BIOMET INC
Form PREM14A
January 31, 2007

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

x	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

BIOMET, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

o No fee required.

x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Biomet, Inc. common shares, no par value (Common Shares).

(2) Aggregate number of securities to which transaction applies:
256,098,533 Common Shares (consisting of 245,438,001 Common Shares outstanding as of January 26, 2007; and options to purchase 10,660,532 Common Shares).

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
The proposed maximum aggregate value of the transaction for purposes of calculating the filing fee is $10,903,745,257.60. The filing fee was based upon the sum of (A) $10,799,272,044 (245,438,001 Common Shares outstanding on January 26, 2007 multiplied by $44.00 per share) and (B) $104,473,213.60 (10,660,532 Common Shares issuable upon the exercise of in-the-money options multiplied by $9.80, the difference between $44.00 and $34.20, the weighted average exercise price per share of in-the-money options) (the Total Consideration). The filing fee equals the product of 0.000107 multiplied by the Total Consideration.

(4) Proposed maximum aggregate value of transaction:
$10,903,745,257.60.

(5) Total fee paid:
$1,166,700.74

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

[ ], 2007

Merger Proposal Your Vote Is Very Important

To the Shareholders of Biomet, Inc.:

You are cordially invited to attend a special meeting of shareholders of Biomet, Inc. to be held on [ ], 2007 at 9:00 a.m., local time, at [ ].

On December 18, 2006, we entered into a merger agreement with LVB Acquisition, LLC, an entity currently controlled by private equity funds sponsored by each of The Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts and Texas Pacific Group, pursuant to which Biomet, Inc. will become a wholly-owned subsidiary of LVB Acquisition, LLC. If the merger is completed, you will receive $44.00 in cash, without interest, for each Biomet, Inc. common share you own. At the special meeting, we will ask you to, among other things, consider and vote on the approval of the merger agreement.

After careful consideration, the board of directors unanimously adopted and declared advisable the merger agreement and the merger and related transactions and unanimously determined that the merger is in the best interests of Biomet and its shareholders. **Our board of directors unanimously recommends that you vote FOR the proposal to approve the merger agreement.**

Your vote is important. The merger cannot be completed unless shareholders holding at least 75% of the outstanding common shares on the record date approve the merger agreement. The completion of the merger is also subject to the satisfaction or waiver of other conditions, including regulatory clearance. More information about the merger is contained in the accompanying proxy statement. We encourage you to read the accompanying proxy statement in its entirety because it explains the proposed merger, the documents related to the merger and other related matters. You may also obtain more information about Biomet Inc. from documents we have filed with or furnished to the Securities and Exchange Commission.

Whether or not you plan to attend the special meeting, please take the time to submit a proxy by following the instructions on your proxy card as soon as possible. If your common shares are held in an account at a brokerage firm, bank or other nominee, you should instruct your broker, bank or other nominee how to vote in accordance with the voting instruction form furnished by your broker, bank or other nominee. **If you do not vote or do not instruct your broker, bank or other nominee how to vote, it will have the same effect as voting AGAINST the approval of the merger agreement.**

If you properly transmit your proxy and do not indicate how you want to vote, your proxy will be voted FOR the approval of the merger agreement, and FOR any proposal to adjourn or postpone the special meeting to a later date to solicit additional proxies if there are not sufficient votes in favor of approving the merger agreement.

We appreciate your continued support of our company and join the other members of our board of directors in recommending that you vote for the approval of the merger agreement.

Sincerely,

Niles L. Noblitt	Daniel P. Hann
Chairman of the Board	*Interim President and*
	Chief Executive Officer

This transaction has not been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the merits or fairness of this transaction or upon the adequacy or accuracy of the information contained in this proxy statement. Any representation to the contrary is a criminal offense.

This proxy statement is dated [ ], 2007 and is first being mailed to shareholders on or about [ ], 2007.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held [ ], 2007

Date, Time, Place	[ ], 2007, at 9:00 a.m., local time, at [ ]	
Purposes	1.	To approve the Agreement and Plan of Merger, dated as of December 18, 2006, by and among Biomet, Inc., an Indiana corporation, LVB Acquisition, LLC, a Delaware limited liability company, and LVB Acquisition Merger Sub, Inc., an Indiana corporation and a wholly-owned subsidiary of LVB Acquisition, LLC;
	2.	To approve any proposal to adjourn or postpone the special meeting to a later date if necessary or appropriate, including an adjournment or postponement to solicit additional proxies if there are not sufficient votes in favor of the approval of the merger agreement; and
	3.	To transact any other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.
Who Can Vote	Only shareholders of record at the close of business on [ ], 2007, the record date for the special meeting, may vote at the special meeting and any adjournments or postponements of the special meeting. A shareholders list will be available at our executive offices at 56 East Bell Drive, Warsaw, Indiana 46582 for inspection by any shareholder entitled to vote at the special meeting beginning no later than five business days before the date of the special meeting and continuing through the special meeting.	
How Can You Vote	Please submit your proxy or voting instructions as soon as possible to make sure that your shares are represented and voted at the special meeting, whether or not you plan to attend the special meeting. Whether you attend the special meeting or not, you may revoke a proxy at any time before it is voted by filing with our corporate secretary a duly executed revocation of proxy, by properly submitting a proxy either by mail, the Internet or telephone with a later date or by appearing at the special meeting and voting in person. You may revoke a proxy by any of these methods, regardless of the method used to deliver your previous proxy. Attendance at the special meeting without voting will not itself revoke a proxy. If your shares are held in an account at a brokerage firm, bank or other nominee, you must contact your broker, bank or other nominee to revoke your proxy.	
Dissenters Rights	Biomet shareholders have no dissenters rights under Indiana law in connection with the merger.	
Additional Information	For more information about the merger and the other transactions contemplated by the merger agreement, please review the accompanying proxy statement and the merger agreement attached to it as Annex A. The proposal to adjourn or postpone the special meeting for the purpose of soliciting additional proxies is also described in the accompanying proxy statement.	

Your vote is very important regardless of the number of shares of Biomet, Inc. you own.

By Order of the Board of Directors,

Bradley J. Tandy
Senior Vice President, Acting General Counsel and Secretary

Warsaw, Indiana
[ ], 2007

SUMMARY VOTING INSTRUCTIONS

YOUR VOTE IS IMPORTANT

Ensure that your Biomet common shares can be voted at the special meeting by submitting your proxy or contacting your broker, bank or other nominee. If you do not vote or do not instruct your broker, bank or other nominee how to vote, it will have the same effect as voting AGAINST the approval of the merger agreement.

If your Biomet common shares are registered in the name of a broker, bank or other nominee: check the voting instruction card forwarded by your broker, bank or other nominee to see which voting options are available or contact your broker, bank or other nominee in order to obtain directions as to how to ensure that your common shares are voted in favor of the proposals at the special meeting.

If your Biomet common shares are registered in your name: submit your proxy as soon as possible by telephone, via the Internet or by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope, so that your common shares can be voted in favor of the proposals at the special meeting.

Instructions regarding telephone and Internet voting are included on the proxy card.

If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact:

Georgeson Inc.
17 State Street 10th Floor
New York, New York 10004
Banks and Brokers Call: (212) 440-9800
All Others Call Toll Free: (877) 278-4779

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ANNEXES

Annex A	Agreement and Plan of Merger
Annex B	Opinion of Morgan Stanley & Co. Incorporated

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

PROXY STATEMENT

This proxy statement contains information related to our special meeting of shareholders to be held on [ ], 2007, at 9:00 a.m., local time, at [ ], and at any adjournments or postponements thereof. **We are furnishing this proxy statement to shareholders of Biomet, Inc. as part of the solicitation of proxies by Biomet s board of directors for use at the special meeting.**

SUMMARY TERM SHEET ABOUT THE MERGER

This summary highlights selected information in this proxy statement and may not contain all the information about the merger that is important to you. We have included page references in parentheses to direct you to more complete descriptions of the topics presented in this summary term sheet.You should carefully read this proxy statement in its entirety, including the annexes and the other documents to which we have referred you, for a more complete understanding of the matters being considered at the special meeting. Each item in this term sheet includes a page reference directing you to a more complete description of that item in the proxy statement.

The Companies (page 23)

Biomet, Inc.
56 East Bell Drive
Warsaw, Indiana 46582
(574) 267-6639

We are an Indiana corporation and we design, manufacture and market products used primarily by musculoskeletal medical specialists in both surgical and non-surgical therapy. Our product portfolio encompasses reconstructive products, fixation devices, spinal products and other products. Our corporate headquarters are located in Warsaw, Indiana and we have manufacturing facilities and/or offices in more than fifty locations worldwide. Our common shares are listed on the NASDAQ Global Select Market under the symbol BMET.

LVB Acquisition, LLC

LVB Acquisition, LLC, which we refer to as Parent, is a Delaware limited liability company that was formed solely for the purpose of acquiring Biomet and has not engaged in any business except for activities incidental to its formation and as contemplated by the merger agreement. Parent is controlled by a consortium of private equity funds sponsored by each of The Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts and Texas Pacific Group. The equity investors of Parent have informed us that they may re-form Parent as a Delaware corporation prior to the merger.

LVB Acquisition Merger Sub, Inc.

LVB Acquisition Merger Sub, Inc., which we refer to as Merger Sub, is an Indiana corporation and a wholly-owned subsidiary of Parent that was formed solely for the purpose of facilitating Parent s acquisition of Biomet. Merger Sub has not carried on any activities to date other than those incidental to its formation and as contemplated by the merger agreement. Upon consummation of the proposed merger, Merger Sub will merge with and into Biomet and will cease to exist with Biomet continuing as the surviving corporation.

Structure of Transaction (page 23)

The proposed transaction is a merger of Merger Sub with and into Biomet, with Biomet surviving as a wholly-owned subsidiary of Parent. The following will occur in connection with the merger:

- each common share issued and outstanding immediately before the effective time of the merger (other than those shares owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent and shares owned by us or any of our direct or indirect wholly-owned subsidiaries) will be converted into the right to receive $44.00 per share in cash, less any required withholding taxes and without interest;

- all common shares so converted will, by virtue of the merger and without any action on the part of the holder, cease to be outstanding, be cancelled and cease to exist, and each certificate formerly representing any of the common shares will thereafter represent only the right to receive the per share merger consideration, without interest;

- each common share owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent and shares owned by us or any of our direct or indirect wholly-owned subsidiaries, will automatically cease to be outstanding, will be cancelled without payment of any consideration and will cease to exist;

- each common share, without par value, of Merger Sub issued and outstanding immediately prior to the effective time of the merger, will be converted into one common share, without par value, of the surviving corporation;

- each outstanding option to purchase common shares under our stock option plans, vested or unvested, will be cancelled and only entitle the holder to receive a cash payment equal to the excess, if any, of the per share merger consideration over the per share exercise price of the applicable stock option, multiplied by the number of shares subject to the stock option, less any applicable taxes required to be withheld;

- our shareholders will no longer have any interest in, and no longer be shareholders of, Biomet, and will not participate in any of our future earnings or growth;

- our common shares will no longer be listed on the NASDAQ Global Select Market and price quotations with respect to our common shares in the public market will no longer be available; and

- the registration of our common shares under the Exchange Act will be terminated.

The Special Meeting (page 19)

The special meeting of our shareholders will be held at [ ] at 9:00 a.m., local time, on [ ], 2007. At the special meeting, you will be asked to, among other things, consider and vote on the approval of the merger agreement. Please see the section of this proxy statement captioned Questions and Answers About the Special Meeting and the Merger for additional information on the special meeting, including how to vote your Biomet common shares.

Shareholders Entitled to Vote; Vote Required to Approve the Merger Agreement (pages 19 and 20)

You may vote at the special meeting if you owned Biomet common shares at the close of business on [ ], 2007, the record date for the special meeting. On that date, there were [ ] Biomet common shares outstanding and entitled to vote. You may cast one vote for each Biomet common share that you owned on that date. Approval of the merger agreement requires the affirmative vote of the holders of at least 75% of Biomet s common shares outstanding entitled to vote at the special meeting.

Payment for Shares (page 62)

[ ] has been appointed as the paying agent to coordinate the payment of the merger consideration to our shareholders. The paying agent will send written instructions for surrendering your Biomet common share certificates, if your common shares are certificated, and obtaining the merger consideration after we have completed the merger. Do not return your stock certificates with your proxy card and do not forward your stock certificates to the paying agent prior to receipt of the written instructions. Holders of uncertificated Biomet common shares (*i.e.*, holders whose shares are held in book entry) will automatically receive their cash consideration as soon as practicable after the effective time of the merger without any further action required on the part of such holders.

Our Share Price and NASDAQ Delisting Proceedings (page 83)

Our common shares are traded on the NASDAQ Global Select Market under the symbol BMET. On April 3, 2006, the trading day prior to public speculation about Biomet executing a significant transaction, the closing price per common share was $34.78. On December 15, 2006, the last trading day before the merger was announced, the closing price per common share was $42.00. The $44.00 per share to be paid for each Biomet common share in the merger represents a premium of approximately 27% to the closing price on April 3, 2006 and a premium of approximately 5% to the closing price on December 15, 2006. On [ ], 2007, the closing price per share was $[ ].

On January 9, 2007, Biomet filed a Form 12b-25 with the SEC stating that Biomet does not anticipate filing its Form 10-Q for the second quarter of fiscal year 2007 on or before the fifth calendar day following the prescribed due date. As anticipated, on January 11, 2007, we received a Staff Determination letter from the NASDAQ Stock Market indicating that Biomet is not in compliance with the filing requirements for continued listing under Marketplace Rule 4310(c)(14). The letter was issued in accordance with Nasdaq procedures due to Biomet s inability to file its Quarterly Report on Form 10-Q for the second quarter of fiscal year 2007 by the prescribed due date.

As a result of its filing delinquency, Biomet s securities are subject to delisting from the NASDAQ Global Select Market unless Biomet appeals the Staff Determination. Biomet has appealed the Staff Determination and requested a hearing before the NASDAQ Listing Qualifications Panel to review the Staff Determination. A hearing date has been set for March 1, 2007. Until a decision is made by the Panel, Biomet s common shares will remain listed on the NASDAQ Global Select Market. However, there can be no assurance that the Panel will grant Biomet s request for continued listing.

Certain Effects of the Merger (page 49)

The merger will terminate all equity interests our current shareholders hold in Biomet and Parent will become the sole owner of Biomet and our business. Upon completion of the merger, we will remove our common shares from quotation on the NASDAQ Global Select Market and our common shares will no longer be publicly traded.

Recommendation of Our Board of Directors; Reasons for Recommending the Approval of the Merger Agreement (page 33)

Our board of directors unanimously adopted and declared advisable the merger agreement and the merger and related transactions, and unanimously determined that the merger is in the best interests of Biomet and its shareholders. Accordingly, our board of directors recommends that our shareholders vote **FOR** approval of the merger agreement.

In adopting the merger agreement and making the determination to recommend that the merger agreement be approved, our board of directors considered, among other factors:

- the current and historical market prices of Biomet s common shares, and the fact that the $44.00 per share to be paid for each Biomet common share in the merger represents a substantial premium to those historical trading prices a premium of approximately 27% over Biomet s closing price on April 3, 2006, the trading day prior to public speculation of Biomet executing a significant transaction, which was subsequently confirmed by Biomet on April 6, 2006 when it announced that it had retained Morgan Stanley to assist in exploring strategic alternatives;

- the possible alternatives to the sale of Biomet, including continuing to operate Biomet on a standalone basis, and the risks associated with such alternatives, each of which the board of directors determined not to pursue in light of its belief, and the belief of Biomet s management, that the merger was in the best interests of Biomet and its shareholders;

- the presentation of Morgan Stanley, including its opinion that, as of the date of its opinion and based upon and subject to the various considerations, assumptions and limitations set forth in its written opinion, the consideration of $44.00 per share to be received by holders of Biomet common shares in accordance with the merger agreement was fair from a financial point of view to such shareholders (see Proposal 1 Approval of the Merger Agreement Opinion of our Financial Advisor and Annex B to this proxy statement);

- the judgment of our board of directors that extending the process, including by continuing or entering into negotiations with any other parties, would extend the uncertainty that was becoming increasingly disruptive to Biomet s operations and would subject Biomet to significant additional risk, including endangering the offer received from the Sponsor Group; and

- the additional factors described in detail under Proposal 1 Approval of the Merger Agreement Recommendation of Our Board of Directors; Reasons for Recommending the Approval of the Merger Agreement beginning on page 33.

