarter include the Comprehensive Fracture Stem, the Copeland Humeral Resurfacing Head, the Bio-Modular Total Shoulder System and the Discovery Elbow. These products should continue to drive extremity revenue growth during the fourth quarter. The Comprehensive Fracture Stem is designed to address complex shoulder fractures.

The Copeland Shoulder, with its excellent long-term clinical results, is a boneconserving resurfacing system indicated for patients in the early stages of degenerative joint disease. The Bio-Modular Shoulder offers surgeons a multitude of component and sizing options, allowing for intraoperative customization of the implant. The Discovery Elbow is a bone-sparing device that offers an improved hinge design and features direct compression molded ArCom polyethylene. In addition, Biomet plans to initiate the rollout of the ExploR Modular Radial Head (hemi-elbow) during the fourth quarter. The ExploR is a two-piece device consisting of a tapered stem and a head designed to articulate with the patient's natural bone.

Sales of bone cements and accessories increased 78% in the United States during the third quarter and 36% worldwide. During the quarter, Biomet announced its plans to continue to distribute Palacos and Palacos G bone cements in the United States through the end of calendar 2005, after which Biomet will begin distribution of Cobalt, an internally developed bone cement. Biomet initiated the development of Cobalt in order to remain a leader in the bone cement market, reducing continued dependence on Kulzer, an external supplier. Cobalt should be particularly well suited for use in Biomet's Microplasty Programs due to its high optical contrast and superior handling characteristics.

Biomet's direct-to-patient branding campaign continues to report excellent success. Being conducted via network television and newsprint, the campaign was recently expanded into two additional geographical regions for a current reach into seven regions. Unique website visits continued to increase with the third quarter visits exceeding pre-campaign visits by 30%. Visits to the website's find-a-doctor service increased 23% during the third quarter compared to the second quarter. We continue to identify additional opportunities to increase patient awareness of Biomet's clinically superior products and technologies.

Dental reconstructive implant revenues increased 11% in the United States and 10% worldwide during the third quarter. During the last two quarters, sales of dental reconstructive implants faced tough comparisons against the second and third quarters of fiscal year 2004, when 3i introduced the OSSEOTITE Certain Implant System, the Company's first internal-connection dental reconstructive implant system. A newly introduced system, the Architech PSR (Patient Specific Restorations) Program offers a series of custom abutments for single and multiple replacements, as well as CAM StructSURE Precision Milled Bars for overdentures. The Architech PSR product line allows for enhanced component fit and maximum customization, while reducing several steps in the implant process for increased procedure simplicity.

Worldwide fixation sales decreased 1% during the third quarter to \$62.1 million. With the Interpore integration and cross training now complete, Biomet's EBI subsidiary has shifted its focus back to the fracture fixation business and the integration of the internal fixation business with EBI's fixation product lines.

Internal fixation sales increased 5% worldwide and decreased 14% in the United States during the third quarter. EBI's introduction of the minimally invasive OptiLock Distal Radius Plating System for Colles' fractures, which began during the second quarter, continued into the third quarter. Additional new internal fixation products scheduled for launch during the fourth quarter include the OptiLock Periarticular Plating System and the EBI Trochanteric Nail, as well as the Pediatric Nail.

External fixation sales decreased 6% worldwide during the third quarter and decreased 12% in the United States. Sales of electrical stimulation products decreased 7% worldwide and in the United States during the quarter.

Lorenz Surgical's craniomaxillofacial fixation sales increased 14% worldwide and 6% in the United States during the third quarter. Improved supply of new products, principally the titanium RapidFire Screw Delivery System, contributed to the sales acceleration this quarter. The RapidFire is a system designed to reduce operating room time. The initial rollout of SternaLock, a new sternal closure fixation system also contributed to sales growth during the third quarter.

Worldwide spinal product sales increased 34% during the third quarter to \$52.6 million and increased 26% in the United States. Domestic sales of spinal implants and orthobiological products for the spine increased 117% during the quarter, while domestic sales of spinal stimulation systems decreased 11%.

