

Message to Our Shareholders

Biomet, Inc. announced that its Board of Directors authorized the expansion of its share repurchase program to include the discretionary repurchase of up to an additional \$100 million of the Company's outstanding Common Shares in open market or privately-negotiated transactions. This authorization is in addition to the March 2005 authorization to repurchase up to \$100 million of the Company's outstanding Common Shares in Biomet's discretionary plan and the June 2005 authorization to repurchase 2.5 million shares in the Company's automatic share repurchase plan. Since December 2001, the Company has repurchased more than 29.2 million of its Common Shares, for an aggregate amount of \$944 million.

The Company also announced the promotions of Garry L. England to Chief Operating Officer - Domestic Operations and Charles E. Niemier to Chief Operating Officer - International Operations. Mr. England and Mr. Niemier, 24-year and 25-year veterans of the Company, respectively, will both continue to report directly to President and CEO Dane A. Miller, Ph.D. The Company believes these promotions will provide for a more centralized management approach, enhancing operational performance throughout the organization.

Biomet, Inc. reported record sales and earnings results for its second quarter ended November 30, 2005. The following discussion will focus on the Company's results on an adjusted basis. Adjusted results exclude inventory step-up from the March 2004 acquisition of Merck KGaA's interest in the Biomet Merck joint venture and the June 2004 acquisition of Interpore.

During the second quarter of fiscal year 2006, net sales increased 8% to \$494.7 million. Sales were impacted by the hurricane activity during the second quarter, resulting in an estimated revenue loss of approximately \$4.5 million. Gross profit increased 7% to \$355.1 million, representing 71.8% of sales. During the second quarter, the cost of goods sold was affected by approximately \$3 million as a result of a retroactive price increase imposed by a supplier of Biomet's antibiotic delivery system distributed outside the United States. Additionally, Biomet's national branding campaign increased SG&A expenses by approximately 70 basis points during the second quarter. We believe this direct-to-consumer marketing program will contribute to future growth by increasing the awareness of the Company and we expect the expenses associated with the campaign to decrease in future quarters. SG&A expenses increased 9% to \$181.5 million, representing 36.7% of sales. R&D expenses increased 9% to \$21.3 million, or 4.3% of sales. Operating income increased 4% to \$152.3 million, with operating margins at 30.8% of sales. Net income increased 5% to \$101.3 million, while diluted earnings per share increased 8% to \$0.41 per share.

Excluding the impact of foreign currency, net sales increased 8% worldwide. International revenues for the quarter increased 14%, on a constant currency basis, while domestic revenues increased 5%.

Reconstructive device sales increased 12% worldwide to \$336.3 million during the second quarter of fiscal year 2006. Knee sales increased 14% in the United States and 13% worldwide during the quarter against

last year's industry-leading second quarter growth rates of 30% in the United States and 25% worldwide. Excluding instruments, domestic knee sales increased 17%. Knee sales growth for the second quarter continued to be driven by the rollout of the Vanguard Complete Knee System and the Oxford Unicompartmental Knee System. Biomet's OSS (Orthopaedic Salvage System) also experienced strong sales growth during the quarter.

The Vanguard Complete Knee System is the most comprehensive total knee system on the market, providing nine femoral and nine tibial sizes with full interchangeability. The Vanguard System also provides flexion of up to 145 degrees, while allowing for greater bone-conservation than competitive high flex systems. The introduction of the Vanguard Revision System, which began on a limited basis during the first quarter, continued into the second quarter.

Prior to the second quarter of fiscal year 2006, the Vanguard System had been offered only with Microplasty Minimally Invasive Knee Instruments, the first minimally invasive total knee instruments available in the market. More than 1,200 sets of Microplasty Total Knee Instruments have been released during the past ten fiscal quarters, with 100 additional sets scheduled for rollout during the third quarter. Approximately 1,200 domestic surgeons have completed Microplasty Total Knee Instrumentation training during the past ten fiscal quarters, with an additional 100 surgeons scheduled for training during the third quarter. During the second quarter, we initiated the rollout of the Vanguard Premier Instrumentation, designed for implantation of the Vanguard System utilizing more traditional open procedures.