Due to the variety of factors considered, our board of directors did not assign relative weight to these factors or determine that any factor was of particular importance. Our board of directors reached its conclusion based upon the totality of the information presented and considered during its evaluation of the merger. In considering the recommendation of our board of directors with respect to the merger, you should be aware that some of our directors and executive officers have interests that may be different from, or in addition to, our shareholders generally.

Background of the Merger (page 24)

For a description of the events leading to the adoption of the merger agreement by our board of directors, you should refer to Proposal 1 Approval of the Merger Agreement Background of the Merger and Recommendation of Our Board of Directors; Reasons for Recommending the Approval of the Merger Agreement.

Fairness Opinion of Financial Advisor (page 37)

On December 17, 2006, Morgan Stanley & Co. Incorporated, our financial advisor (Morgan Stanley), rendered its oral opinion to our board of directors and subsequently confirmed in writing, that, as of that date, and based upon and subject to the various considerations, assumptions and limitations set forth in its written opinion, the consideration of $44.00 per share to be received by holders of Biomet common shares in accordance with the merger agreement was fair from a financial point of view to our shareholders.

The full text of the written opinion of Morgan Stanley is attached to this proxy statement as Annex B. We encourage you to read this opinion carefully in its entirety for a complete description of the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. The opinion is directed to our board of directors and does not constitute a recommendation by Morgan Stanley to any shareholder as to any matter relating to the merger.

Financing of the Merger (page 44)

Biomet, Parent and Merger Sub estimate that the total amount of funds necessary to consummate the merger and related transactions will be approximately $11.1 billion, which will be funded by debt financing, equity financing provided by the current equity investors in Parent and other co-investors that it may identify (which may include one or more existing holders of Biomet common shares) and, to the extent available, cash of Biomet. Funding of the debt and equity financing is subject to the satisfaction of the conditions set forth in the commitment letters under which the financing will be provided. See Proposal 1 Approval of the Merger Agreement Financing of the Merger beginning on page 44. The following arrangements are in place for the financing for the merger, including the payment of related transaction costs, charges, fees and expenses:

- *Equity Financing.* Each of Blackstone Capital Partners V, L.P., GS Capital Partners VI, L.P. and certain of its affiliates, KKR 2006 Fund L.P. and TPG Partners V, L.P. has committed severally to make or secure aggregate capital contributions of up to $4.376 billion to LVB Acquisition Holding, LLC. LVB Acquisition Holding, LLC, which owns 100% of the outstanding equity interests in Parent, has in turn committed to contribute such funds to Parent. In each case, the obligations to make or secure any such capital contributions are subject to the conditions contained in each equity commitment letter delivered in connection with execution of the merger agreement.

- *Debt Financing.* Parent has received a debt commitment letter from Banc of America Securities LLC, Bank of America, N.A., Banc of America Bridge LLC, Goldman Sachs Credit Partners L.P., Bear, Stearns & Co. Inc., Bear Stearns Corporate Lending Inc., Lehman Brothers Inc., Lehman Commercial Paper Inc., Lehman Brothers Commercial Bank, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch Capital Corporation, Wachovia Capital Markets, LLC, Wachovia Bank, National Association and Wachovia Investment Holdings, LLC to provide up to $4.35 billion of senior secured credit facilities, up to $1.55 billion of senior unsecured bridge loans and up to $1.015 billion of senior subordinated unsecured bridge loans under three bridge loan facilities (to be borrowed as of the closing in the event that the surviving corporation does not complete the contemplated private offerings of debt securities at or prior to such time). Parent has agreed to use its reasonable best efforts to arrange the debt financing as promptly as practicable on the terms and conditions described in the debt commitment letter.

Interests of Biomet Directors and Executive Officers in the Merger (page 49)

Members of our board of directors and our executive officers may have interests in the merger that differ from, or are in addition to, those of our other shareholders. For example:

- as of the record date, our executive officers and directors held [ ] common shares and options to purchase an aggregate of [ ] common shares;

- certain of our executive officers and members of our board of directors hold stock options which, whether vested or unvested, will be cancelled and entitle such holders (and all other holders) to receive the excess, if any, of $44.00 per share over the option exercise price for each share subject to the stock option, less any applicable withholding taxes and without interest;

- certain of our executive officers may be entitled to severance benefits (including tax gross-up payments) if, following the merger, one of these executives dies, we terminate one of these executives employment for any reason other than for cause or disability, or one of these executives terminates his or her employment for good reason;

- our current and former directors and officers will continue to be indemnified after the completion of the merger and will have the benefit of liability insurance for six years after completion of the merger;

- although no agreements have been entered into as of the date of this proxy statement, Parent informed us of its intention to enter into agreements with members of our existing management team with the surviving corporation (which agreements will not become effective until after the merger is completed), and we believe that these persons are likely to enter into such agreements with Parent, Merger Sub or their affiliates regarding employment with, and the right to purchase or participate in the equity of, the surviving corporation, although such matters are subject to further negotiation and discussion and no terms or conditions have been finalized; and

- although no arrangement has been made as of the date of this proxy statement, Parent has informed us that it expects to offer not more than two members of management the opportunity to serve on the boards of directors of Parent and the surviving corporation following the merger, which boards are expected to include at least nine other members.

Conditions to the Completion of the Merger (page 75)

We are working to complete the merger as soon as possible. Although we expect to complete the merger on or before October 31, 2007, the merger is subject to receipt of shareholder and regulatory clearance and satisfaction of other conditions, including the conditions described immediately below. As such, we cannot predict the exact time of the merger s completion.

The completion of the merger depends on a number of conditions being satisfied, including but not limited to:

- the merger agreement must have been approved by the affirmative vote of at least 75% of the votes entitled to be cast by the holders of the outstanding common shares voting together as a single class;

- any applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, or the HSR Act, shall have expired or been terminated;

- no temporary restraining order, preliminary or permanent injunction or other judgment or order issued by any court or agency of competent jurisdiction or other law, rule, legal restraint or prohibition shall be in effect preventing, restraining or rendering illegal the consummation of the merger;

- Biomet must have provided to Parent the financial information and certificates described under the caption The Merger Agreement Conditions to the Merger beginning on page 75;

- the representations and warranties made by Biomet, Parent and Merger Sub in the merger agreement must be true and correct as of the closing date in the manner described under the caption The Merger Agreement Conditions to the Merger beginning on page 75;

- Biomet, Parent and Merger Sub must have performed in all material respects all obligations that each is required to perform under the merger agreement; and

- Biomet, Parent and Merger Sub must deliver certificates to each other with respect to the satisfaction of the conditions relating to its representations and warranties and material obligations.

Where legally permissible, a party may waive a condition to its obligation to complete the merger even though that condition has not been satisfied. None of Biomet, Parent or Merger Sub, however, has any intention to waive any condition as of the date of this proxy statement.

No Solicitation Covenant (page 68)

The merger agreement restricts our ability to solicit or engage in discussions or negotiations with a third party regarding specified transactions involving Biomet. Notwithstanding these restrictions, under certain limited circumstances where failure to take such actions would be inconsistent with our directors fiduciary duties, our board of directors may respond to a bona fide written proposal for an alternative acquisition or terminate the merger agreement and enter into an agreement with respect to a superior proposal after paying the $272.5 million termination fee as specified in the merger agreement.

Termination of the Merger Agreement (page 77)

The merger agreement may be terminated at any time prior to the consummation of the merger, whether before or after shareholder approval has been obtained:

- by mutual written consent of Biomet and Parent;

- by either Biomet or Parent if:

- the merger is not consummated by 11:59 p.m., New York City time, October 31, 2007, whether such date is before or after the date of approval by the shareholders (the Termination Date);

- our shareholders, at the shareholders meeting or at any adjournment or postponement thereof at which the merger agreement was voted on, fail to approve the merger agreement; or

- any restraints permanently restraining, enjoining or otherwise prohibiting consummation of the merger become final and non-appealable.

- by Biomet if:

- termination is effected prior to obtaining shareholder approval in order to enter into an agreement with respect to a Superior Proposal, but only to the extent we concurrently with such termination pay to Parent the $272.5 million termination fee as specified in the merger agreement;

- Parent or Merger Sub has breached any of its representations, warranties, covenants or agreements under the merger agreement in a manner that would give rise to the failure of certain conditions to closing and the breach is incapable of being cured by the Termination Date; or

- if (1) all of the conditions to the obligations of Parent and Merger Sub (other than the delivery of officer certificates) have been satisfied and (2) on the earlier of (A) 5:00 p.m., New York City time on the Termination Date or (B) 5:00 p.m., New York City time on the last day of the Marketing Period (or, if earlier, such date designated by Parent), Parent and Merger Sub shall have failed to consummate the merger at such time, including because none of Parent, Merger Sub or the surviving corporation shall have obtained the proceeds pursuant to the debt financing described under Proposal 1 Approval of the Merger Agreement Financing the

Merger (or alternative debt financing as permitted by the merger agreement) sufficient to consummate the transactions contemplated by the merger agreement.

- by Parent if:

- our board of directors:

- withholds, withdraws, qualifies or modifies, or proposes publicly to withhold, withdraw, qualify or modify in a manner adverse to Parent its recommendation with respect to the merger;

- recommends to the shareholders an Acquisition Proposal other than the merger; or

- fails to include its recommendation with respect to the merger in this proxy statement.

- we have breached any of our representations, warranties, covenants or agreements under the merger agreement in a manner that would give rise to the failure of certain conditions to closing and the breach is incapable of being cured by the Termination Date.

Termination Fees and Expenses (page 78)

If the merger agreement is terminated under certain circumstances:

- Biomet will be obligated to pay a termination fee of $272.5 million as directed by Parent;

- Biomet will be obligated to pay the expenses of Parent, up to $40 million; or

- Parent will be obligated to pay us a termination fee of $272.5 million. Each of the current equity investors in Parent has agreed severally to guarantee the obligation of Parent to pay this termination fee subject to a cap. This cap is equal to each such investor s pro rata share of $272.5 million, which share is proportionate to its equity commitment to Parent as compared to the equity commitments of the other guarantors. Such guarantees are subject to certain conditions, as described on page 48.

Liability Cap (page 79)

In no event will we be entitled to monetary damages in excess of $272.5 million, including payment by Parent of the termination fee described above, if applicable, for losses or damages arising from or in connection with breaches by Parent and Merger Sub of their obligations under the merger agreement or arising from any other claim or cause of action under the merger agreement. Other than claims for monetary damages against Parent and Merger Sub pursuant to the merger agreement (or against the investors in Parent to recover their pro rata shares of any such monetary damages) and subject to this cap, we have agreed that we will not bring any claim against Parent, Merger Sub, the investors in Parent or the former, current or future equity holders, controlling persons, directors, officers, employees, agents, affiliates, members, managers, general or limited partners or assignees of any of Parent, Merger Sub or any of the investors in Parent.

Certain Material United States Federal Income Tax Consequences (page 54)

The receipt of $44.00 in cash for each common share pursuant to the merger will be a taxable transaction for United States federal income tax purposes. A U.S. Holder, as defined below, generally will recognize gain or loss as a result of the merger on each share measured by the difference, if any, between $44.00 and such holder s adjusted tax basis in that share. However, subject to certain exceptions, a

Non-U.S. Holder will generally not be subject to United States federal income tax on any gain or loss recognized as a result of the merger.

You should read Proposal 1 Approval of the Merger Agreement Certain Material United States Federal Income Tax Consequences beginning on page 54 for a more complete discussion of the federal income tax consequences of the merger. Tax matters can be complicated, and the tax consequences of the merger to you will depend on your particular tax situation. **We urge you to consult your tax advisor regarding the tax consequences of the merger to you.**

Regulatory Matters (page 53)

Completion of the transactions contemplated by the merger agreement is subject to various regulatory approvals or consents, including those required by (1) the HSR Act and (2) the antitrust laws of the European Union. The parties to the merger agreement filed the required notifications and forms under the HSR Act with the Federal Trade Commission and the Department of Justice on January 17, 2007. None of the parties is aware of any reason why any of the required approvals cannot be obtained in a timely manner, but there can be no assurance when or if they will be obtained.

Dissenters Rights (page 54)

Under Indiana law, Biomet shareholders do not have dissenters rights in connection with the merger.

Litigation Related to the Merger (page 57)

As of the date of this proxy statement, we are aware of three purported class-action lawsuits that have been filed by alleged Biomet shareholders. These lawsuits name as defendants Biomet, each member of its board of directors, Dane Miller, Ph.D., and the following: The Blackstone Group L.P. (New York cases), Blackstone Group (Indiana case), Kohlberg Kravis Roberts & Co. (New York cases), Kohberg Kravis Roberts & Company (Indiana case), Goldman Sachs Capital Partners (New York and Indiana cases), and Texas Pacific Group (New York and Indiana cases). The lawsuits allege, among other things, that the defendants breached, or aided and abetted the breach of, fiduciary duties owed to Biomet s shareholders by Biomet s directors in connection with Biomet s entry into the merger agreement. The complaints seek, among other relief, an injunction preventing consummation of the merger unless and until the defendants implement procedures to obtain the highest possible sale price, an order directing the defendants to exercise their fiduciary duties to obtain a transaction which is in the best interests of Biomet s shareholders until the process for a sale of Biomet is completed and the highest price is obtained and an order directing the defendants to exercise their fiduciary duty to disclose all material information in their possession concerning the merger prior to the shareholder vote, including Biomet s fiscal year 2007 second quarter financial results. Biomet believes these lawsuits are without merit and plans to defend against them vigorously.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

Q: What matters will be voted on at the special meeting?

A: You will vote on the following proposals: (1) to approve the merger agreement and (2) to approve any proposal to adjourn or postpone the special meeting to a later date, including an adjournment or postponement to solicit additional proxies if there are not sufficient votes in favor of approval of the merger agreement.

On December 18, 2006, we entered into a merger agreement with LVB Acquisition, LLC, which we refer to as Parent, an entity currently controlled by private equity funds sponsored by each of The Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts and Texas Pacific Group. Under the merger agreement, Biomet will become a wholly-owned subsidiary of Parent and holders of Biomet s common shares will be entitled to receive $44.00 per share in cash, without interest.

In order to complete the merger, our shareholders holding at least 75% of the common shares outstanding at the close of business on the record date must vote to approve the merger agreement. We are holding the special meeting to obtain this and other approvals. This proxy statement contains important information about the merger and the special meeting, and you should read it carefully. The enclosed voting materials allow you to vote your common shares without attending the special meeting.

Q: As a shareholder, what will I receive in the merger?

A: You will be entitled to receive $44.00 in cash, without interest, for each Biomet common share that you own immediately prior to the effective time of the merger as described in the merger agreement. The $44.00 per share to be paid for each Biomet common share in the merger represents a premium of approximately 27% to the closing price on April 3, 2006, the last trading day prior to public speculation about Biomet executing a significant transaction, and a premium of approximately 5% to the closing price on December 15, 2006, the last trading day before the merger was announced.

Q: If I also hold options to purchase Biomet common shares, how will my options be treated in the merger?

A: Any stock options outstanding at the time of the merger, whether vested or unvested, will be cancelled and option holders will receive the excess, if any, of $44.00 per share over the option exercise price for each share subject to the stock option, less any applicable withholding taxes and without interest.

Q: Is the approval of Parent s equity holders required to effectuate the merger?

A: No. The equity investors in Parent have represented to us that they have taken all action necessary to approve the merger agreement.

Q: When and where is the special meeting of our shareholders?

A: The special meeting of shareholders will take place on [ ], 2007, at [ ].

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Q: What vote of our shareholders is required to approve the merger agreement?

A: For us to complete the merger, shareholders holding at least 75% of Biomet s common shares outstanding at the close of business on the record date must vote FOR the proposal to approve the merger agreement. Because the vote is based on the number of common shares outstanding rather than the number of votes cast, failure to vote your shares and broker non-votes will have the same effect as voting AGAINST the merger agreement.

At the close of business on the record date, [ ] common shares were outstanding.

Q: What is the required vote for the other matters at the special meeting?

A: The approval of a proposal to adjourn or postpone the special meeting or in the event other items are properly brought before the special meeting requires that holders of more of Biomet s common shares vote in favor of the proposal to adjourn or postpone the special meeting than vote against the proposal. A properly executed proxy marked ABSTAIN with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum.

