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BIOMET INC

Form 11-K

November 23, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended May 31, 2005.

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file Number 0-12515.

A. Full title of the plan and the address of the plan, if different from that  
of the issuer named below:

Biomet, Inc. 401(k) Profit Sharing Plan

B. Name of issuer of the securities held pursuant to the plan and the address  
of its principal executive office.

BIOMET, INC.  
56 East Bell Drive  
Warsaw, Indiana 46582

REQUIRED INFORMATION

Item 4. The Biomet Inc. 401(k) Profit Sharing Plan (the "Plan") is subject to  
the Employee Retirement Income Security Act of 1974, as amended  
("ERISA") and the Plan's financial statements and schedule have been  
prepared in accordance with the financial reporting requirements of  
ERISA. Such financial statements and schedule are included in this  
Report in lieu of the information required by items 1-3 of Form 11-K.

Financial Statements and Exhibits

(a) Financial Statements:

Report of Independent Registered Public Accounting Firm

Statements of Net Assets Available for Benefits at May 31, 2005 and 2004

Statement of Changes in Net Assets Available for Benefits for the year  
ended May 31, 2005

Notes to Financial Statements

Schedule of Assets (Held at End of Year)

Schedule of Reportable Transactions

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Other supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

(b) Exhibits.

23.1 Consent of Ernst & Young LLP

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.

BIOMET, INC. 401(k) Profit Sharing Plan  
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DATE: 11/23/2005  
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BY: /s/ Gregory D. Hartman  
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Gregory D. Hartman  
(Member, Biomet, Inc. Benefits Committee)

Biomet, Inc. 401(k) Profit Sharing Plan  
Financial Statements and Schedules

At May 31, 2005 and 2004, and for the Year Ended May 31, 2005

Contents

Report of Independent Registered Public Accounting Firm

Audited Financial Statements

Statements of Net Assets Available for Benefits  
Statement of Changes in Net Assets Available for Benefits  
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Schedule of Assets (Held At End of Year)  
Schedule of Reportable Transactions

Report of Independent Registered Public Accounting Firm

The Plan Administrator  
Biomet, Inc. 401(k) Profit Sharing Plan

We have audited the accompanying statements of net assets available for benefits of Biomet, Inc. 401(k) Profit Sharing Plan as of May 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the year ended May 31, 2005. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards

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require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at May 31, 2005 and 2004, and the changes in its net assets available for benefits for the year ended May 31, 2005, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of the assets held at end of year as of May 31, 2005, and reportable transactions for the year then ended, are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Indianapolis, Indiana  
October 26, 2005

Biomet, Inc. 401(k) Profit Sharing Plan  
Statement of Net Assets Available for Benefits  
Years ended May 31, 2005 and 2004

	2005 ----	2004 ----
Assets		
Investments	\$200,656,750	\$193,680,661
Contributions receivable:		
Employer	153,782	161,059
Employee	362,513	263,234
Cash (overdraft)	(17,133)	(35,512)
Due from brokers	47,266	60,423
Interest receivable	23,646	10,221
	-----	-----
Total assets	201,226,824	194,140,086
Liabilities		
Accrued administrative expenses	61,380	76,500
Due to brokers	393,698	345,746
	-----	-----

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Total liabilities	455,078	422,246
	-----	-----
Net assets available for benefits	\$200,771,746	\$193,717,840
	=====	=====

See accompanying notes.

Biomet, Inc. 401(k) Profit Sharing Plan  
Statement of Changes in Net Assets Available for Benefits  
Year ended May 31, 2005

Additions		
Contributions:		
Employer	\$	6,119,960
Employee		14,268,359
Investment income		1,797,019
		-----
Total additions		22,185,338
Deductions:		
Benefits paid to participants		11,130,514
Net depreciation in fair value of investments		3,819,909
Administrative expense		181,009
		-----
Total deductions		15,131,432
		-----
Net Increase		7,053,906
Net assets available for benefits, beginning of year		193,717,840
		-----
Net assets available for benefits, end of year		\$200,771,746
		=====

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Biomet, Inc. 401(k) Profit Sharing Plan  
Notes to Financial Statements  
May 31, 2005

1. Description of the Plan

The following brief description of Biomet, Inc. 401(k) Profit Sharing Plan (the "Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

General

The Plan is a defined-contribution plan which became effective on June 1, 1985. The Plan covers substantially all full-time employees of Biomet, Inc. and certain United States subsidiaries (individually and collectively, the Employer or Company) who have reached age 18 and completed the earlier of 1,000 hours of service or 90 days of continuous employment. The Plan is subject to the provisions of The Employee Retirement Income Security Act of 1974 (ERISA).