During the second quarter, the Oxford Unicompartmental Knee System continued to experience excellent market acceptance. Biomet initiated the rollout of the Oxford System, the only free-floating meniscal bearing unicompartmental knee approved for sale in the United States, during the second quarter of last fiscal year. More than 600 domestic surgeons have completed Oxford-specific training during the past five quarters, with an additional 100 surgeons scheduled to complete Oxford training in the United States during the third quarter. Long-term clinical results outside the United States demonstrate a 98% success rate at 10 years, with 95% success reported at 15 years, providing surgeons and their patients with an extremely successful conservative treatment option.

Biomet's OSS System, which is utilized for complex revision procedures, oncology and trauma cases, continued to experience strong sales growth during the second quarter. The OSS system delivers the most complete offering to treat patients requiring salvage reconstruction, providing surgeons with unparalleled modularity and surgical latitude.

Hip sales increased 11% worldwide and 6% in the United States during the second quarter of fiscal year 2006. Hip sales increased 7% in the United States, excluding instruments. During the second quarter, sales of metal-on-metal acetabular systems increased 35% in the United States and represented 43% of Biomet's hip articulation units. The M²a-Magnum, Biomet's best-selling metal-on-metal system in the United States, continued to experience excellent market acceptance during the quarter.

In addition, the rollout of the new Magnum instruments was completed in the United States during the second quarter.

Biomet's ReCap Femoral Resurfacing System experienced strong domestic growth during the second quarter. Initiation of the patient enrollment for the ReCap Total Resurfacing System's clinical study in the United States began during the second quarter. The ReCap Total Resurfacing System was a significant contributor to second quarter hip sales growth in Europe.

On December 16, 2005, the Company received approval from the Food and Drug Administration for Biomet's C²a-Taper Acetabular System. The C²a System features ceramic-on-ceramic articulation, as well as Biomet's proven porous plasma spray coating technology for excellent long-term fixation. The C²a System rounds out Biomet's hip bearing portfolio, which includes Biomet's broad line of M²a Metal-on-Metal Systems and the Company's metal and polyethylene constructs, featuring the second generation highly crosslinked ArComXL components, as well as the clinically-proven ArCom products. With the addition of the ceramic-on-ceramic system, Biomet now offers one of the broadest ranges of hip articulation systems in the industry.

During the past ten fiscal quarters, approximately 1,300 domestic surgeons completed Microplasty Hip training. Biomet began manufacturing Microplasty minimally invasive instruments designed specifically for the anterior supine intermuscular technique during the second quarter. Dr. Erik DeWitte of Belgium led a train-the-trainer lab on the technique in the United States during the quarter. On January 26, 2006, the Company will sponsor a live webcast of this unique surgical approach being performed by Roger Emerson, M.D., utilizing Biomet's Microplasty Instruments. This technique is truly minimally invasive, as no muscles are cut during exposure of the hip joint.

Two new hip stems have been designed specifically for Biomet's Microplasty Minimally Invasive Hip Program. Clinical evaluations of the Balance Microplasty and the Taperloc Microplasty Hip Systems began during the first quarter and are ongoing. The Company plans to initiate the launch of these systems during the fourth quarter of fiscal year 2006 or the first quarter of fiscal year 2007.

Biomet's ArComXL, a second-generation highly crosslinked polyethylene, continues to receive excellent market acceptance. ArComXL represented 29% of Biomet's metal-polyethylene articulation units in the United States during the second quarter and achieved a 33% penetration level for the month of November. ArComXL exhibits a 47 - 64% decrease in volumetric wear rate over Biomet's standard ArCom in laboratory studies, as well as a 30% increase in ultimate tensile strength with similar wear-particle shape and size and no measurable oxidation under accelerated aging.

During the second quarter, the clinical evaluation of the Medallion Modular CT (Collared Taper) Revision Hip System continued. The Medallion System, a third-generation revision system, provides surgeons with a high level of system modularity for significant intraoperative versatility.

In December of 2005, the Company received regulatory clearance for Regenerex acetabular augments manufactured from the Biomet's new porous titanium material. The Company believes this new product line will receive excellent market acceptance, as titanium is a well-established material in orthopedics with a long history of success. Regulatory clearance for Regenerex revision cups is anticipated to occur during the third quarter.

Extremity sales increased 10% worldwide and 2% in the United States during the second quarter. Key extremity products contributing to second quarter growth were the Comprehensive Fracture Stem and the Copeland Humeral Resurfacing Head. The Comprehensive Fracture Stem is indicated for complex shoulder fractures and can be either cemented or press-fit. The Copeland shoulder, a bone-conserving resurfacing system, is used to treat patients in the early stage of degenerative joint disease.