Q: Who can attend and vote at the special meeting?

A: All shareholders of record as of the close of business on [ ], 2007, the record date for the special meeting, are entitled to receive notice of and to attend and vote at the special meeting, or any postponement or adjournment thereof. If you wish to attend the special meeting and your shares are held in an account at a brokerage firm, bank or other nominee (*i.e.,* in street name), you will need to bring a copy of your voting instruction card or brokerage statement reflecting your share ownership as of the record date. Street name holders who wish to vote at the special meeting will need to obtain a proxy from the broker, bank or other nominee that holds their common shares. Seating will be limited at the special meeting to shareholders. Admission to the special meeting will be on a first-come, first-served basis.

Q: How does our board of directors recommend that I vote?

A: Our board of directors unanimously recommends that our shareholders vote **FOR** the proposal to approve the merger agreement and **FOR** any proposal to adjourn or postpone the special meeting to a later date, including an adjournment or postponement to solicit additional proxies if there are not sufficient votes in favor of approval of the merger agreement.

Q: Why is our board of directors recommending that I vote FOR the proposal to approve the merger agreement?

A: After careful consideration, our board of directors unanimously adopted and declared advisable the merger agreement and the merger and related transactions, and unanimously determined that the merger is in the best interests of Biomet and its shareholders. In reaching its decision to adopt the merger agreement and to recommend the approval of the merger agreement by our shareholders, the board of directors consulted with our management, as well as our legal and financial advisors, and considered the terms of the proposed merger agreement and the transactions contemplated by the merger agreement. Our board of directors also considered each of the items set forth on pages 33 through 36 under Proposal 1 Approval of the Merger Agreement Recommendation of Our Board of Directors; Reasons for Recommending the Approval of the Merger Agreement.

Q: Am I entitled to exercise dissenters rights instead of receiving the merger consideration for my shares?

A: No. Biomet shareholders have no dissenters rights under Indiana law in connection with the merger.

Q: How do I cast my vote if I am a holder of record?

A: If you were a holder of record on [ ], 2007, you may vote in person at the special meeting or by submitting a proxy for the special meeting. You can submit your proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed, postage paid envelope. Holders of record may also vote by telephone or the Internet by following the instructions on the proxy card.

If you properly transmit your proxy, but do not indicate how you want to vote, your proxy will be voted FOR the approval of the merger agreement and FOR a proposal to adjourn or postpone the special meeting for purposes of soliciting additional proxies.

Q: How do I cast my vote if my Biomet shares are held in street name by my broker, bank or other nominee?

A: If you hold your shares in street name, which means your common shares are held of record on [ ], 2007 by a broker, bank or other nominee, you must provide the record holder of your common shares with instructions on how to vote your common shares in accordance with the voting directions provided by your broker, bank or other nominee. **If you do not provide your broker, banker or other nominee with instructions on how to vote your shares, your common shares will not be voted, which will have the same effect as voting AGAINST the approval of the merger agreement.** Broker non-votes will have no effect on the other proposals. Please refer to the voting instruction card used by your broker, bank or nominee to see if you may submit voting instructions using the Internet or telephone.

Q: How do I vote my shares in Biomet s Employee Stock Bonus Plan?

A: If you are one of Biomet s team members (Biomet refers to its employees as team members) eligible to participate in Biomet s Employee Stock Bonus Plan, you will receive a request for voting instructions from the Bonus Plan trustee with respect to the shares allocated to your account in the Bonus Plan. You are entitled to direct the Bonus Plan trustee how to vote your Bonus Plan shares. If you do not provide voting instructions to the Bonus Plan trustee within the prescribed time, the shares allocated to your account in the Bonus Plan will be voted by the Bonus Plan trustee in the same proportion as the shares held by the Bonus Plan trustee for which voting instructions have been received from other participants in the Bonus Plan. You may revoke your previously provided voting instructions by filing with the Bonus Plan trustee either a written notice of revocation or a properly executed proxy bearing a later date.

Q: What will happen if I abstain from voting or fail to vote on the proposal to approve the merger agreement?

A: If you abstain from voting, fail to cast your vote in person or by proxy or fail to give voting instructions to your broker, bank or other nominee (except with respect to the Bonus Plan trustee) it will have the same effect as a vote **AGAINST** approval of the merger agreement.

Q: Can I change my vote after I have delivered my proxy?

A: Yes. If you are a record holder, you can change your vote at any time before your proxy is voted at the special meeting by properly delivering a later-dated proxy either by mail, the Internet or telephone or attending the special meeting in person and voting. You also may revoke your proxy by delivering a notice of revocation to Biomet s corporate secretary prior to the vote at the special meeting. If your shares are held in street name, you must contact your broker, bank or other nominee to revoke your proxy.

Q: What should I do if I receive more than one set of voting materials?

A. You may receive more than one set of voting materials, including multiple copies of this proxy statement or multiple proxy or voting instruction cards. For example, if you hold your common shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold common shares. If you are a holder of record and your common shares are registered in more than one name, you will receive more than one proxy card. **Please vote each proxy and voting instruction card that you receive.**

Q: Is the merger expected to be taxable to me?

A: Generally yes, if you are a U.S. Holder, as defined below. The receipt of $44.00 in cash for each common share pursuant to the merger will be a taxable transaction for United States federal income tax purposes. For United States federal income tax purposes, a United States shareholder generally will recognize gain or loss on each share as a result of the merger measured by the difference, if any, between $44.00 and such holder s adjusted tax basis in that common share. However, subject to certain exceptions, a Non-U.S. Holder, as defined below, will generally not be subject to United States federal income tax on any gain or loss recognized as a result of the merger.

You should read Proposal 1 Approval of the Merger Agreement Certain Material United States Federal Income Tax Consequences beginning on page 54 for a more complete discussion of the United States federal income tax consequences of the merger. Tax matters can be complicated, and the tax consequences of the merger to you will depend on your particular tax situation. **We urge you to consult your tax advisor regarding the tax consequences of the merger to you.**

Q: If I am a holder of certificated Biomet common shares, should I send in my share certificates now?

A: No. Promptly after the merger is completed, each holder of record as of the time of the merger will be sent written instructions for exchanging their share certificates for the merger consideration. These instructions will tell you how and where to send in your certificates for your cash consideration. You will receive your cash payment after the paying agent receives your share certificates and any other documents requested in the instructions. Please do not send certificates with your proxy.

Holders of uncertificated Biomet common shares (*i.e.*, holders whose shares are held in book entry) will automatically receive their cash consideration as soon as practicable after the effective time of the merger without any further action required on the part of such holders.

Q: Is the merger contingent upon Parent obtaining financing?

A: No. The consummation of the merger is not contingent upon Parent obtaining financing. Biomet, Parent and LVB Acquisition Merger Sub, Inc., which we refer to as Merger Sub, estimate that the total amount of funds necessary to consummate the merger and related transactions will be approximately $11.1 billion. Parent and Merger Sub s funding will come from debt financing, equity financing provided by the current equity investors in Parent and other co-investors that they may identify (which may include one or more existing holders of Biomet common shares) and, to the extent available, Biomet cash. Funding of the debt and equity financing is subject to the satisfaction of the conditions set forth in the commitment letters under which the financing will be provided. See Proposal 1 Approval of the Merger Agreement Financing of the Merger beginning on page 44.

Q: When is the merger expected to be completed? What is the marketing period ?

A: We are working to complete the merger as quickly as possible. We cannot, however, predict the exact timing of the merger. In order to complete the merger, we must obtain shareholder approval and the other closing conditions under the merger agreement must be satisfied or waived.

In addition, Parent is not obligated to complete the merger until the earlier of the expiration of a 20 consecutive day marketing period that Parent may use to complete its financing for the merger and October 31, 2007. The marketing period begins to run after we have obtained shareholder approval and satisfied other conditions under the merger agreement, including the delivery of certain financial information required by Parent to complete its contemplated financing of the merger. The marketing period may be required to re-commence under certain circumstances. See The Merger Agreement Effective Time; Marketing Period beginning on page 60 and The Merger Agreement Conditions to the Merger beginning on page 75.

Q: Recently, Biomet announced that it would not file its Quarterly Report on Form 10-Q for the second quarter of fiscal 2007 on time as a result of the ongoing review of Biomet s historical stock option granting practices and related accounting. How does this delay impact the marketing period discussed above and does Parent still have to close the merger and finance the merger consideration if we are unable to timely file our periodic reports with the SEC?

A: If we are unable to deliver to Parent certain financial information required by Parent to complete its contemplated financing as a result of Biomet s ongoing review of historical stock option granting practices, the marketing period described above will not begin. However, if we have not delivered that required financial information (but have delivered the information described below), then Parent and Merger Sub are required to borrow under the bridge facilities described in this proxy statement on page 48 and use the proceeds thereof to effectuate the closing of the merger on or prior to October 31, 2007 if all of the other closing conditions have been satisfied or waived.

Even though Parent s obligation to close the merger is not contingent on our ability to have timely filed our periodic reports with the SEC, we are required under the merger agreement, as a condition to closing, to make public and deliver to Parent certain annual and quarterly financial statements and related information (which must be prepared in accordance with GAAP, but may be qualified with respect to amounts and disclosure directly affected by option accounting issues). Such financial statements need not be audited or reviewed by Biomet s accounting firm, or such audit may be withdrawn, solely to the extent resulting from option accounting issues and certain other immaterial unrelated matters. In January 2007, we delivered to Parent a report which contained our preliminary unaudited consolidated financial statements and related preliminary disclosures for the second quarter of fiscal 2007. We publicly furnished the same information to our shareholders by filing a Current Report on Form 8-K with the SEC on January 19, 2007.

Q: Did our board of directors consider the ongoing review of Biomet s historical stock option granting practices at the time it approved the merger agreement?

A: Yes. Our board of directors considered the potential impact that the ongoing review into Biomet s historical stock option granting practices might have on the bidding process and timing for completion of the merger, as well as the potential risk that closing conditions might not be satisfied and the costs and benefits of delaying the bidding process until completion of the review. In addition, our board recognized that, if Biomet were to determine that its financial statements must be restated, then the restated and/or corrected historical financial statements would reflect ***higher expenses*** (a portion of which would be non-cash in nature) and ***lower profits***, but future cash flows and earnings of Biomet would not likely be affected other than with respect to any actions that may be taken as a result of determinations made after completing the investigation into Biomet s historical stock option granting practices.

In adopting the merger agreement and making the determination to recommend that the merger agreement be approved by our shareholders, our board of directors considered, among other important factors: (1) the fact that the $44.00 per share to be paid for each Biomet common share in the merger represents a substantial premium to Biomet s historical trading prices, (2) the fact that the merger agreement must be approved by the affirmative vote of at least 75% of the votes entitled to be cast by the holders of outstanding Biomet common shares, (3) the provisions of the merger agreement in which the Parent accepted risk with respect to developments arising out of the review into Biomet s historical stock option granting practices and (4) the additional factors described in detail under Proposal 1 Approval of the Merger Agreement Recommendation of Our Board of Directors; Reasons for Recommending the Approval of the Merger Agreement beginning on page 33.

Q: Does our board of directors recommend that Biomet shareholders approve the merger agreement even though the review of historical stock option granting practices is not completed at this time and Biomet s historical financial statements may be subject to significant changes and adjustments?

A: Yes. Both our board of directors and Parent recognized that, as a result of developments arising out of the review into Biomet s historical stock option granting practices, Biomet s financial statements for prior fiscal periods may be subject to significant changes and adjustments, including:

- compensation expense may increase to reflect the intrinsic value of options on the measurement date;
- net income may decrease as a result of the increase in compensation expense;
- paid-in-capital may increase as option-related compensation expense increases paid-in-capital;
- retained earnings may decrease because net income decreases;
- the amount of the deduction from taxable income for option-related compensation may be limited;
- earnings per share may decrease because net income decreases;
- litigation expense may increase; and
- there may be related tax effects and other expenses incurred and other adjustments recorded as a result of any such restatement.

Our board of directors concluded that, if Biomet determines that its financial statements must be restated, restated and/or corrected financial statements reflecting ***higher expenses*** and ***lower profit*** would not be likely to induce a potential bidder to pay more for Biomet. In addition, the board concluded that the uncertainty arising from further delay in Biomet s publicly-announced strategic review process would be more detrimental to Biomet than any negative impact the status of the stock options review (which was initiated toward the end of the strategic review process) may have on the outcome of that process. Also, our board did not observe that the bidding process was adversely impacted in any significant respect by the disclosure of this review, in part, we believe, because it was determined that Biomet granted a total of less than 20 million options over the 11-year period of time that is the subject of the investigation.

After weighing the costs and benefits of delaying the process until completion of the review, our board of directors approved and recommended a transaction that it determines provides Biomet s shareholders with a substantial premium to Biomet s historical trading prices and is in the best interests of Biomet and its shareholders.

Q: Where can I find more information about Biomet s ongoing review of historical stock option granting practices?

A: Please refer to the section entitled Proposal 1 Approval of the Merger Agreement Review of Historical Stock Option Granting Practices beginning on page 57 for information about the special litigation committee of the board of directors and its ongoing review of Biomet s historical stock option granting practices and related accounting for the 11-year period from 1996 to 2006. In addition, we file annual, quarterly and current reports and other information with the SEC. Please refer to these filings after the date of this proxy statement for important developments regarding the ongoing review. See Where You Can Find More Information.

Q: Who can help answer my questions?

A: If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card, you should contact:

Georgeson Inc.
17 State Street 10th Floor
New York, New York 10004
Banks and Brokers Call: (212) 440-9800
All Others Call Toll Free: (877) 278-4779

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains forward-looking statements with respect to our financial condition, results of operations, plans, objectives, intentions, future performance and business and other statements that are not statements of historical facts, as well as certain information relating to the merger, including, without limitation:

- statements about the benefits of the proposed merger involving Biomet and Parent;
- the financial targets set forth in the section entitled Proposal 1 Approval of the Merger Agreement Strategic Plan Financial Targets;
- statements with respect to our plans, objectives, expectations and intentions and other statements that are not historical facts; and
- other statements identified by words such as will, would, likely, thinks, may, believes, expects, antic estimates, intends, plans, targets, projects and similar expressions.

These forward-looking statements involve certain risks and uncertainties. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

- Biomet s inability to satisfy the conditions to closing the merger with Parent (including shareholder approval) and the costs and consequences of not closing the merger;
- the effect of the pending merger with Parent on Biomet s business and its relationship with customers, distributors, employees and suppliers;
- the results of the review by a special litigation committee of our board of directors of Biomet s historical stock option granting practices, the impact of any restatement of financial statements of Biomet or other actions that may be taken or required as a result of the special litigation committee s review, the inability of Biomet to timely file reports with the SEC and litigation and governmental investigations or proceedings which may arise out of Biomet s stock option granting practices or any restatement of the financial statements of Biomet;
- the inability to meet NASDAQ requirements for continued listing, including possible delisting;
- the timing and number of planned new product introductions;
- the effect of anticipated changes in the size, health and activities of population on demand for our products;
- assumptions and estimates regarding the size and growth of certain market segments;
- the timing and anticipated outcome of clinical studies;
- assumptions concerning anticipated product developments and emerging technologies;
- the future availability of raw materials; and
- the impact of anticipated changes in the musculoskeletal industry and our ability to react to and capitalize on those changes.

Additional factors that could cause actual results to differ materially from those expressed in the forward-looking statements are discussed in reports we have filed with the SEC.

Forward-looking statements speak only as of the date of this proxy statement or the date of any document incorporated by reference in this document. All subsequent written and oral forward-looking

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statements concerning the merger or other matters addressed in this proxy statement and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Moreover, although we believe the expectations reflected in the forward-looking statements are based upon reasonable assumptions, we give no assurance that we will attain these expectations or that any deviations will not be material. Except to the extent required by applicable law or regulation, we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

THE BIOMET SPECIAL MEETING

We are furnishing this proxy statement to Biomet shareholders as part of the solicitation of proxies by the Biomet board of directors for use at the special meeting.

Date, Time and Place

We will hold the special meeting on [ ], at 9:00 a.m., local time, at [ ]. Seating will be limited to shareholders. Admission to the special meeting will be on a first-come, first-served basis.