Contributions and Vesting

Participating employees may contribute up to 60% of their compensation, as defined. Participants may direct the investment of their contributions into various investment options offered by the Plan. The Employer matching

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contribution is 75% of the participant's contribution up to 5% of the participant's compensation. The Employer may also make an additional contribution at the discretion of the Board of Directors. Such contributions, if any, are allocated to participants based on compensation. All Employer contributions are invested in Biomet, Inc. common shares. Participants are vested in Employer contributions 20% after two years and an additional 20% per year thereafter to 100% at the end of six years. Participant contributions are fully vested at all times.

### Participant Accounts

Each participant's account is credited with the participant's contribution and an allocation of the Employer contributions and Plan earnings. Plan earnings are allocated to participants based on the participant's account balance per fund compared to the total participant accounts per fund.

### Withdrawals

Withdrawals are not permitted before age 59 1/2 except in the event of death, disability, termination of employment, loan, or reasons of proven financial hardship.

### Distributions

Vested benefits are distributed in cash or common shares of the Company in accordance with the Plan's provisions.

### Forfeitures

Nonvested portions of Employer contributions are held pending a break in service, at which time such amounts are used to reduce future Employer contributions. At May 31, 2005 and 2004, forfeited nonvested accounts totaled \$874,595 and \$393,979, respectively. During the year ended May 31, 2005, \$593,979 was used to reduce Employer contributions.

### Participant Loans

A participant may borrow from the Plan an amount up to the lesser of one-half his vested account balances or \$50,000. The Benefits Committee approves all loan applications and determines the interest rate to be charged to the participant.

### Termination of Plan

Although the Company has not expressed any intent to do so, it has the right under the Plan to discontinue its matching contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become fully vested.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

### Investment Valuation and Income Recognition

Investments in securities (commercial notes and common stocks) traded on a national securities exchange, including Biomet Inc. shares, are valued at fair value determined by the quoted market prices on the last business day of the Plan year. Securities traded in the over-the-counter market

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and listed securities for which no sale was reported on that date are valued at the mean between the last reported bid and asked prices. Investments in common trust funds are stated at fair value based upon quoted redemption values on the last business day of the Plan year. Investments in mutual funds are valued based on quoted market prices, which represent the net asset values of shares held by the Plan on the last business day of the Plan year.

Participant loans are valued at cost which approximates fair value.

Purchases and sales are recorded on a trade-date basis. Gain or loss on sales of securities is based on the specific identification method or average cost method, depending on the type of investment.

Dividend income is recorded on the ex-dividend date. Investment income is recorded on the accrual basis.

### Use of Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Risks and Uncertainties

The Plan invests in Biomet, Inc. common shares, other common stock, mutual funds, and other investments, which are exposed to various risks, such as market and credit. Due to level of risk associated with such investment securities and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

### 3. Investments

The following presents investments that represent 5% or more of the Plan's net assets at May 31, 2005 and 2004:

	2005	2004
	----	----
Biomet, Inc. common shares	\$118,866,835*	\$122,374,225*

\*Includes nonparticipant-directed amounts of \$79,742,851 and \$82,725,177 at May 31, 2005 and 2004, respectively.

During the year ended May 31, 2005, the Plan's investments (including investments bought, sold, as well as held during the year) appreciated (depreciated) in value as follows:

Investments at fair value as determined by quoted market prices:

Biomet, Inc. common shares	\$ (7,997,917)
Other common stock	306,086
Common trust fund	155,071
Mutual funds	3,716,851
	-----
	\$ (3,819,909)
	=====

### 4. Nonparticipant-Directed Investments

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Information about the assets and the significant components of the changes in assets relating to the nonparticipant-directed investments is as follows:

	May 31,	
	2005	2004
	-----	-----
Biomet, Inc. common shares	\$79,742,851	\$82,725,177
Money market fund	24,855	21,469
	-----	-----
Net assets	\$79,767,706	\$82,746,646
	=====	=====
		Year Ended
		May 31, 2005
		-----
Changes in net assets		
Net depreciation in fair value		\$(5,326,747)
Employer contributions		6,120,080
Investment income		416,372
Benefit payments		(4,082,363)
Transfers-out		(106,282)
		-----
		\$(2,978,940)
		=====

### 5. Party-in-Interest Transactions

During the year ended May 31, 2005, the Plan acquired 283,971 Biomet, Inc. common shares at a cost of \$12,198,866.

During the year ended May 31, 2005, the Plan sold 135,584 Biomet, Inc. common shares for \$5,804,160. A gain of \$3,318,431 was realized.

During the year ended May 31, 2005, 43,952 Biomet, Inc. common shares with a cost of \$660,672 were distributed to participants. The fair value of the shares distributed aggregated \$1,904,176.

The above transactions are statutorily exempt from the prohibitions against party-in-interest transactions under ERISA.