The initiation of the general rollout for the ExploR Radial Head Replacement took place during the second quarter and the system is experiencing strong market acceptance. The ExploR is a modular device comprised of a tapered stem, with a head designed to articulate with the patient's natural bone. Other new extremity products include the short stem Bio-Modular MI, a minimally-invasive version of the Bio-Modular Shoulder, which continues to gain market acceptance and the Maestro Wrist Reconstructive System, which was rolled out on a limited basis during the second quarter. The Maestro System can be utilized as a total wrist replacement or a hemi-arthroplasty for carpal replacement. A general launch of the Maestro System is scheduled for the fourth quarter.

During the second quarter, sales of bone cements and accessories increased 5% worldwide and decreased 2% in the United States. These growth rates were against tough comparisons from last year's second quarter growth rates of 36% worldwide and 82% in the United States.

Biomet initiated the rollout of Cobalt and Cobalt G, our internally developed bone cements during the second quarter. The rollout is scheduled for completion during the third quarter. These cements are particularly well suited for use in Biomet's Microplasty Programs due to Cobalt's high optical contrast and excellent handling characteristics.

The Company also rolled out StageOne Disposable Spacer Molds for knee revision surgery during the second quarter. Utilized in stage one of a two-stage revision, the spacer molds offer surgeons an advantage over traditional pre-made and hand-made cement spacers. Additionally, Biomet received regulatory clearance for the StageOne Hip Spacer Molds and distribution is scheduled to begin during the first calendar quarter.

Biomet received clearance from the Food and Drug Administration during the second quarter for the Copeland EAS (Extra Articulating Surface) Head, with the product introduction scheduled for the fourth quarter. The bone-conserving, minimally invasive Copeland EAS is a modification of the Copeland Shoulder design, covering a greater area of the articulating surface, for treatment of patients with cuff tear

arthropathy, a condition that develops after a massive rotator cuff tear.

Dental reconstructive implant sales increased 13% worldwide during the second quarter and 8% in the United States. The global launch of the OSSEOTITE Certain Prevail implant began during the second quarter and initial market response has been positive. The OSSEOTITE Certain Prevail is designed to help preserve crestal bone.

The launch of Advanced Cutting Technology drills is scheduled to take place during the third quarter. The drills are designed to offer better depth visualization and improved cutting efficiency. Pending regulatory clearance, 3i plans to launch the PreFormance Post during the second half of fiscal year 2006. These abutments are manufactured from PEEK material, allowing for easy modification by the clinician, and are particularly suitable for provisional restoration of an implant.

Fixation sales increased 1% worldwide to \$60.7 million during the second quarter of fiscal year 2006. Lorenz Surgical's craniomaxillofacial fixation sales increased 10% worldwide during the second quarter and 6% in the United States. Internal fixation sales increased 14% in the United States and increased 9% worldwide during the quarter. Electrical stimulation device sales decreased 4% worldwide and in the United States during the second quarter. External fixation sales decreased 10% worldwide and 12% in the United States during the quarter.

Internal fixation sales continued to benefit during the second quarter from the successful rollout of EBI's PeriTrochanteric Nail. This hip fracture system features a unique single lag screw concept with multiple lag options for various fracture patterns.

A limited release of the OptiLock Periarticular Plating System was initiated during the second quarter with clinical evaluations ongoing. The OptiLock System consists of a variety of anatomically contoured plates for lower extremity fractures, allowing surgeons to choose a locked or unlocked bone screw in any hole, providing ultimate intraoperative flexibility.

During the second quarter of fiscal year 2006, spinal product sales increased 3% worldwide to \$55.0 million and increased 1% in the United States. Sales of spinal implants and orthobiological products for the spine increased 5% worldwide and in the United States during the second quarter, while sales of spinal stimulation systems decreased 2% worldwide and 3% in the United States.

The Company initiated the rollout of the Polaris Deformity Correction System during the second quarter. The Polaris System features a low-profile 6.35 mm diameter titanium top-loading rod and will complement the top-loading Array System, which offers a 5.5 mm diameter rod.

The rollout of the PEEK-OPTIMA version of the Ibx Spine System, a unique curved endplate-sparing device, was completed during the second quarter. The PEEK-OPTIMA version is expected to experience greater demand than the previously introduced titanium version. The Ibx

System is indicated for partial replacement of a diseased or fractured vertebral body in the thoracolumbar region of the spine.