Purpose of the Special Meeting

The special meeting is being held for the following purposes:

- To approve the merger agreement (see PROPOSAL 1 APPROVAL OF THE MERGER AGREEMENT beginning on page 23);

- To approve any proposal to adjourn or postpone the special meeting to a later date if necessary or appropriate, including an adjournment or postponement to solicit additional proxies if there are not sufficient votes in favor of approval of the merger agreement (see PROPOSAL 2 ADJOURNMENT OF THE SPECIAL MEETING beginning on page 80); and

- To transact any other business that is properly brought before the special meeting or any reconvened meeting after any adjournment or postponement of the meeting.

Recommendation of Our Board of Directors

Our board of directors unanimously recommends that our shareholders vote **FOR** the approval of the merger agreement and **FOR** any proposal to adjourn or postpone the special meeting.

Record Date; Shareholders Entitled to Vote; Quorum

Only holders of record of Biomet common shares at the close of business on [ ], 2007, the record date, are entitled to notice of and to vote at the special meeting. On the record date, [ ] Biomet common shares were issued and outstanding and held by [ ] holders of record. Holders of record of Biomet common shares on the record date are entitled to one vote per common share at the special meeting on each proposal. Biomet s shareholders list will be available at our executive offices for inspection by any shareholder entitled to vote at the special meeting beginning no later than five days before and continuing through the special meeting.

A quorum is necessary to hold a valid special meeting. A quorum will be present at the special meeting if the holders of a majority of Biomet s common shares outstanding and entitled to vote on the record date are present, in person or by proxy. If a quorum is not present at the special meeting or if there are not sufficient votes in favor of approval of the merger agreement, we expect that the special meeting will be adjourned to solicit additional proxies. Abstentions and broker non-votes count as present for establishing a quorum for the transaction of all business. Generally, broker non-votes occur when common shares held by a broker, bank or other nominee for a beneficial owner are not voted with respect to a particular proposal because (1) the broker, bank or other nominee has not received voting instructions from the beneficial owner and (2) the broker, bank or other nominee lacks discretionary voting power to vote such common shares. Brokers, banks and other nominees generally only have discretionary voting power with respect to the proposal to adjourn or postpone the special meeting for purposes of soliciting additional proxies.

Vote Required

Approval of the Merger Agreement

The approval of the merger agreement by our shareholders requires the affirmative vote of the holders of at least 75% of Biomet s common shares outstanding and entitled to vote at the special meeting as of the record date, either in person or by proxy. Because the vote is based on the number of common shares outstanding rather than the number of votes cast, failure to vote your common shares and broker non-votes will have the same effect as voting **AGAINST** approval of the merger agreement.

Other Proposals

The approval of a proposal to adjourn or postpone the special meeting or of any other items properly brought before the special meeting requires that holders of more of Biomet s common shares vote in favor of the proposal to adjourn or postpone the special meeting than vote against the proposal. Abstentions and broker non-votes will have no effect on the outcome of such proposal.

Voting Procedures

Voting by Proxy or in Person at the Special Meeting

Holders of record can ensure that their common shares are voted at the special meeting by completing, signing, dating and delivering the enclosed proxy card in the enclosed postage-paid envelope. Submitting by this method or voting by telephone or the Internet as described below will not affect your right to attend the special meeting and to vote in person. If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your common shares are held in street name by a broker, bank or other nominee and you wish to vote at the special meeting, you must bring to the special meeting a proxy from the record holder of the common shares authorizing you to vote at the special meeting.

Electronic Voting

Our holders of record and many shareholders who hold their common shares through a broker, bank or other nominee will have the option to submit their proxy cards or voting instruction cards electronically by telephone or the Internet. Please note that there are separate arrangements for using the telephone depending on whether your common shares are registered in our records in your name or in the name of a broker, bank or other nominee. Some brokers, banks or other nominees may also allow voting through the Internet. If you hold your common shares through a broker, bank or other nominee, you should check your voting instruction card forwarded by your broker, bank or other nominee to see which voting options are available.

Please read and follow the instructions on your proxy or voting instruction card carefully.

Voting Shares Held in Biomet s Employee Stock Bonus Plan

Biomet s team members (Biomet refers to its employees as team members) eligible to participate in Biomet s Employee Stock Bonus Plan will receive a request for voting instructions from the Bonus Plan trustee with respect to the shares allocated to its team members accounts in the Bonus Plan. Biomet team members are entitled to direct the Bonus Plan trustee how to vote their Bonus Plan shares. If a team member does not provide voting instructions to the Bonus Plan trustee within the prescribed time, the shares allocated to such team member s account in the Bonus Plan will be voted by the Bonus Plan trustee in the same proportion as the shares held by the Bonus Plan trustee for which voting instructions have been received from other participants in the Bonus Plan. A team member may revoke his or her previously provided voting instructions by filing with the Bonus Plan trustee either a written notice of revocation or a properly executed proxy bearing a later date.

Adjournments; Other Business

Adjournments may be made for the purpose of, among other things, soliciting additional proxies. An adjournment requires that holders of more of Biomet s common shares vote in favor of adjournment than vote against adjournment, whether or not a quorum exists, without further notice other than by an announcement made at the special meeting of the date, time and place at which the meeting will be reconvened. If the adjournment is for more than 120 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting will be given to each shareholder of record entitled to vote at the meeting. No proxy voted against the merger proposal will be voted in favor of any adjournment unless it is specifically marked **FOR** a proposal presented by Biomet s management to adjourn or postpone the special meeting. We do not currently intend to seek an adjournment of the special meeting.

We do not expect that any matter other than Proposals 1 and 2 will be brought before the special meeting. If, however, other matters are properly presented at the special meeting, the persons named as proxies will vote in accordance with their best judgment with respect to those matters.

Revocation of Proxies

Submitting a proxy on the enclosed form does not preclude a shareholder from voting in person at the special meeting. A shareholder of record may revoke a proxy at any time before it is voted by filing with our corporate secretary a duly executed revocation of proxy, by properly submitting a proxy by mail, the Internet or telephone with a later date or by appearing at the special meeting and voting in person. A shareholder of record may revoke a proxy by any of these methods, regardless of the method used to deliver the shareholder s previous proxy. Attendance at the special meeting without voting will not itself revoke a proxy. If your common shares are held in street name, you must contact your broker, bank or other nominee to revoke your proxy.

Solicitation of Proxies

We are soliciting proxies for the special meeting from our shareholders. We will bear the entire cost of soliciting proxies from our shareholders. In addition to the solicitation of proxies by mail, we will request that banks, brokers and other record holders send proxies and proxy materials to the beneficial owners of Biomet common shares held by them and secure their voting instructions if necessary. We will reimburse those record holders for their reasonable expenses in so doing. We may use several of our regular employees, who will not be specially compensated, to solicit proxies from our shareholders, either personally or by telephone, Internet, telegram, facsimile or special delivery letter.

In addition, Biomet has retained Georgeson Inc., which we refer to as Georgeson, to assist it with the solicitation of proxies and to verify certain records related to the solicitations. Biomet will initially pay Georgeson a fee of $25,000, plus reasonable expenses, for these services. Biomet has agreed to indemnify Georgeson against certain liabilities resulting from claims involving Georgeson that directly arise out of Georgeson s engagement (except for any liability resulting from Georgeson s negligence or misconduct).

Dissenters Rights

Biomet shareholders are not entitled to dissenters rights under Indiana law in connection with the merger.

Assistance

If you need assistance in completing your proxy card or have questions regarding the Biomet special meeting, please contact:

Georgeson Inc.
17 State Street 10th Floor
New York, New York 10004
Banks and Brokers Call: (212) 440-9800

All Others Call Toll Free: (877) 278-4779

PROPOSAL 1-APPROVAL OF THE MERGER AGREEMENT

The following is a description of the material aspects of the merger. While we believe that the following description covers the material terms of the merger, the description may not contain all of the information that is important to you. We encourage you to read carefully this entire document, including the merger agreement attached to this proxy statement as Annex A, for a more complete understanding of the merger. The following description is subject to, and is qualified in its entirety by reference to, the merger agreement.

The Companies

Biomet, Inc.
56 East Bell Drive
Warsaw, Indiana 46582
(574) 267-6639

We are an Indiana corporation and we design, manufacture and market products used primarily by musculoskeletal medical specialists in both surgical and non-surgical therapy. Our product portfolio encompasses reconstructive products, fixation devices, spinal products and other products. Our corporate headquarters are located in Warsaw, Indiana and we have manufacturing facilities and/or offices in more than fifty locations worldwide. Our common shares are listed on the NASDAQ Global Select Market under the symbol BMET.

LVB Acquisition, LLC

LVB Acquisition, LLC, which we refer to as Parent, is a Delaware limited liability company that was formed solely for the purpose of acquiring Biomet and has not engaged in any business except for activities incidental to its formation and as contemplated by the merger agreement. Parent is controlled by a consortium of private equity funds sponsored by each of The Blackstone Group, Goldman, Sachs & Co., Kohlberg Kravis Roberts and Texas Pacific Group. The equity investors of Parent have informed us that they may re-form Parent as a Delaware corporation prior to the merger.

LVB Acquisition Merger Sub, Inc.

LVB Acquisition Merger Sub, Inc., which we refer to as Merger Sub, is an Indiana corporation and a wholly-owned subsidiary of Parent, that was formed solely for the purpose of facilitating Parent s acquisition of Biomet. Merger Sub has not carried on any activities to date other than those incidental to its formation and as contemplated by the merger agreement. Upon consummation of the proposed merger, Merger Sub will merge with and into Biomet and will cease to exist with Biomet continuing as the surviving corporation.

Structure of Transaction

The proposed transaction is a merger of Merger Sub with and into Biomet, with Biomet surviving the merger as a wholly-owned subsidiary of Parent. The following will occur in connection with the merger:

- each common share issued and outstanding immediately before the effective time of the merger (other than those shares owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent and shares owned by us or any of our direct or indirect wholly-owned subsidiaries) will be converted into the right to receive $44.00 per share in cash, less any required withholding taxes and without interest;

- all common shares so converted will, by virtue of the merger and without any action on the part of the holder, cease to be outstanding, be cancelled and cease to exist, and each certificate formerly representing any of the common shares will thereafter represent only the right to receive the per share merger consideration, without interest;

- each common share owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent and common shares owned by us or any of our direct or indirect wholly-owned subsidiaries, will automatically cease to be outstanding, will be cancelled without payment of any consideration and will cease to exist; and

- each common share, without par value, of Merger Sub issued and outstanding immediately prior to the effective time of the merger, will be converted into one common share, without par value, of the surviving corporation.

Following and as a result of the merger:

- our shareholders will no longer have any interest in, and no longer be shareholders of, Biomet, and will not participate in any of our future earnings or growth;

- our common shares will no longer be listed on NASDAQ and price quotations with respect to our common shares in the public market will no longer be available; and

- the registration of our common shares under the Exchange Act will be terminated.

Management and Board of Directors of the Surviving Corporation

The board of directors of Merger Sub will be the board of directors of the surviving corporation after the completion of the merger. The officers of Biomet will be the officers of the surviving corporation after the completion of the merger.

Background of the Merger

During the course of 2005, members of Biomet s board of directors became increasingly concerned about lagging performance in certain of Biomet s operations. At the board s September 2005 annual meeting, the independent members of the board of directors recommended that Biomet identify and hire a chief operating officer in order to address these concerns. The board determined to consider this recommendation at its next regularly scheduled board meeting in December 2005.

During the intervening months, the senior management of Biomet conducted an internal review of management and operations and developed recommendations for the board to consider. Separately, independent members of the board continued their discussions regarding Biomet s performance and direction. Commencing in the Fall of 2005, members of the board had periodic and informal meetings and discussions with representatives of Morgan Stanley regarding Biomet s strategic alternatives in light of the operational, managerial, board, market and industry dynamics confronting Biomet.

At the regularly scheduled December 2005 board meeting, senior management provided the board with its evaluation of the issues and opportunities facing Biomet and senior management s recommendations regarding those matters. At the meeting, the board appointed two chief operating officers, one for Biomet s domestic operations and one for Biomet s international operations. Both individuals came from within Biomet s senior management. In addition, the board discussed the need for more formal succession planning and also continued informal discussions regarding strategic alternatives.

In early 2006, Dane A. Miller, Ph.D., our then President and CEO, was contacted by the Chairman and CEO of a potential strategic bidder, which we refer to as Strategic Bidder 1. Thereafter, Dr. Miller met with representatives of Strategic Bidder 1 to explore whether there was a basis for entering into a dialogue regarding a strategic transaction between the two companies.

On March 21, 2006, Biomet announced third quarter results for fiscal 2006, which reflected continued underperformance in certain of Biomet s operational divisions relative to both management and board expectations. Also on March 21, 2006, Dr. Miller and Mr. Noblitt met with the CEO of Smith & Nephew plc during the 2006 American Academy of Orthopaedic Surgeons conference in Chicago to discuss

whether there was a basis for entering into a dialogue regarding a strategic combination between the two companies. Smith & Nephew indicated that it was not currently in a position to entertain such discussions.

At the board s regularly scheduled quarterly meeting on March 23 through March 25, 2006, members of the board expressed continued dissatisfaction with the pace of improvement with respect to Biomet s performance issues and opportunities. These discussions led to the resignation of Dr. Miller as President and CEO (although Dr. Miller maintained his seat on the board of directors until the annual meeting of shareholders in September 2006), the appointment of Daniel P. Hann as interim President and CEO and the engagement of Morgan Stanley to assist the board and Biomet in a strategic review of Biomet s business and alternatives for enhancing shareholder value. The board also established a review committee of the board to monitor the progress of the strategic review, including setting milestones for completing the review.

On or about April 4, 2006, news began to publicly leak that Biomet had engaged Morgan Stanley to assist Biomet in exploring strategic alternatives to enhance shareholder value. On April 3, 2006, the trading day prior to this information being leaked, the closing price per common share was $34.78. Biomet confirmed by way of a press release on April 6, 2006, that Morgan Stanley was assisting Biomet in exploring its strategic alternatives.

On May 3, 2006, after having previously discussed the matter with the review committee, Morgan Stanley reviewed strategic alternatives (and likely potential bidders as a part of an exploratory sale process) for Biomet with the board at a special meeting, including (1) a recapitalization analysis, (2) a leveraged buyout analysis, (3) an analysis of Biomet as a standalone company and (4) an analysis of potential combinations of Biomet with various strategic parties.

During this meeting, the board authorized representatives of the board to accept an outstanding invitation to meet again with representatives of Strategic Bidder 1 to determine whether Strategic Bidder 1 was interested in a potential strategic transaction between the two companies. In addition, the board authorized a management proposal to develop a five-year strategic business plan to be presented at the board s annual meeting in September 2006.

On May 15, 2006, Niles Noblitt and Dr. Scott Harrison, our lead director, met with representatives of Strategic Bidder 1, but Strategic Bidder 1 did not advance a proposal regarding a potential transaction.

In May 2006, Dr. Miller discussed with one or more representatives of Kohlberg Kravis Roberts, Texas Pacific Group and a third private equity sponsor a potential transaction involving Biomet in which Dr. Miller would participate as an equity investor. Dr. Miller and these private equity sponsors entered into confidentiality agreements with respect to those discussions.

By late May 2006, Kohlberg Kravis Roberts, Texas Pacific Group and the third private equity sponsor had joined together to form a consortium that we refer to as the Sponsor Group. We refer to the third private equity sponsor, which was no longer part of the Sponsor Group at the time the merger agreement was signed, as Financial Sponsor 1.

In early June 2006, a representative of the Sponsor Group contacted a representative of Morgan Stanley to express an interest in engaging in discussions regarding a possible leveraged buyout of Biomet. During June 2006, Dr. Harrison engaged in follow-up discussions with the Sponsor Group to assess its level of interest.

On June 29, 2006, at the board s regularly scheduled quarterly meeting, the board discussed the contacts between the Sponsor Group and Dr. Miller. Dr. Miller did not attend this meeting or any subsequent meeting of the board of directors. The board determined to continue to evaluate the possibility of engaging in further discussions with the Sponsor Group on an ongoing basis.

On July 5, 2006, at a special telephonic meeting of the board, Dr. Harrison reported that Strategic Bidder 1 indicated it would not make an offer for the acquisition of Biomet at that time. Dr. Harrison also

reported that the Sponsor Group was interested in reviewing preliminary due diligence materials. The board then adjourned the meeting until the next day.