EBI is planning to introduce the Array Deformity System during the fourth quarter and will continue the national launch of the Array Degenerative System. The Array, EBI's first top-loading system, has already become the Company's bestselling hardware system. During the fourth quarter, EBI will continue the limited launch of the ESL Spine Spacer System, a vertebral body endplate sparing design. Also planned for fourth quarter limited launch is the Curved Anterior Spacer System (CAS), a unique curved endplate sparing TLIF (Transforaminal Lumbar Interbody Fusion) device. Interpore products slated for fourth quarter focus include the Altius Mini Posterior Cervical System, the Nexus T/C Cage and the Synergy Polaris System.

"Other product" sales increased 8% worldwide to \$41.1 million during the third quarter and increased 6% in the United States. Sales of softgoods and bracing products decreased 3% worldwide and in the United States during the quarter. Arthroscopy sales increased 10% worldwide and in the United States during the third quarter. Arthrotek products experiencing excellent growth rates during the quarter include the new EZ-Loc Femoral Fixation Device, and the resorbable LactoScrew Suture Anchors and Ti Screw Anchors for shoulder repair procedures.

We are pleased with the Company's record sales and earnings results during the third quarter of fiscal year 2005. Revenue growth during the third quarter was led by continued, strong sales of our reconstructive products, as well as growth in spinal hardware and orthobiologics. Biomet's worldwide, constant currency, reconstructive device revenue growth of 19%, excluding dental, surpassed our two larger, publicly traded competitors' reconstructive growth rates of 13% and 8%, respectively, during their last fiscal quarters. Additionally, our product pipeline remains robust with approximately 100 new products scheduled to be introduced to surgeons this calendar year. We look forward to the Company's fiscal fourth quarter results and the completion of yet another year of record sales and earnings growth for Biomet.

Respectfully,



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



Niles L. Noblitt
Chairman of the Board

Market Value of Common Shares

Fiscal Year 2005 3rd Quarter - Quarter Ended February 28, 2005

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 - February 28, 2005 6,215.

2005				
High	49.60	49.50	49.64	
Low	39.69	43.13	40.53	
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

Sales Analysis

	2005	2004
U.S. sales	\$ 313,204	\$ 271,520
Foreign sales	168,819	138,665
Reconstructive sales	\$ 326,220	\$ 270,203
Fixation sales	62,090	62,460
Spinal products	52,615	39,322
Other product sales	41,098	38,200

CONSOLIDATED STATEMENTS OF INCOME

for the nine and three month periods ended February 28, 2005 and 2004
(Unaudited, in thousands, except per share data)

	Nine Months Ended		Three Months Ended	
	2005	2004	2005	2004
Net sales	\$1,376,857	\$1,168,065	\$482,023	\$410,185
Cost of sales	395,155	330,400	138,068	115,992
Gross profit	981,702	837,665	343,955	294,193
Selling, general and administrative expenses	505,989	414,773	179,224	145,712
Research and development expense	58,543	46,450	20,461	15,892
In-process research and development	26,020	--	--	--
Operating income	391,150	376,442	144,270	132,589
Other income, net	2,157	10,260	2,641	3,570
Income before income taxes and minority interest	393,307	386,702	146,911	136,159
Provision for income taxes	144,891	134,659	50,127	47,430
Income before minority interest	248,416	252,043	96,784	88,729
Minority interest	--	6,273	--	2,129
Net income	\$ 248,416	\$ 245,770	\$ 96,784	\$ 86,600
Earnings per share:				
Basic	\$0.98	\$0.96	\$0.38	\$0.34
Diluted	\$0.97	\$0.95	\$0.38	\$0.34
Shares used in the computation of earnings per share:				
Basic	253,000	255,916	252,182	255,110
Diluted	255,029	257,892	253,994	257,244
Cash dividends per common share	\$.20	\$.15	\$ --	\$ --