"Other product" sales increased 2% worldwide during the second quarter to \$42.6 million and increased 1% in the United States. Sales of softgoods and bracing products decreased 5% worldwide and 4% in the United States during the quarter.

Arthroscopy sales increased 7% worldwide during the second quarter and 6% in the United States. Several Arthrotek products contributed to sales growth during the quarter including the EZ-Loc Femoral Fixation Device, the WasherLoc Tibial Fixation Device, the InnerVue Diagnostic Scope System, and TiScrew Anchors for shoulder repair procedures.

Biomet continues to experience market-leading growth in its reconstructive device products category. We are excited about the recent regulatory approvals and clearances for new products, particularly the C²a-Taper Acetabular System, the Regenerex porous titanium augments, and the StageOne Disposable Cement Hip Spacer Molds. We look forward to upcoming events during the second half of fiscal year 2006, most notably the Annual Meeting of the American Academy of Orthopedic Surgeons in Chicago during March. The Company will be introducing many innovative products and technologies at this meeting, offering surgeons and their patients a multitude of unique treatment options.

Respectfully,



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



Niles Noblitt
Chairman of the Board

Market Value of Common Shares

Fiscal Year 2006 2nd Quarter - Quarter Ended November 30, 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 - November 30, 2005 was 6,005.

2006				
High	39.11	39.09		
Low	33.64	32.50		
2005				
High	49.60	49.50	49.64	43.32
Low	39.69	43.13	40.53	34.90
2004				
High	30.95	36.25	41.25	41.67
Low	27.26	29.56	34.50	37.05

Sales Analysis

	2005	2004
U.S. sales	\$325,602	\$309,006
Foreign sales	169,088	147,668
Reconstructive sales	\$336,339	\$301,385
Fixation sales	60,675	60,328
Spinal product sales	55,027	53,232
Other product sales	42,649	41,729

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

BIOMET, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

for the six and three month periods ended November 30, 2005 and 2004
(Unaudited, in thousands, except per share data)

	Six Months Ended		Three Months Ended	
	2005	2004	2005	2004
Net sales	\$ 979,593	\$ 894,834	\$ 494,690	\$ 456,674
Cost of sales	274,106	257,087	139,611	131,115
Gross profit	705,487	637,747	355,079	325,559
Selling, general and administrative expenses	359,635	326,765	181,453	166,305
Research and development expense	42,119	38,082	21,303	19,606
In-process research and development	--	26,020	--	--
Operating income	303,733	246,880	152,323	139,648
Other income, net	313	(484)	(245)	244
Income before income taxes	304,046	246,396	152,078	139,892
Provision for income taxes	102,469	94,764	50,800	48,693
Net income	\$ 201,577	\$ 151,632	\$ 101,278	\$ 91,199
Earnings per share:				
Basic	\$.81	\$.60	\$.41	\$.36
Diluted	\$.81	\$.59	\$.41	\$.36
Shares used in the computation of earnings per share:				
Basic	248,963	253,403	248,337	252,944
Diluted	249,952	255,586	249,276	255,255
Cash dividends per common share	\$.25	\$.20	\$ --	\$ --

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

BIOMET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Net cash used in investing activities	(46,755)	(310,463)
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Cash flows from (used in) financing activities:		
Increase in short-term borrowings, net	11,118	209,385
Issuance of common shares	7,718	12,766
Cash dividends	(62,473)	(50,872)
Purchase of common shares	(97,929)	(103,990)
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Net cash from (used in) financing activities	(141,566)	67,289
	-----	-----
Effect of exchange rate changes on cash	3,095	4,266
	-----	-----
Decrease in cash and cash equivalents	(6,324)	(59,725)
Cash and cash equivalents, beginning of year	104,706	159,243
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Cash and cash equivalents, end of period	\$ 98,382	\$ 99,518
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BIOMET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
at November 30, 2005 and May 31, 2005
(in thousands)

ASSETS

	November 30, 2005	May 31, 2005
	-----	-----
	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 98,382	\$ 104,706
Investments	8,075	10,962
Accounts and notes receivable, net	479,902	479,745
Inventories	495,624	469,791
Deferred income taxes	74,332	72,732
Prepaid expenses and other	42,496	35,980
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Total current assets	1,198,811	1,173,916
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Property, plant and equipment, at cost	595,981	574,398
Less, Accumulated depreciation	263,683	251,511
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Property, plant and equipment, net	332,298	322,887
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Investments	61,070	61,406
Goodwill, net	431,473	435,621
Intangible assets, net	83,511	87,835
Other assets	14,777	14,912
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Total assets	\$2,121,940	\$2,096,577
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The accompanying notes are a part of the consolidated financial statements.