On July 6, 2006, the board reconvened its special telephonic meeting. A representative of Morgan Stanley reported that (1) the Sponsor Group had submitted a preliminary indication of interest that was in the $38 to $39 per share price range, (2) as directed by the board, Morgan Stanley responded to the Sponsor Group that the offer was not within an acceptable range and (3) the Sponsor Group responded by indicating that it could get to a higher price, but that it required access to due diligence materials. After receiving a presentation from financial and legal advisors, and after thoroughly discussing various options with respect to responding to any potential bidders, the board determined that it would not provide financial or any other due diligence information to the Sponsor Group or any other third parties until senior management completed its five-year strategic business plan and the board completed a thorough and careful review of that plan.

On July 17, 2006, the board of directors received a letter from the Sponsor Group expressing disappointment that the board did not want to move forward with a potential transaction until after the board concluded its process with respect to its strategic business plan. This letter also confirmed the Sponsor Group s interest in acquiring Biomet at a price in excess of $40 per share, subject to the Sponsor Group being given access to non-public information and successfully completing a due diligence investigation of Biomet. From and after this date through the middle of September, representatives of the Sponsor Group periodically contacted Biomet and its advisors to reiterate the Sponsor Group s interest in pursuing a transaction and seeking to commence a diligence review.

On July 19, 2006, the board convened a special telephonic meeting. Among other things, the board approved the recommendation of the Nominating and Corporate Governance Committee to not include Dr. Miller in the slate of directors nominated for reelection at Biomet s 2006 annual meeting of shareholders. The board also discussed the July 17 letter from the Sponsor Group regarding its continued interest in acquiring Biomet.

On July 28, 2006, the board convened a special telephonic meeting. Among other things, the board approved the creation of an ad hoc committee of the board to oversee the search for a permanent President and CEO.

In mid-September 2006, Morgan Stanley received confirmation from the Sponsor Group of its ongoing interest in putting forward an offer of greater than $40 per share for Biomet, subject to a successful completion of its due diligence review.

On September 21, 2006, our board of directors convened its annual meeting. During the meeting, management presented its five-year strategic business plan, which the board discussed and analyzed with the assistance of Morgan Stanley. In addition to authorizing the implementation of the five-year strategic business plan and receiving an update on the search for a permanent President and CEO, the board authorized Biomet to enter into (1) confidentiality agreements with the Sponsor Group and to provide it with preliminary financial due diligence information and (2) change in control agreements with its executive officers to provide for continuity of management in the event of a change in control of Biomet. Morgan Stanley also informed the board that funds sponsored by The Blackstone Group and Goldman, Sachs & Co. had joined the other private equity firms in the Sponsor Group.

On October 3, 2006, Mr. Hann, Charles E. Niemier (one of our executive officers and directors) and representatives of Morgan Stanley held an introductory meeting with representatives of the Sponsor Group. On October 5 and October 6, 2006, representatives of Biomet s management team held due diligence meetings with representatives of the Sponsor Group. Thereafter, and continuing through December 17, 2006, management and Morgan Stanley held numerous additional due diligence meetings and follow-up sessions with representatives of the Sponsor Group.

In early October, Smith & Nephew contacted Morgan Stanley indicating it would be prepared to put forward an offer of $42 per share for Biomet, subject to the successful completion of its due diligence review. At that time, representatives of Morgan Stanley also contacted previously identified likely bidders to indicate that Biomet was conducting a due diligence process with potential buyers. One of the likely bidders, a strategic bidder which we refer to as Strategic Bidder 2, indicated an interest in participating in the process.

On October 9, 2006, the board held a special telephonic meeting to discuss the contacts with other potential bidders and their expressions of interest. The board also received a report that two shareholder derivative lawsuits had been filed in Kosciusko County Superior Court relating to Biomet s historical stock option granting practices. Biomet disclosed these lawsuits in its Quarterly Report on Form 10-Q filed with the SEC on October 10, 2006.

On October 17, 2006, Mr. Hann, Mr. Noblitt and Dr. Harrison held separate meetings with both Strategic Bidder 2 and Smith & Nephew. Thereafter, Biomet entered into confidentiality agreements with each of Strategic Bidder 2 and Smith & Nephew. In early November, Biomet separately hosted an all-day management meeting with each of Strategic Bidder 2 and Smith & Nephew and in November and December, held numerous due diligence meetings and follow-up sessions with representatives of Smith & Nephew.

On October 18, 2006, the board held a special telephonic meeting to review the status of discussions with each of the potential bidders for Biomet.

On November 2, 2006, the board held a special telephonic meeting to discuss the strategic alternative review process with representatives of Morgan Stanley. The board requested that Morgan Stanley provide a process timeline for the development of the various alternatives.

Also on November 2, 2006, Smith & Nephew, in response to market rumors, issued a press release confirming that Smith & Nephew had held very preliminary talks with Biomet, but that no agreement had been reached. In response to Smith & Nephew s press release, Biomet announced in a press release also on November 2, 2006, that while Biomet had held a preliminary discussion with Smith & Nephew, as Smith & Nephew had stated in its press release, Biomet had not at that time made a determination that it was in Biomet s best interests for it to engage in a transaction with any third party.

On November 7, 2006, the board held a special telephonic meeting. Representatives of Morgan Stanley presented a process timeline for the board s review and discussion. The board also established a committee called the Strategic Alternatives Committee to facilitate development of the strategic alternatives. The Strategic Alternatives Committee subsequently retained Simpson Thacher & Bartlett LLP (Simpson Thacher) to advise it in connection with its review.

The board then received a briefing regarding the claims advanced in the two shareholder derivative lawsuits. The board established a committee called the Special Litigation Committee charged with investigating the allegations and determining whether it was in the best interest of Biomet to pursue a remedy or to dismiss the lawsuits. The board decided that on balance it was in the best interests of Biomet to proceed with the bid process timeline, notwithstanding the commencement of the investigation into Biomet s historical stock option granting practices by the Special Litigation Committee.

On November 10, 2006, on behalf of Biomet, Morgan Stanley sent to the three bidders a letter outlining the procedures for submitting a final bid for the acquisition of Biomet and establishing a due date of December 4, 2006. Pursuant to the bidding instructions, each bidder was asked to submit final comments to a draft merger agreement (to be provided at a later date), along with information regarding their plans for financing an acquisition of Biomet. Potential bidders were instructed not to contact management or discuss compensation or the terms of management s equity participation in a potential transaction. Shortly thereafter, Strategic Bidder 2 informed Morgan Stanley that it was not in a position to proceed further.

On November 21, 2006, the Strategic Alternatives Committee held a telephonic meeting. The committee discussed different potential features of a transaction. The committee reviewed the status of the process with representatives of Morgan Stanley relative to the desired process timeline and reviewed the form of the proposed merger agreement to be distributed to potential bidders.

On November 22, 2006, Morgan Stanley circulated to the Sponsor Group and to Smith & Nephew an initial draft of the merger agreement. Each bidder was invited to contact Kirkland & Ellis LLP (Kirkland & Ellis), counsel to Biomet, in advance of the bid due date in order to discuss the non-financial terms of the merger agreement. The draft merger agreement reflected Biomet s perspective that, among other things, (1) the transaction should not be contingent upon the receipt of financing, (2) the closing conditions and representations and warranties should be customary, (3) the board must have the right to change its recommendation to its shareholders with respect to the transaction if failure to do so would be inconsistent with their fiduciary duties under applicable law, (4) the board must be able to terminate the agreement if it received a superior proposal following execution of a definitive agreement and (5) the bidders should accept risk with respect to potential adverse developments which might arise from our ongoing investigation into Biomet s historical stock option granting practices (which was then at a preliminary stage).

On November 27, 2006, the Strategic Alternatives Committee held a telephonic meeting to review the status and timing of the process and the availability and timing of Biomet s production of due diligence information. The committee also discussed with legal counsel various considerations, focusing on timing and certainty with respect to the sale process and the issues uniquely presented by a Smith & Nephew bid, including London Stock Exchange and UK regulatory issues, potential antitrust issues and the requirement of Smith & Nephew s shareholder approval. The committee determined that moving the bid due date to December 11, 2006 was in the best interests of Biomet. The following day, Morgan Stanley communicated the revised bid due date to the bidders.

On November 29, 2006, at the request of the Sponsor Group, the Strategic Alternatives Committee held a telephone conference with representatives of Morgan Stanley and members of the Sponsor Group in which the Sponsor Group described, among other things, the reasons for its interest in Biomet, areas of concern and its plan for the business. Separately, the Sponsor Group conveyed its disappointment in the timeline delay to Morgan Stanley.

On December 1, 2006, counsel to the Sponsor Group provided initial comments to the draft merger agreement to Kirkland & Ellis. On December 5, 2006, Kirkland & Ellis and Simpson Thacher contacted the Sponsor Group s legal counsel to discuss the Sponsor Group s initial comments to the draft merger agreement. Our counsel focused on those comments in the Sponsor Group mark-up to the merger agreement that increased conditionality or decreased the certainty of closing and on the circumstances under which the board could consider and accept superior offers and terminate the agreement, as well as other non-financial terms and conditions. Our counsel requested that the Sponsor Group improve a number of the non-financial terms and conditions of its proposed draft merger agreement in its bid.

On December 6, 2006, Morgan Stanley provided the initial draft of Biomet s disclosure schedules to the merger agreement to each of the bidders.

On December 7, 2006, the Strategic Alternatives Committee held a telephonic meeting to review the status of the process. The committee considered whether to further extend the bid due date because the Special Litigation Committee s investigation into Biomet s historical stock option granting practices was still at a preliminary stage. The committee determined that resolving as soon as practicable the uncertainty surrounding Biomet as a result of the publicly-announced review of strategic alternatives was in Biomet s best interest, and that, on balance, a further postponement of the bid due date or halting of the bidding process pending completion of the recently launched investigation into Biomet s historical stock option granting practices was more likely to have an adverse impact on the potential bidders willingness to submit

bids. The committee also recommended that Biomet provide information to the bidders regarding the investigation into Biomet s historical stock option granting practices as that investigation progressed and information became available.

On December 8, 2006, Kirkland & Ellis circulated a revised draft of the merger agreement to the Sponsor Group s counsel and discussed the disclosure schedules to the merger agreement and related diligence matters with the Sponsor Group s counsel.

Also on December 8, 2006, Kirkland & Ellis and Simpson Thacher contacted Smith & Nephew s legal counsel to discuss the merger agreement sent to Smith & Nephew by Morgan Stanley on November 22, 2006 and to answer any questions that Smith & Nephew or its counsel had regarding the merger agreement in advance of the bid due date on the following Monday. Counsel to Smith & Nephew emphasized that it would not provide a heavy mark-up of the merger agreement, that it would address Biomet s desire for certainty, that it would seek to significantly limit Biomet s ability to consider or accept other offers and terminate the agreement and that Smith & Nephew would expect to be paid a high termination fee. Counsel discussed potential high-level issues with the agreement, including allocation of risk, antitrust issues and certain UK regulatory and London Stock Exchange requirements for the merger, including the need for a vote of the shareholders of Smith & Nephew. However, Smith & Nephew s legal counsel did not avail itself of the opportunity to provide a mark-up of the merger agreement in advance of the bid deadline for discussion with our counsel.

On December 9, 2006, 42 of Biomet s 54 distributors sent a letter to Biomet s board of directors, with a copy to Smith & Nephew, stating their opposition to an acquisition of Biomet by Smith & Nephew.

On December 10, 2006, our counsel, on behalf of Biomet, held a telephone conference with the Sponsor Group s legal counsel to respond to questions from the Sponsor Group s counsel regarding the revised draft of the merger agreement sent back to them on December 8, 2006. Again, our counsel asked the Sponsor Group to improve a number of the non-financial terms and reduce conditionality, narrow the scope of representations and warranties, expand the exceptions to the material adverse effect definition and provide more latitude for the board to respond to offers regarding alternative transactions, among other provisions.

On December 11, 2006, the bid deadline, Biomet received a written bid proposal, including final comments to the merger agreement and debt and equity commitment letters, from the Sponsor Group. Biomet also received initial comments to the merger agreement from Smith & Nephew, but did not receive a bid proposal or debt commitment letter. The Sponsor Group s proposal for the acquisition of Biomet was $43 per share.

On December 13, 2006, Biomet received a written bid proposal, including a highly confident letter from four financing sources describing its debt financing proposal (but not a debt commitment letter), from Smith & Nephew. The bid proposal also contained redacted unsigned drafts of financing agreements which, when considered in combination with the highly confident letter, Biomet determined to represent a more conditional commitment than the debt commitments provided by the Sponsor Group. Smith & Nephew s per share consideration proposed for the acquisition of Biomet was $45 per share.

On December 13, 2006, Kirkland & Ellis and Simpson Thacher contacted the Sponsor Group s legal counsel and Smith & Nephew s legal counsel to clarify their respective comments to the draft merger agreement. Both indicated a desire to complete and sign the merger agreement by the following week.

On the evening of December 13, 2006, a telephonic meeting of the Strategic Alternatives Committee was convened to discuss the two bid proposals received by Biomet. Representatives of Morgan Stanley, Kirkland & Ellis and Simpson Thacher participated in the meeting and reviewed for the Strategic Alternatives Committee the risks associated with a potential transaction with each bidder, including the respective outside dates proposed for termination of the merger agreement in the event a transaction had

not yet been completed. The committee considered the potential impact on Biomet s operations of announcing a transaction with a competitor and certain additional risks associated with completing a transaction with Smith & Nephew, including interloper risk (the risk that a competitor would emerge seeking to acquire Smith & Nephew and interfere with a transaction between Smith & Nephew and Biomet), Smith & Nephew s need for its own shareholder approval, the antitrust risk associated with combining with a competitor and certain London Stock Exchange reporting and re-listing requirements. With respect to the potential impact on Biomet s operations from announcing a transaction with Smith & Nephew, the committee discussed the receipt of the letters from certain distributors opposing a transaction with Smith & Nephew. Next, the legal advisors participating in the meeting reviewed the draft contracts submitted by the two bidders. It was noted that Smith & Nephew s contract was significantly less favorable to Biomet than that submitted by the Sponsor Group. During discussions regarding the Sponsor Group proposal, it was also noted that the Sponsor Group agreed, subject to certain conditions, to draw down on bridge financing to close a transaction if certain financial statements of Biomet customarily required for high yield financing were unavailable by a certain date.

The Strategic Alternatives Committee requested that Morgan Stanley ascertain whether the Sponsor Group would be willing to increase the per share merger consideration of its offer, and requested that legal counsel continue to seek an improvement in the non-financial terms and conditions offered by both bidders. With respect to Smith & Nephew, in particular, the committee requested more information regarding the proposed financing and asked legal counsel to seek confirmation of the manner in which Smith & Nephew would be willing to assume any antitrust risk, as well as improvement in the other non-financial terms and conditions to provide more certainty, less conditionality and greater flexibility for the board to respond to offers for alternative transactions.

On the morning of December 14, 2006, the Sponsor Group indicated to Morgan Stanley that it was prepared to increase its offer to $44.00 per share, but that $44 per share was its best and final offer.

Later that day, our board of directors convened a meeting to discuss, among other things, the preliminary report of the Special Litigation Committee and a report from the Strategic Alternatives Committee. After receiving a briefing from the Special Litigation Committee, the board asked the Special Litigation Committee to make its advisors available to each of the bidders to provide a briefing on the status of their work and findings no later than December 15, 2006.

Next, the Strategic Alternatives Committee provided a report to the board in which representatives of Morgan Stanley reviewed the two bid proposals, including the proposed financing for each. Kirkland & Ellis and Simpson Thacher then reviewed certain terms proposed in the merger agreement by each bidder and discussed the relative advantages and disadvantages of these terms. Throughout the discussion the board engaged in an in-depth discussion with representatives of Morgan Stanley, Kirkland & Ellis and Simpson Thacher concerning, among other things, the price offered by each bidder, the merger agreement terms offered by each bidder and the potential probability of successfully closing a transaction with each bidder, as well as the relative risks associated with completing any transaction or continuing as a standalone company. Representatives of Morgan Stanley made a formal presentation to our board and discussed in detail its preliminary views and analysis of the consideration to be received by holders of Biomet s common shares. The members of the board each received a copy of the presentation by Morgan Stanley. In addition, Mr. Hann confirmed to the board that members of management had not negotiated with or agreed to any arrangements regarding future employment with either bidder or the terms of management s equity participation in a potential transaction with the Sponsor Group. The board agreed to reconvene the meeting on December 15, 2006 to further discuss and deliberate on the bids and to receive any further updates from its advisors regarding the two bids. Following the Strategic Alternatives Committee report, the board met in executive session to discuss the relative advantages and disadvantages of remaining a standalone company and each of the two bids.