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

BIOMET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Net cash from operating activities	284,716	254,093
	-----	-----
Cash flows from (used in) investing activities:		
Proceeds from sales and maturities of investments	41,630	215,286
Purchases of investments	(36,607)	(106,694)
Capital expenditures	(73,396)	(42,594)
Acquisitions, net of cash acquired	(266,229)	--
Other	(3,070)	(1,587)
	-----	-----
Net cash from (used in) investing activities	(337,672)	64,411
	-----	-----
Cash flows from (used in) financing activities:		
Increase in short-term borrowings, net	183,733	(2,254)
Issuance of common shares	19,466	21,874
Cash dividends	(50,872)	(38,604)
Purchase of common shares	(155,405)	(152,020)
	-----	-----
Net cash used in financing activities	(3,078)	(171,004)
	-----	-----
Effect of exchange rate changes on cash	(3,342)	3,773
	-----	-----
Increase (decrease) in cash and cash equivalents	(59,376)	151,273
Cash and cash equivalents, beginning of year	159,243	225,650
	-----	-----
Cash and cash equivalents, end of period	\$ 99,867	\$376,923
	=====	=====

BIOMET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
at February 28, 2005 and May 31, 2004
(in thousands)

ASSETS

	February 28, 2005	May 31, 2004
	-----	-----
	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 99,867	\$ 159,243
Investments	10,902	10,030
Accounts and notes receivable, net	489,467	465,949
Inventories	456,612	389,391
Deferred income taxes	79,654	69,379
Prepaid expenses and other	38,556	21,877
	-----	-----
Total current assets	1,175,058	1,115,869
	-----	-----
Property, plant and equipment, at cost	558,109	466,460
Less, Accumulated depreciation	243,392	197,634
	-----	-----

Property, plant and equipment, net	314,717	268,826
	-----	-----
Investments	61,994	66,339
Goodwill	440,896	266,860
Intangible assets, net	89,824	53,571
Other assets	15,239	16,232
	-----	-----
Total assets	\$2,097,728	\$1,787,697
	=====	=====

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

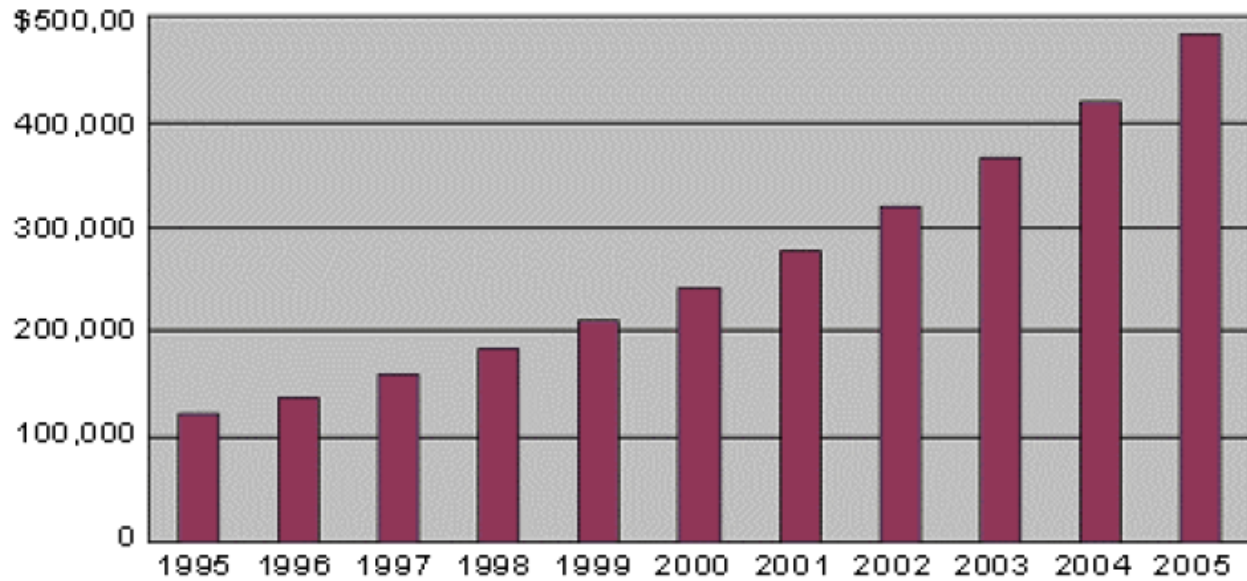
BIOMET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
at February 28, 2005 and May 31, 2004
(in thousands)