The Company provides certain accounting, record-keeping, and administrative services to the Plan for which it receives no compensation. The Company also paid certain other administrative expenses of the Plan during 2005.

### 6. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated June 19, 2003, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The plan administrator has indicated that, if ever necessary, it will take the necessary steps to bring the Plan's operations into compliance with the Code.

### 7. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of May 31:

	2005	2004
	-----	-----
Net assets available for benefits		

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per the financial statements	\$200,771,746	\$193,717,840
Amounts allocated to participants withdrawing	(3,471,497)	(2,771,188)
	-----	-----
Net assets available for benefits per Form 5500	\$197,300,249	\$190,946,652
	=====	=====

The following is a reconciliation of benefits paid to participants per the financial statements to Form 5500:

Benefits paid to participants per the financial statements	\$11,130,514
Add amounts allocated to withdrawing participants at end of year	3,471,497
Less amounts allocated to withdrawing participants at Beginning of year	(2,771,188)
	-----
Benefits paid to participants per Form 5500	\$11,830,823
	=====

In accordance with accounting principles generally accepted in the United States, the financial statements herein do not include accruals for lump-sum distributions due participants which have been approved and processed as of year-end; however, the Department of Labor (DOL) requires these amounts to be reported as a liability on the Form 5500.

Biomet, Inc. 401(k) Profit Sharing Plan  
Schedule H, Line 4i - Schedule of Assets (Held At End of Year)  
EIN #35-1382845 Plan Number 002  
May 31, 2005

Identy of issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Par, or Maturity Value	Cost	Current Value
-----	-----	----	-----
Common stocks			
*Biomet, Inc.	3,154,640 shares	\$50,963,539	\$118,866,835
Mutual funds			
Merrill Lynch Funds:			
Balanced Capital	267,818 units	**	7,110,568
Foundational Growth	330,558 units	**	5,781,466
Global Allocation	251,425 units	**	4,151,026
Small Cap Value	252,105 units	**	6,615,237
US Government Mtg.	13,062 units	**	134,540
*1st Source Monogram Funds:			
Diversity Equity	418,878 units	**	3,024,297
Income Equity	410,161 units	**	5,528,964
Income	153,336 units	**	1,530,294
Other Mutual Funds			
Calvert Income	70,611 units	**	1,204,631
Davis NY Venture A	60,315 units	**	1,856,405
Delaware Group Trend	76,991 units	**	1,505,176
Janus Adv. Agressive Growth	49 units	**	1,211
John Hancock Government Income	151,309 units	**	1,401,126
MFS Capital Opportunities	36,793 units	**	484,192
MFS Massachusetts Investors	91,809 units	**	1,128,337
Morgan Stanley International Equity	188,348 units	**	3,842,316
Oppenheimer Global Growth & Income	58,207 units	**	1,859,120
Alliance RCM Innovation	15,473 units	**	529,475
Blackrock Aurora	84,023 units	**	3,272,696
Vanguard 500 Index	21,752 units	**	2,395,108

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Common Trust Fund				
*1st Source Bank Guaranteed Income		**		5,708,120
Money Market Fund				
Goldman Sachs Financial Square	6,272,275 units		6,272,275	6,272,275
Bonds and Notes				
Federal Agencies & Other Bonds:				
Heller Financial, Inc.	\$25,000, 6.37%, due 3/15/2006	**		25,496
U.S. Government Securities:				
U.S. Treasury Strips	\$51,000, due 2/15/2010	**		42,958
Other				
Life Insurance Policies:				
State Farm Life Insurance Company	Cash Surrender Value	**		9,873
Self-directed brokerage funds	Various	**		10,665,495
Participant loans	Interest Rate Range from 5.00% tp 10.00%	**		5,709,513
Total				----- \$200,656,750 =====

\*Indicates party-in-interest to the Plan.

\*\*Note: Cost information is not required for participant-directed investments.

Biomet, Inc. 401(k) Profit Sharing Plan  
 Schedule H, Line 4j - Schedule of Reportable Transactions  
 EIN #35-1382845 Plan Number 002  
 May 31, 2005

(a)	(b)	(c)	(d)	(g)	(h)	(i)
Identity of Party Involved	Description of Assets	Purchase Price	Selling Price	Cost of Assets	Current Value of Asset on Transaction Date	Net Gain
-----	-----	-----	-----	-----	-----	-----

(in thousands)

Category (iii) - Series of transactions in excess of 5% of plan assets

Biomet Inc.	Biomet, Inc. common stock:					
	Purchases	\$12,198,866	--	\$12,198,866	--	--
	Sales	--	\$5,804,160	\$ 2,485,729	\$5,804,160	\$3,318,431

Note: Columns (e) and (f) and categories (i), (ii) and (iv) are not applicable.