Later on December 14, 2006, at the request of Biomet, Morgan Stanley requested in a discussion with Smith & Nephew s financial advisors that Smith & Nephew increase the per share merger consideration of its offer. In response, Morgan Stanley was advised that Smith & Nephew s $45 per share offer was its best and final offer.

In the morning of December 15, 2006, the Strategic Alternatives Committee convened a meeting at the offices of Kirkland & Ellis where it continued to discuss with legal counsel certain differences between the bids submitted by the Sponsor Group and Smith & Nephew, including the requirement that the transaction be approved by Smith & Nephew s shareholders, the difficulty of entering into a binding agreement acceptable to the parties pursuant to which Smith & Nephew would bear the risk of gaining antitrust clearance, the fact that Smith & Nephew had the right to change its recommendation that its shareholders vote in favor of the transaction if it would be inconsistent with its directors fiduciary duties while Biomet did not have the flexibility to do so without giving rise to a termination right of Smith & Nephew, the disparity between the termination fee being requested of Biomet by Smith & Nephew and what it was willing to offer in the event its board no longer supported the transaction, the increased conditionality of the financing papers provided by Smith & Nephew and other non-financial terms and conditions that were less favorable to Biomet than those being offered by the Sponsor Group. After further discussion, the committee recommended that negotiations continue with both bidders, but with a focus on developing the Sponsor Group bid.

Later on December 15, 2006, our board of directors convened a meeting to, among other things, continue its discussion and review of the two bids. Kirkland & Ellis and Simpson Thacher reviewed with the board a presentation comparing various details of each of the bids submitted by the two bidders. The board noted that, while Smith & Nephew s proposed purchase price of $45 per share exceeded the $44 per share purchase price proposed by the Sponsor Group, there were several risks, uncertainties and other disadvantages associated with Smith & Nephew s bid that were not present in the Sponsor Group s bid. The board s discussion included, among other things, a discussion regarding (1) whether to postpone the process in light of potential uncertainty or delay arising from the preliminary state of the investigation into Biomet s historical stock option granting practices, (2) the risk that antitrust or other competition laws could delay or prevent successful completion of a transaction with Smith & Nephew, (3) Smith & Nephew s proposed financing for the transaction and the relative uncertainty of this financing compared to the more certain financing commitments provided by the Sponsor Group (including the Sponsor Group s commitment to close into bridge financing under certain specified circumstances), (4) the risk that the shareholder vote required by Smith & Nephew would delay or prevent the successful completion of a transaction, (5) the potential that Smith & Nephew s bid for Biomet would make Smith & Nephew an acquisition target of a third party, (6) the potential impact on Biomet s operations of announcing a transaction with Smith & Nephew, as evidenced by the letters from certain Biomet distributors opposing a transaction with Smith & Nephew, (7) the more onerous merger agreement terms proposed by Smith & Nephew compared to the terms proposed by the Sponsor Group, including certain additional representations and warranties, closing conditions, covenants and termination provisions and the large termination fee required by Smith & Nephew, (8) the financial analysis and presentations delivered by Morgan Stanley with respect to each bid, and (9) the likelihood and value of other potential alternatives to Biomet. The board also discussed the fact that some of these and other additional risks and uncertainties contained in Smith & Nephew s bid were inherent to Smith & Nephew s operations, identity and corporate structure, while others were a product of the terms of Smith & Nephew s proposal.

On December 15, 2006, counsel to the Special Litigation Committee held separate telephone conferences and webcasts for both bidders reviewing the information presented to the board of directors the previous day regarding the status of the investigation into Biomet s historical stock option granting practices.

Also on December 15, 2006, Morgan Stanley, Kirkland & Ellis and Simpson Thacher held telephone conferences with Smith & Nephew and its advisors to further understand the requirements of Smith & Nephew s shareholder approval process, financing arrangements and proposal regarding antitrust matters.

On the evening of December 15, 2006, Morgan Stanley called both bidders to confirm the bases under which the bidders would move forward with a transaction. Both bidders confirmed their continued interest and desire to announce a deal the next week. In addition, Smith & Nephew requested a number of additional due diligence materials.

On the night of December 15, 2006, Kirkland & Ellis circulated comments to the Sponsor Group s counsel relating to the financing sections of the merger agreement.

On December 16, 2006, Kirkland & Ellis also circulated a revised draft of the merger agreement to Smith & Nephew s counsel responding to the contract provided by Smith & Nephew with its bid.

Beginning on the morning of December 16, 2006 and ending on the morning of December 18, 2006, Kirkland & Ellis, Simpson Thacher and the Sponsor Group s counsel, along with Biomet management, engaged in negotiations with the Sponsor Group and its counsel in an attempt to reach an agreement on the terms of the merger agreement, equity and debt commitment letters and limited guarantee.

On December 16, 2006, our board of directors convened a special telephonic meeting. Morgan Stanley reported to the board that Financial Sponsor 1 had dropped out of the Sponsor Group, but that the remaining members of the Sponsor Group reaffirmed their desire to move forward without Financial Sponsor 1. Morgan Stanley also reported that Smith & Nephew continued to make due diligence inquiries. Kirkland & Ellis discussed with the board the current status of negotiations with the Sponsor Group, including the Sponsor Group s request to extend by one month the deadline for when it would be required to close the potential transaction using bridge financing. Kirkland & Ellis and Simpson Thacher also reviewed with the board other potential advantages and disadvantages of the Sponsor Group s bid compared to Smith & Nephew s bid.

On the morning of December 17, 2006, Morgan Stanley spoke to Smith & Nephew and its advisors to clarify the terms of Smith & Nephew s intended financing and to request again that Smith & Nephew provide greater financing certainty.

On the evening of December 17, 2006, the Strategic Alternatives Committee convened a telephonic meeting during which the members of the committee discussed with Simpson Thacher and Kirkland & Ellis the status of the negotiations with the Sponsor Group and Smith & Nephew. Morgan Stanley reported that Smith & Nephew continued to make due diligence inquiries and had asked to schedule a meeting with Mr. Hann in the upcoming week, but had not otherwise advanced negotiations on the proposed merger agreement. Kirkland & Ellis then reported that negotiations with the Sponsor Group were nearly complete and summarized the changes in the non-financial terms and conditions arising from the negotiations over the course of the last day. The committee then discussed the advantages and disadvantages of the Sponsor Group s proposal, and noted that the fairness opinion of Morgan Stanley was anticipated to be delivered at the special meeting of the board immediately to follow. After further discussion, the committee unanimously resolved to recommend to the board the approval and adoption of the merger agreement with the Sponsor Group.

Beginning late in the evening on December 17, 2006 and ending in the early morning on December 18, 2006, Biomet s board of directors convened a special meeting to consider whether to approve the transaction being proposed by the Sponsor Group. During the meeting, Morgan Stanley reported that Smith & Nephew continued to make due diligence inquiries and had asked to schedule a meeting with Mr. Hann in the upcoming week, but had not otherwise advanced negotiations on the proposed merger agreement. In contrast, Kirkland & Ellis and Morgan Stanley reported that negotiations with the Sponsor Group had continued and were near completion. Kirkland & Ellis and Simpson Thacher

then led a discussion with the board regarding certain provisions of the proposed merger agreement with the Sponsor Group, including the financing commitments, the closing conditions (including the requirement that certain financial information be delivered to the Sponsor Group and publicly disclosed prior to the Sponsor Group drawing down on the bridge financing), the no-shop covenants precluding Biomet and its representatives from soliciting alternative transaction proposals, the termination rights, the termination fee provisions, the scope of the representations and warranties, the definition of material adverse effect and the covenants (including Biomet s financial reporting requirements). These provisions were then compared to the initial bid draft of the merger agreement and to the draft of the merger agreement submitted by Smith & Nephew. The board then asked about and discussed the process, filings, information deliveries, approvals, risks and timing under different scenarios required for closing. Kirkland & Ellis asked the directors to reconfirm to the board whether or not they had any conflicts of interest.

Morgan Stanley reviewed for the board its financial analysis of the Sponsor Group s proposed transaction. Morgan Stanley then orally delivered the opinion of Morgan Stanley that, based on and subject to the various considerations, assumptions and limitations set forth in its written opinion, the consideration of $44.00 per share to be received by holders of Biomet common shares in accordance with the merger agreement was fair from a financial point of view to such shareholders. The Strategic Alternatives Committee also delivered its recommendation to the board that the Sponsor Group proposal be approved and adopted. Following these presentations, the board discussed at length the proposed transaction with the Sponsor Group, the timing and risks under different scenarios as well as the alternatives to a transaction, including continuing to operate Biomet on a standalone basis and the risks associated with such alternatives. The board then provided guidance to its legal counsel on the resolution of the remaining open issues on the merger agreement. Thereafter, the board determined that a transaction with the Sponsor Group was in the best interests of Biomet and its shareholders and voted unanimously to approve the transaction with the Sponsor Group. Finally, the disinterested directors of Biomet (i.e., all directors other than the two employees of Biomet) also voted unanimously to approve the transaction with the Sponsor Group.

On the morning of December 18, 2006, Biomet, Parent and Merger Sub executed the merger agreement. Shortly thereafter, Morgan Stanley, on behalf of Biomet, contacted Smith & Nephew to inform them that Biomet had executed a merger agreement with Parent and the process with respect to Smith & Nephew s bid would be terminated pursuant to the terms of the merger agreement. Prior to the opening of trading on NASDAQ on December 18, 2006, Biomet and the Sponsor Group issued a joint press release announcing commencement of the transaction.

Recommendation of Our Board of Directors; Reasons for Recommending the Approval of the Merger Agreement

Our Board of Directors Recommendation

At a special meeting of our board of directors convened on the evening of December 17, 2006, our board of directors unanimously adopted and declared advisable the merger agreement and the merger and related transactions and unanimously determined that the merger is in the best interests of Biomet and its shareholders. **Accordingly, our board of directors recommends that our shareholders vote FOR approval of the merger agreement.**

Our Reasons for the Merger

In reaching its decision to unanimously adopt the merger agreement and declare advisable the merger agreement and the merger and related transactions, to unanimously determine that the merger is in the best interests of Biomet and its shareholders and to unanimously recommend that Biomet s shareholders vote to approve the merger agreement, our board of directors consulted with management and its financial

and legal advisors. The board of directors considered the following factors and potential benefits of the merger, each of which it believed supported its decision:

- the current and historical market prices of Biomet s common shares, and the fact that the $44.00 per share to be paid for each Biomet common share in the merger represents a premium to those historical trading prices a premium of approximately 27% over Biomet s closing price on April 3, 2006, the trading day prior to public speculation of Biomet executing a significant transaction, which was subsequently confirmed by Biomet on April 6, 2006 when it announced that it had retained Morgan Stanley to assist it in exploring strategic alternatives;

- the possible alternatives to the sale of Biomet, including continuing to operate Biomet on a standalone basis, and the risks associated with such alternatives, each of which the board of directors determined not to pursue in light of its belief, and the belief of Biomet s management, that the merger was in the best interests of Biomet and its shareholders;

- the recent evaluation by the board of directors of Biomet s five-year strategic business plan, as well as the execution risks related to achieving that plan, compared to the risks and benefits of the transaction;

- the business, operations, management, financial condition, earnings and cash flows of Biomet on a historical and prospective basis, including the financial targets disclosed under Proposal 1 Approval of the Merger Agreement Strategic Plan Financial Targets beginning on page 43;

- the review of strategic alternatives conducted by Biomet with the assistance of Morgan Stanley, which involved publicizing Biomet s review of strategic alternatives, engaging in discussions with four parties to determine their potential interest in a business combination transaction with Biomet, entering into confidentiality agreements with three parties and the receipt of two definitive proposals to acquire Biomet;

- from at least fiscal 2005, Biomet underperformed and has continued to underperform its peer group in terms of median sales and earnings growth;

- the judgment of our board of directors that extending the process by continuing or entering into negotiations with any other parties, including Smith & Nephew, would extend the uncertainty that was becoming increasingly disruptive to Biomet s operations and subject Biomet to significant additional negotiation and risks, including endangering the offer received from the Sponsor Group;

- the fact that the merger consideration is all cash, which provides our shareholders with certainty of value for their shares;

- the presentation of Morgan Stanley, including its opinion that, as of the date of its opinion and based upon and subject to the various considerations, assumptions and limitations set forth in its written opinion, the consideration of $44.00 per share to be received by holders of Biomet common shares in accordance with the merger agreement was fair from a financial point of view to such shareholders (see Proposal 1 Approval of the Merger Agreement Opinion of our Financial Advisor beginning on page 37 and Annex B to this proxy statement);

- the current and prospective environment in which we operate, including national economic conditions, the competitive environment in our industry generally, the trend towards consolidation in our industry, the evolving regulatory environment and the likely effect of these factors on us;

- the terms of the merger agreement, including without limitation:

- the limited number and nature of the conditions to Parent and Merger Sub s obligation to consummate the merger and the limited risk of non-satisfaction of such conditions, including that for purposes of the merger agreement a material adverse effect on Biomet does not

include circumstances resulting from the carve-outs to the definition of material adverse effect under The Merger Agreement Representations and Warranties beginning on
page 63;

- the provisions of the merger agreement which allocate risk with respect to developments arising out of the review into Biomet s historical stock option granting practices to the Sponsor Group;

- the provisions of the merger agreement that allow the board of directors, under certain limited circumstances where failure to take such actions would be inconsistent with its fiduciary duties under applicable law, to change its recommendation that Biomet shareholders vote in favor of the approval of the merger agreement;

- the provisions of the merger agreement that allow Biomet, under certain limited circumstances where failure to take such actions would be inconsistent with its fiduciary duties under applicable law, to furnish information to and conduct negotiations with third parties;

- the provisions of the merger agreement that allow Biomet, under certain limited circumstances where failure to take such actions would be inconsistent with the board s fiduciary duties under applicable law, to terminate the merger agreement in order to accept a Superior Proposal (subject to negotiating with Parent in good faith and paying to Parent the $272.5 million termination fee);

- the conclusion of the board of directors that both the $272.5 million termination fee (and the circumstances when such fee is payable) and the requirement to reimburse Parent for certain expenses, up to a limit of $40 million, in the event that the merger agreement is terminated because Biomet s shareholders fail to approve the merger agreement at the special meeting or any adjournment thereof at which it was voted on and a termination fee is not otherwise payable at the time of such termination, were reasonable in light of the benefits of the merger, the auction process conducted by Biomet with the assistance of Morgan Stanley and commercial practice;

- the obligation of Parent to pay to Biomet a $272.5 million termination fee if we terminate the merger agreement on the termination date and all conditions to the obligations of Parent and Merger Sub (other than delivery of an officer s certificate) have been satisfied and Parent fails to close, including because Parent and Merger Sub fail to receive the proceeds of the debt financing contemplated by the debt financing commitment,(or alternative debt financing on terms not materially less beneficial to Merger Sub than the terms set forth in the debt financing commitment) sufficient to consummate the merger; and

- the ability of Biomet to seek up to an aggregate of $272.5 million in damages from Parent and Merger Sub under certain circumstances if Parent or Merger Sub breaches the merger agreement;

- the recommendation of the Strategic Alternatives Committee that the board of directors adopt the merger agreement;

- the debt commitment letter indicated a strong commitment on the part of the lenders to Parent with few conditions that would permit the lenders to terminate their commitment;

- the commitment of the Sponsor Group under certain circumstances to utilize bridge financing to close the transaction;

- the experience of members of the Sponsor Group in closing acquisitions of this scale;

- the fact that the non-financial terms of the proposal received by Smith & Nephew were, in the aggregate, significantly less favorable to Biomet than the proposal by the Sponsor Group, including as to conditionality;

- the potential impact on Biomet s operations from announcing a transaction with a competitor and the greater uncertainty and potential for delay in closing a transaction with Smith & Nephew; and

- the advantages to employees, suppliers, customers, team members and various other constituencies of Biomet in remaining an independent company owned by the Sponsor Group.