BIOMET, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
at November 30, 2005 and May 31, 2005
(in thousands)

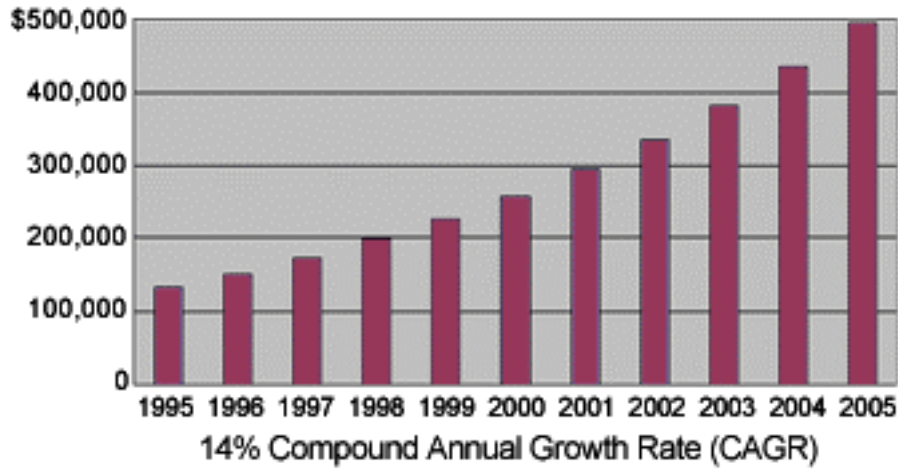
LIABILITIES AND SHAREHOLDERS' EQUITY

	November 30, 2005	May 31, 2005
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	(Unaudited)	
Current liabilities:		
Short-term borrowings	\$ 289,768	\$ 282,193
Accounts payable	58,127	57,021
Accrued income taxes	5,309	9,725
Accrued wages and commissions	60,226	62,171
Other accrued expenses	94,469	90,281
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Total current liabilities	507,899	501,391
Long-term liabilities:		
Deferred income taxes	29,329	31,255
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Total liabilities	537,228	532,646
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Contingencies		
Shareholders' equity:		
Common shares	193,780	188,162
Additional paid-in capital	67,673	67,613
Retained earnings	1,328,932	1,284,905
Accumulated other comprehensive income (loss)	(5,673)	23,251
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Total shareholders' equity	1,584,712	1,563,931
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Total liabilities and shareholders' equity	\$2,121,940	\$2,096,577
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Quarterly Graphs

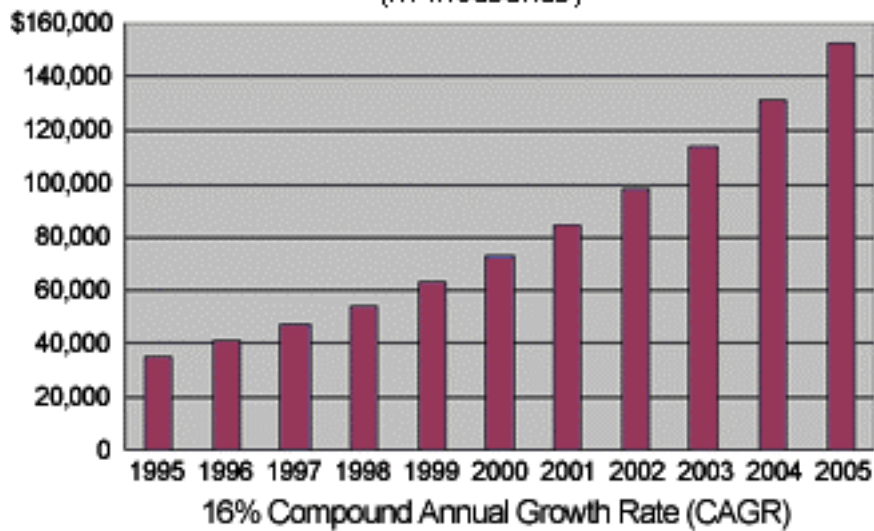
Net Sales

(in Thousands)



Operating Income

(in Thousands)



Diluted Earnings Per Share