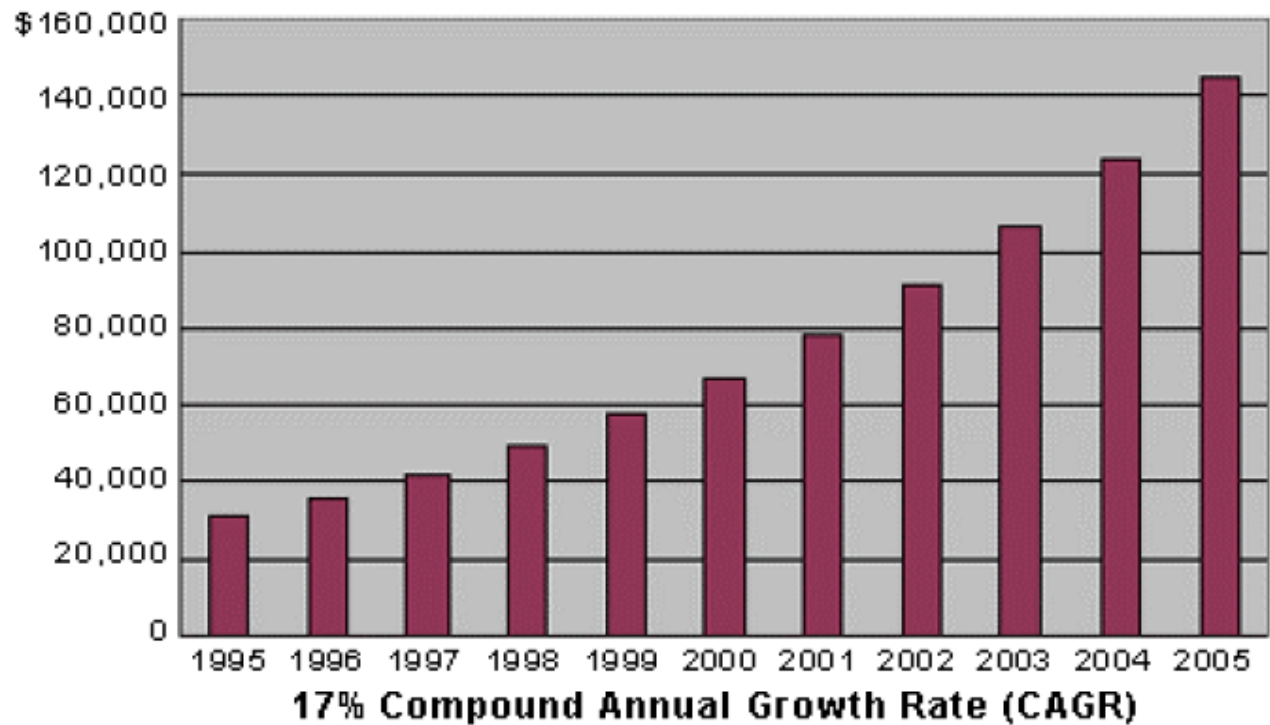
LIABILITIES AND SHAREHOLDERS' EQUITY

	February 28, 2005	May 31, 2004
	-----	-----
	(Unaudited)	
Current liabilities:		
Short-term borrowings	\$ 300,461	\$ 109,654
Accounts payable	57,771	55,365
Accrued income taxes	12,620	18,940
Accrued wages and commissions	52,594	51,288
Other accrued expenses	103,523	78,155
	-----	-----
Total current liabilities	526,969	313,402
Long-term liabilities:		
Deferred income taxes	32,346	26,085
	-----	-----
Total liabilities	559,315	339,487
	-----	-----
Contingencies (Note 9)		
Shareholders' equity:		
Common shares	184,509	167,301
Additional paid-in capital	60,908	60,344
Retained earnings	1,263,962	1,218,682
Accumulated other comprehensive income	29,034	1,883
	-----	-----
Total shareholders' equity	1,538,413	1,448,210
	-----	-----
Total liabilities and shareholders' equity	\$2,097,728	\$1,787,697
	=====	=====

Net Sales (in Thousands)



Operating Income (in Thousands)



Diluted Earnings Per Share