Each of these factors supported the conclusion by our board of directors that the merger is in the best interests of Biomet and its shareholders. Our board of directors relied on management to provide accurate and complete financial information, projections and assumptions as the starting point for its analysis and also considered the possible impact on the information provided that might arise from the ongoing investigation into Biomet s historical stock option granting practices.

Our board of directors also considered, and balanced against the potential benefits, a variety of risks and other potentially negative factors relating to the merger agreement and the transactions contemplated by it. These factors included:

- the fact that the per share merger consideration offered by Smith & Nephew was $1 per share higher than the Sponsor Group s offer, and that Smith & Nephew proposed to finance the acquisition of Biomet with less debt financing than the Sponsor Group;

- the fact that we are entering into a merger agreement with a newly formed corporation with essentially no assets and, accordingly, that our remedy in connection with a breach of the merger agreement by Parent or Merger Sub, even a breach that is deliberate or willful, is limited to $272.5 million;

- the fact that, following the merger, our shareholders will cease to participate in any of our future earnings or benefit from any future increase in our value, including any appreciation in value that could be realized as a result of improvements to Biomet s operations;

- the potential impact that the Special Litigation Committee s ongoing investigation into Biomet s historical stock option granting practices may have had on the bidding process and timing for completion of the merger, the associated potential risk that closing conditions might not be satisfied and the costs and benefits of delaying the process until completion of the review;

- the fact that certain individuals associated with us may have interests that are different from those of our shareholders;

- the limitations contained in the merger agreement on our ability to solicit or discuss other offers, as well as the possibility that we may be required to pay to Parent a termination fee under certain circumstances;

- the possibility that the merger may not be completed in a timely manner or at all, which would divert significant resources and have a negative impact on our operations;

- the possible effects of the announcement of the merger on employees, distributors and customers, suppliers and various other constituencies;

- the transaction costs that would be incurred in connection with the merger, as well as the risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to implement the merger;

- the fact that, for U.S. federal income tax purposes, the merger consideration will be taxable to our shareholders; and

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- restrictions on the conduct of Biomet s business prior to the completion of the merger, requiring us to conduct business only in the ordinary course, subject to specific limitations or Parent consent, which may delay or prevent us from undertaking business opportunities that may arise pending completion of the merger.

This discussion of the information and factors considered by our board of directors in reaching its conclusions and recommendation includes all of the material factors considered by our board of directors, but is not intended to be exhaustive. In view of the wide variety of factors considered by our board of directors in evaluating the merger agreement and the transactions contemplated by it, including the merger, and the complexity of these matters, our board of directors did not find it practicable to, and did not attempt to, assign relative weight to those factors. In addition, different members of our board of directors may have assigned different weight to different factors.

After taking into account all of the factors set forth above, as well as others, our board of directors determined that the merger is in the best interests of Biomet and its shareholders. **Accordingly, our board of directors recommends that our shareholders vote FOR approval of the merger agreement.**

Opinion of Our Financial Advisor

Biomet engaged Morgan Stanley & Co. Incorporated (Morgan Stanley) to provide it with financial advisory services and a financial opinion in connection with a possible merger, sale or other strategic business combination. Biomet selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, experience and reputation and its knowledge of the sector in which Biomet operates. At the special meeting of the Biomet board of directors convened on the evening of December 17, 2006, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of December 17, 2006, and based on and subject to the various considerations, assumptions and limitations set forth in its opinion, the consideration to be received by holders of Biomet common shares in accordance with the merger agreement was fair from a financial point of view to shareholders.

The full text of the written opinion of Morgan Stanley, dated as of December 17, 2006, is attached to this proxy statement as Annex B. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. We encourage you to read the entire opinion carefully. Morgan Stanley s opinion is directed to Biomet s board of directors and addresses only the fairness from a financial point of view of the consideration pursuant to the merger agreement to Biomet shareholders as of the date of the opinion. It does not address any other aspects of the merger and does not constitute a recommendation to any Biomet shareholder as to how to vote at Biomet s special meeting. The summary of the opinion of Morgan Stanley set forth in this proxy statement is qualified in its entirety by reference to the full text of the opinion.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of Biomet;
- reviewed certain internal financial statements and other financial and operating data concerning Biomet prepared by the management of Biomet;
- reviewed certain financial projections prepared by the management of Biomet;
- discussed the past and current operations and financial condition and the prospects of Biomet with senior executives of Biomet;
- reviewed the reported prices and trading activity for Biomet s common shares and other publicly available information regarding Biomet;

- compared the financial performance of Biomet and the prices and trading activity of Biomet s common shares with that of certain other comparable publicly-traded companies and their securities;

- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

- participated in discussions and negotiations among representatives of Biomet, Parent and certain other parties and their financial and legal advisors;

- reviewed the merger agreement, the debt and equity financing commitments provided to Parent by certain lending institutions and private equity funds, and certain related documents; and

- performed such other analyses and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information supplied or otherwise made available to it by Biomet for the purposes of its opinion. With respect to the financial projections, Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the future financial performance of Biomet. Morgan Stanley also assumed that the merger would be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the merger, no delays, limitations, conditions or restrictions would be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the merger. Morgan Stanley is not a legal, tax or regulatory advisor and relied upon, without independent verification, the assessment of Biomet and its legal, tax or regulatory advisors with respect to such matters, and has made no assessment as to the impact or timing implications, if any, of any ongoing legal or regulatory investigations. Morgan Stanley has not made any independent valuation or appraisal of the assets or liabilities of Biomet, nor has Morgan Stanley been furnished with any such appraisals. Morgan Stanley s opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, December 17, 2006. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm this opinion.

Morgan Stanley has not been asked to express, and has not expressed, any opinion as to any other transaction other than the merger, nor has Morgan Stanley been asked to express, and has not expressed, any opinion as to the relative merits of or consideration offered in the merger as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved.

The following is a brief summary of the material financial analyses performed by Morgan Stanley in connection with the preparation of its opinion dated December 17, 2006. The various analyses summarized below were based on closing prices for the common shares of Biomet as of December 15, 2006, the last full trading day preceding the day of the special meeting of Biomet s board of directors to adopt and declare advisable the merger agreement and the merger and related transactions and to determine that the merger is in the best interests of Biomet and its shareholders. Although each financial analysis was provided to the board of directors of Biomet in connection with arriving at its opinion, Morgan Stanley considered all of its analyses as a whole and did not attribute any particular weight to any analysis described below. These summaries of financial analyses include information presented in tabular format. To fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

Comparable Company Analysis.

Morgan Stanley, using publicly available information, compared certain financial and operating information of a group of selected orthopedic companies comparable to Biomet. The companies used in this comparison included the following companies:

Orthopedic Companies
Smith & Nephew plc
Stryker Corporation
Synthes, Inc.
Wright Medical Group, Inc.
Zimmer Holdings, Inc.

For purposes of this analysis, Morgan Stanley analyzed the following statistics of each of these companies for comparison purposes:

- the ratio of aggregate value, defined as market capitalization plus total debt less cash and cash equivalents, to estimated calendar year 2007 EBITDA, defined as earnings before interest, taxation, depreciation and amortization (based on publicly available estimates);

- the ratio of price to estimated EPS for calendar year 2007 (based on publicly available estimates);

- the relationship between the ratio of stock price to estimated calendar year 2007 EPS divided by the estimated long-term EPS growth rate (based on publicly available estimates) as of December 15, 2006 and October 20, 2006, the last trading day prior to speculation around a potential transaction between Biomet and Smith & Nephew plc. The long-term EPS growth rate is based on equity research analyst estimates of the projected five-year compounded EPS growth rate.

Based on the analysis of the relevant metrics for each of the comparable companies, Morgan Stanley selected a representative range of financial multiples of the comparable companies and applied this range of multiples to the relevant financial statistic. Morgan Stanley calculated a range of estimates by utilizing publicly available equity research projections. Based on Biomet s current outstanding shares and options, Morgan Stanley estimated the implied value per Biomet share as of December 15, 2006 as follows:

Calendar Year Financial Statistic	Financial Statistic (Based on Research)	Selected Multiple Range of Comparable Companies	Implied Value Per Share Range for Biomet
Aggregate Value / 2007E EBITDA	$ 814MM	11.0-13.0x	$ 36-$43
Price to 2007E Earnings	$ 1.97	18.0-23.0x	$ 35-$45
Price to 2007E Earnings vs. Long-Term Growth	15.0 %	1.1-1.5x	$ 33-$44

Morgan Stanley noted that the consideration in the merger agreement was $44 per Biomet common share.

No company selected for the comparable company analysis is identical to Biomet. In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Biomet, such as the impact of competition on the businesses of Biomet and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Biomet or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using comparable company data.

Discounted Cash Flow Analysis.

Morgan Stanley calculated a range of equity values per share for Biomet based on a discounted cash flow analysis. Morgan Stanley relied on financial projections provided by the management of Biomet for fiscal years 2007 through 2011 and extrapolations from those projections for fiscal years 2007 through 2011 and publicly available equity research analyst estimates for fiscal years 2007 through 2011 for four cases that were developed as part of the analysis. The four cases described in this proxy statement are: (1) Management Case, (2) Market Growth Case, (3) Discount to Market Case and (4) Street Case.

Projections for the Management Case were based on Biomet s internal strategic plan. Morgan Stanley noted that (1) the projected revenue growth in the Management Case exceeded both street projections and expected market growth and (2) operating margins in the Management Case were expected to expand significantly relative to current margins and beyond street projections. The Market Growth Case is defined as top-line market growth rates based on publicly available equity research analyst estimates of orthopedic industry revenues with constant EBIT (operating) margins based on Biomet s fiscal year 2006 actual margin. The Discount to Market Case is based on top-line market growth rates adjusted for 2% discount to market due to the fact that historically, Biomet s sales growth trailed the aggregate market growth of Biomet s primary markets by approximately 2%. Constant EBIT margins were assumed based on Biomet s fiscal year 2006 actual margin. The Street Case is based on consensus publicly available equity research analyst estimates. Cash flow assumptions were based on management projections.

Morgan Stanley performed a discounted cash flow analysis for each of these various cases. Morgan Stanley discounted the unlevered free cash flows of Biomet for fiscal years 2007 through 2011 to present values using an 8.0% estimated weighted average cost of capital. The analysis also assumed terminal values based on a range of multiples of 18.0 20.0x estimated net income to arrive at a range of present values for Biomet. The present values as of December 31, 2006 were adjusted for Biomet s debt as of August 2006 (net of cash) and estimated proceeds from the exercise of outstanding options to arrive at an implied equity value per share. Based on this analysis, Morgan Stanley calculated values representing an implied equity value per Biomet common share. These ranges of value per case are represented below:

DCF Analysis: Equity Value per Share ($)	**Range**
Management Case	$ 59-65
Market Growth Case	$ 42-46
Discount to Market Case	$ 39-42
Street Case	$ 40-44

Morgan Stanley noted that the consideration provided for by the merger agreement was $44.00 per Biomet common share.

Precedent Transactions Analysis.

Morgan Stanley also analyzed the merger as compared to other publicly announced transactions. In connection with this analysis, Morgan Stanley reviewed a number of transactions in the orthopedic industry with a value greater than $100 million, which consisted of the following transactions:

Precedent Transaction Analysis

Acquired Company	Acquiror
Spine-Tech, Inc.	Sulzer Medica, Ltd.
Depuy, Inc.	Johnson & Johnson
Howmedica Osteonics Corporation	Stryker Corp.
Sofamor Danek Group, Inc.	Medtronic, Inc.
STRATEC Holding	Synthes, Inc.
Centerpulse Ltd.	Zimmer Holdings, Inc.
Mathys Medizinaltechnik AG	Synthes-Stratec AG
Interpore Cross International	Biomet, Inc.
Midland Medical Technologies Ltd.	Smith & Nephew plc
EMPI, Inc.	Encore Medical Corp.
Implex Corp.	Zimmer Holdings, Inc.
Royce Medical Company	Ossur Hf.
Aircast, Inc.	DJ Orthopedics, Inc.
Diagnostic Products Corp.	Siemens Ltd.
Encore Medical Corp.	The Blackstone Group

The information analyzed by Morgan Stanley for the precedent transactions included the ratios of aggregate value to last-twelve-months revenues and aggregate value to last-twelve-months EBITDA. Morgan Stanley selected a representative range of financial multiples of the precedent transactions, as shown in the following table, and applied this range of multiples to the relevant financial statistic:

Precedent Transaction Analysis	Selected Multiple Range	
	Aggregate Value / LTM Sales	Aggregate Value / LTM EBITDA
Low	3.5x	12.0x
High	5.0x	16.0x
Median	3.9x	15.7x

Based on this analysis, Morgan Stanley calculated values representing an implied equity value per Biomet common share of $29-41 based on Biomet s last-twelve-months revenue and $34-46 based on Biomet s last-twelve-months EBITDA.

Morgan Stanley compared the premia paid in U.S. public company transactions during the period 2001 to December 15, 2006, with a transaction value greater than $5 billion. Morgan Stanley selected a representative range of premia paid of 15.0%-25.0% for the selected transactions, representing an implied value per share of $40-$44 per Biomet common share, calculated based on a share price of $35.05 as of October 20, 2006 which was the last trading day prior to speculation arising as to a potential transaction involving Biomet and Smith & Nephew plc.

Morgan Stanley noted that the consideration provided for by the merger agreement was $44.00 per Biomet common share.

Trading Range Analysis.

Morgan Stanley reviewed the range of closing prices of Biomet s common shares for the 52-week period ending on December 15, 2006. Morgan Stanley observed the range of closing prices of $30-$42, and noted that the consideration provided for in the merger agreement was $44.00 per Biomet common share.

Securities Research Analysts Price Targets.

Morgan Stanley reviewed and analyzed future public market trading price targets for Biomet s common shares prepared and published by equity research analysts. These targets reflect each analyst s estimate of the future public market trading price of Biomet s common shares. The range of equity analyst price targets for Biomet, discounted to the present value using a discount rate of 8.0%, was $32 to $44. Morgan Stanley noted that the consideration in the merger agreement was $44 per Biomet common share.

The public market trading price targets published by securities research analysts do not necessarily reflect current market trading prices for Biomet s common shares and these estimates are subject to uncertainties, including the future financial performance of Biomet and future financial market conditions.

Leveraged Buyout Analysis.

Morgan Stanley also analyzed Biomet from the perspective of a potential purchaser that was not a strategic buyer, but rather primarily a financial buyer that would effect a leveraged buyout of Biomet. This analysis, calculated as of the last twelve months ended August 31, 2006, assumed a leveraged buyout of Biomet s consolidated businesses, based on the same financial forecasts described above. Morgan Stanley determined the implied valuation range for Biomet s common shares based on a five-year internal rate of return range of 17.5% to 22.5% and an exit multiple range of 11.0x to 13.0x trailing EBITDA as of May 31, 2012. Based on these projections and assumptions, Morgan Stanley calculated an implied valuation range of Biomet s common shares of $48 to $59 for the Management Case, $38 to $45 for the Market Growth Case, $36 to $43 for the Discount to Market Case and $37 to $43 for the Street Case. Morgan Stanley noted that the consideration in the merger agreement was $44 per Biomet common share.

In connection with the review of the merger by Biomet s board of directors, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley s view of the actual value of Biomet. In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters. Many of these assumptions are beyond the control of Biomet. Any estimates contained in Morgan Stanley s analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness of the merger consideration in accordance with the merger agreement from a financial point of view to Biomet shareholders and in connection with the delivery of its opinion to Biomet s board of directors.

The merger consideration was determined through arm s-length negotiations between Biomet and Parent and was approved by Biomet s board of directors. Morgan Stanley provided advice to Biomet during these negotiations. Morgan Stanley did not, however, recommend any specific merger consideration to Biomet or that any specific merger consideration constituted the only appropriate merger consideration for the merger.

Morgan Stanley s opinion and its presentation to Biomet s board of directors was one of many factors taken into consideration by Biomet s board of directors in deciding to adopt and declare advisable the merger agreement and the merger and related transactions and to determine that the merger is in the best interests of Biomet and its shareholders. Consequently, the analyses as described above should not be viewed as determinative of the opinion of Biomet s board of directors with respect to the merger

consideration or of whether Biomet s board of directors would have been willing to agree to different merger consideration.

Biomet s board of directors retained Morgan Stanley based upon Morgan Stanley s qualifications, experience and expertise. Morgan Stanley is an internationally recognized investment banking and advisory firm. Morgan Stanley, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate, estate and other purposes. In the ordinary course of its trading, brokerage, investment management and financing activities, Morgan Stanley or its affiliates may actively trade the equity securities of Biomet for its own accounts or for the accounts of its customers and, accordingly, may at any time hold long or short positions in such securities. In the past, Morgan Stanley and its affiliates have provided financial advisory services for Biomet and for the investors in Parent (The Blackstone Group, Goldman Sachs Capital Partners, Kohlberg Kravis Roberts & Co. and the Texas Pacific Group) and Morgan Stanley has received fees for the rendering of these services. Morgan Stanley may also seek to provide such services to Biomet and to the investors in Parent in the future and will receive fees for the rendering of these services.

Under the terms of its engagement letter, Morgan Stanley provided Biomet financial advisory services and a financial opinion in connection with the merger, and Biomet agreed to pay Morgan Stanley a fee of approximately $33 million, a substantial portion of which is contingent upon completion of the merger. Biomet has also agreed to reimburse Morgan Stanley for its expenses incurred in performing its services. In addition, Biomet has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates, against certain liabilities and expenses, including certain liabilities under the federal securities laws, related to or arising out of Morgan Stanley s engagement.

Strategic Plan Financial Targets

Biomet s senior management does not as a matter of course make public projections as to future performance or earnings beyond the current fiscal year and is especially wary of making projections for extended periods due to the unpredictability of the underlying assumptions and estimates. However, certain financial targets prepared by senior management in connection with the five-year strategic plan discussed in Proposal 1 Approval of the Merger Agreement Background of Merger were made available to the Sponsor Group and other bidders and their respective financial advisors, our board of directors and Morgan Stanley in connection with their consideration of the merger. We have included below the material financial targets (on a consolidated basis) from our strategic plan to provide our shareholders access to certain nonpublic information considered by the Sponsor Group and other bidders, our board of directors and Morgan Stanley for purposes of considering and evaluating the merger. The inclusion of this information should not be regarded as an indication that the Sponsor Group, the board of directors, Morgan Stanley or any other recipient of this information considered, or now considers, it to be a reliable prediction of future results, especially in light of Biomet s recent underperformance versus its peer group. Our board of directors considered the execution risks associated with the financial targets below in considering and evaluating the merger, including the fact that the market and earnings per share growth targets were not reflective of recent historical results for Biomet.

The financial targets reflect numerous estimates and assumptions with respect to industry performance, general business, economic, regulatory, market and financial conditions, as well as matters specific to Biomet s business, all of which are difficult to predict and many of which are beyond Biomet s control. As a result, there can be no assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected. The financial targets cover multiple years and such information by its nature becomes less reliable with each successive year. The financial targets were prepared solely for internal use and for the use of the bidders and their financial advisors, our board of directors and Morgan Stanley in connection with the potential transaction and not with a view toward

public disclosure or toward complying with GAAP, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. The financial targets included below were prepared by, and are the responsibility of, Biomet s management. Neither Biomet s independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. The financial targets do not take into account any circumstances or events occurring after the date they were prepared, including developments arising out of the review of Biomet s historical stock option granting practices.

Biomet made its preliminary results of operations for the quarter and six months ended November 30, 2006 publicly available. You should review Biomet s Current Report on Form 8-K filed with the Securities and Exchange Commission on January 19, 2006 to obtain this information. See Where You Can Find More Information. Readers of this proxy statement are cautioned not to place undue reliance on the financial targets set forth below. No one has made or makes any representation to any shareholder regarding the information included in these projections.

The inclusion of financial targets in this proxy statement should not be regarded as an indication that such targets will be an accurate prediction of future events, and they should not be relied on as such. Except as required by applicable securities laws, Biomet does not intend to update, or otherwise revise the financial targets to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions are shown to be in error. See Cautionary Statement Regarding Forward Looking Statements.

	Fiscal Year Ended				
	Estimated 5/31/2007	**Estimated 5/31/2008**	**Estimated 5/31/2009**	**Estimated 5/31/2010**	**Estimated 5/31/2011**
Net Sales	$ 2,229,835,765	$ 2,492,248,843	$ 2,881,495,687	$ 3,337,252,177	$ 3,812,056,114
Cost of Sales	646,644,788	707,742,980	795,986,153	897,170,902	992,070,549
Gross Profit	1,583,190,977	1,784,505,863	2,085,509,534	2,440,081,275	2,819,985,565
Total SG&A	886,828,468	971,780,942	1,085,623,128	1,222,592,959	1,361,084,198
Income from Operations	696,362,509	812,724,921	999,886,406	1,217,488,316	1,458,901,367
Other Income	35,483,754	62,229,893	85,910,242	118,299,460	156,403,954
Income before taxes	731,846,263	874,954,814	1,085,796,648	1,335,787,776	1,615,305,321
Provision for taxes	244,437.000	292,235,000	362,618,000	446,149,000	539,556,000
Net Income	487,409,263	582,719,814	723,178,648	889,638,776	1,075,749,321
Diluted EPS	1.99	2.38	2.95	3.63	4.39

Financing of the Merger

The total amount of funds necessary to complete the Merger is anticipated to be approximately $11.1 billion, consisting of (1) approximately $10.9 billion to pay Biomet s shareholders and option holders the amounts due to them under the merger agreement and (2) approximately $235 million to pay related fees and expenses in connection with the merger. These payments are expected to be funded by debt financing, equity financing provided by the current equity investors in Parent and other co-investors that it may identify (which may include one or more existing holders of Biomet common shares) and, to the extent available, cash of Biomet. Parent has obtained debt and equity financing commitments described below in connection with the transactions contemplated by the merger agreement. In accordance with the merger agreement, Parent is obligated to use its reasonable best efforts to take, or cause to be taken, all

actions reasonably necessary to arrange the debt financing described below as promptly as practicable on the terms of the debt financing commitments.

Equity Financing

The current equity investors in Parent have collectively agreed to cause up to $4.376 billion of cash to be contributed to LVB Acquisition Holding, LLC, which will constitute the equity portion of the merger financing. Subject to certain conditions, each such investor may assign a portion of its equity commitment obligation, provided that it remains obligated to perform to the extent not performed by such assignee. The commitment of each such investor pursuant to the equity commitment letters are as follows:

Private equity funds sponsored by:

The Blackstone Group	$ 1,094,000,000
Goldman, Sachs & Co.	$ 1,094,000,000
Kohlberg Kravis Roberts	$ 1,094,000,000
Texas Pacific Group.	$ 1,094,000,000

LVB Acquisition Holding, LLC, which owns 100% of the outstanding equity interests in Parent, has committed to contribute such funds to Parent.

Each of the equity commitments described above is generally subject to the satisfaction or waiver of all of the conditions to the obligations of Parent and Merger Sub to effect the closing of the merger under the merger agreement in accordance with its terms. Each of the equity commitment letters will terminate upon the valid termination of the merger agreement or if Biomet or any of its affiliates assert a claim against any of the investors under any of the limited guarantees (described below) or otherwise in connection with the merger agreement or the transactions contemplated by the merger agreement.

Debt Financing

Parent has received a debt commitment letter, dated as of January 17, 2007, from Banc of America Securities LLC (BAS), Bank of America, N.A., Banc of America Bridge LLC, Goldman Sachs Credit Partners L.P. (GSCP), Bear, Stearns & Co. Inc., Bear Stearns Corporate Lending Inc., Lehman Brothers Inc., Lehman Commercial Paper Inc., Lehman Brothers Commercial Bank, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Merrill Lynch Capital Corporation, Wachovia Capital Markets, LLC, Wachovia Bank, National Association and Wachovia Investment Holdings, LLC (collectively, the Debt Financing Sources) to provide the following, subject to the conditions set forth in the debt commitment letter:

- to the surviving corporation of the merger (the Borrower), up to $4.35 billion of senior secured credit facilities (not all of which is expected to be drawn at closing) for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of Biomet and its subsidiaries, paying fees and expenses incurred in connection with the merger and for providing ongoing working capital and for other general corporate purposes of the surviving corporation and its subsidiaries;

- to Borrower, up to $775.0 million of senior unsecured cash pay bridge loans for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of Biomet and its subsidiaries and paying fees and expenses incurred in connection with the merger;

- to Borrower, up to $775.0 million of senior unsecured PIK option bridge loans for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of Biomet and its subsidiaries and paying fees and expenses incurred in connection with the merger; and

- to Borrower, up to $1.015 billion of senior subordinated bridge loans for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of Biomet and its subsidiaries and paying fees and expenses incurred in connection with the merger.

The debt commitments expire on the Termination Date under the merger agreement. The documentation governing the debt financings has not been finalized and, accordingly, their actual terms may differ from those described in this proxy statement. Parent has agreed to use its reasonable best efforts to arrange the debt financing on the terms and conditions described in the debt commitment letter. If any portion of the debt financing becomes unavailable on the terms and conditions contemplated in the debt commitment letter, Parent must use its reasonable best efforts to arrange to obtain alternative financing from alternative sources in an amount sufficient to consummate the merger and other transactions contemplated by the merger agreement on terms that are not materially less favorable in the aggregate to Parent than as contemplated by the debt commitment letter as promptly as practicable following the occurrence of such event but no later than the last day of the Marketing Period.

Although the debt financing described in this proxy statement is not subject to a due diligence or market out, such financing may not be considered assured. As of the date of this proxy statement, no alternative financing arrangements or alternative financing plans have been made in the event the debt financing described herein is not available as anticipated.

Conditions Precedent to the Debt Commitments

The availability of the facilities contemplated by the debt financing commitments is subject, among other things, to consummation of the merger in accordance with the merger agreement (without giving effect to any amendments or waivers by Parent that are material and adverse to the lenders under such facilities without the consent of BAS and GSCP), payment of required fees and expenses, the funding of the equity financing, the refinancing of certain of our existing debt and the absence of certain types of other debt, delivery of certain historical and pro forma financial information, cooperation from Parent and its affiliates in marketing the notes, the execution of certain guarantees and the creation of security interests and the negotiation, execution and delivery of definitive documentation.

Senior Secured Term and Cash Flow Revolving Credit Facilities (the Cash Flow Facilities)

General. The borrower under the Cash Flow Facilities will be the surviving corporation upon consummation of the merger. The Cash Flow Facilities will be comprised of a (1) $3.60 billion term loan facility with a term of seven and a half years and (2) a cash flow revolving credit facility with a term of six years equal to $750.0 million minus the estimated amount of the borrowing base availability on the closing date under the asset-based revolving facility.

BAS and GSCP have been appointed as joint lead arrangers for the Cash Flow Facilities. BAS, GSCP, Bear, Stearns & Co. Inc., Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated have been appointed as joint bookrunners and Wachovia Capital Markets, LLC has been appointed as co-manager for the Cash Flow Facilities. Bank of America, N.A. has been appointed as administrative agent, GSCP has been appointed as syndication agent and Bear Stearns Corporate Lending Inc., Lehman Commercial Paper Inc. and Merrill Lynch Capital Corporation have been appointed as co-documentation agents for the Cash Flow Facilities.

Interest Rate and Fees. Loans under the Cash Flow Facilities are expected to bear interest, at the Borrower s option, at a rate equal to the adjusted London interbank offer rate or an alternate base rate, in each case plus a spread. After the Borrower s delivery of financial statements with respect to at least one full fiscal quarter ending after the effective date of the merger, interest rates under the Cash Flow Facilities shall be subject to decreases based on a senior secured leverage ratio (which means the ratio of

the Borrower s total net senior secured debt to adjusted EBITDA) and shall be as agreed upon between the Borrower and the Debt Financing Sources.

Guarantors. All obligations under the Cash Flow Facilities and under any interest rate protection or other hedging arrangement entered into with a lender or any of its affiliates will be unconditionally guaranteed jointly and severally by Parent and each of the existing and future direct and indirect, wholly-owned domestic subsidiaries of the Borrower (other than certain subsidiaries to be mutually agreed upon).

Security. The obligations of the Borrower and the guarantors under the Cash Flow Facilities and the guarantees, and under any interest rate protection or other hedging arrangement entered into with a lender or any of its affiliates, will be secured, subject to permitted liens and other agreed upon exceptions, (1) on a first-lien basis, by all the capital stock of the Borrower and its subsidiaries (limited, in the case of foreign subsidiaries, to 100% of the non-voting capital stock and 65% of the voting capital stock of such subsidiaries) directly held by the Borrower or any guarantor, (2) on a first-lien basis, by substantially all present and future assets of the Borrower and each guarantor (other than account receivables, inventory, cash, deposit accounts and the intangible assets and proceeds relating to such account receivables, inventory, cash and deposit accounts) and (3) on a second lien basis, all account receivables, inventory, cash, deposit accounts and the intangible assets and proceeds relating to such account receivables, inventory, cash and deposit accounts. If certain security is not provided at closing despite the use of commercially reasonable efforts to do so, the delivery of such security will not be a condition precedent to the availability of the senior secured credit facilities on the closing date, but instead will be required to be delivered following the closing date pursuant to arrangements to be agreed upon.

Other Terms. The Cash Flow Facilities will contain customary representations and warranties and customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, investments, sales of assets, mergers and consolidations, prepayments of subordinated indebtedness, liens and dividends and other distributions. The Cash Flow Facilities will also include customary events of defaults including a change of control to be defined.

Senior Secured Asset-Based Revolving Credit Facility (the Asset-Based Credit Facility)

General. The borrower under the Asset-Based Credit Facility will also be the Borrower. The Asset-Based Credit Facility will be comprised of an asset-based credit facility with a term of six years and aggregate commitments equal to the estimated amount of the borrowing base availability on the closing date, such commitments not to exceed $750.0 million.

BAS and GSCP have been appointed as joint lead arrangers for the Asset-Based Credit Facility. BAS, GSCP, Bear, Stearns & Co. Inc., Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated have been appointed as joint bookrunners and Wachovia Capital Markets, LLC has been appointed as co-manager for the Asset-Based Credit Facility. Bank of America, N.A. has been appointed as administrative agent, GSCP has been appointed as syndication agent and Bear Stearns Corporate Lending Inc., Lehman Commercial Paper Inc. and Merrill Lynch Capital Corporation have been appointed as co-documentation agents for the Asset-Based Credit Facility.

Interest Rate and Fees. Loans under the Asset-Based Credit Facility are expected to bear interest, at the Borrower s option, at a rate equal to the adjusted London interbank offer rate or an alternate base rate, in each case plus a spread. After the Borrower s delivery of financial statements with respect to at least one full fiscal quarter ending after the effective date of the merger, interest rates under the Asset-Based Credit Facility shall be subject to decreases based on a senior secured leverage ratio (which means the ratio of the Borrower s total net senior secured debt to adjusted EBITDA) and shall be as agreed upon between the Borrower and the administrative agent.

Guarantors. All obligations under the Asset-Based Credit Facility will be unconditionally guaranteed jointly and severally by Parent and each of the existing and future direct and indirect, wholly-owned domestic subsidiaries of the Borrower (other than certain subsidiaries to be mutually agreed upon).

Security. The obligations of the Borrower and the guarantors under the Asset-Based Credit Facility and the guarantees will be secured, subject to permitted liens and other agreed upon exceptions, on a first-lien basis, by all account receivables, inventory, cash, deposit accounts and the intangible assets and proceeds relating to such account receivables, inventory, cash and deposit accounts. If certain security is not provided at closing despite the use of commercially reasonable efforts to do so, the delivery of such security will not be a condition precedent to the availability of the senior secured credit facilities on the closing date, but instead will be required to be delivered following the closing date.

Other Terms. The Asset-Based Credit Facility will contain customary representations and warranties and customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, investments, sales of assets, mergers and consolidations, prepayments of subordinated indebtedness, liens and dividends and other distributions. The Asset-Based Credit Facility will also include customary events of defaults, including a change of control to be defined.

Bridge Facilities

The Borrower is expected to issue up to $2.565 billion aggregate principal amount of senior unsecured notes and/or senior subordinated unsecured notes. The notes will not be registered under the Securities Act and may not be offered in the United States absent registration or an applicable exemption from registration requirements.

If the offering of notes by the Borrower is not completed on or prior to the closing of the merger, the Debt Financing Sources have committed to provide up to $2.565 billion in loans comprised of (1) a senior unsecured cash pay bridge facility of up to $775.0 million, (2) a senior unsecured PIK option bridge facility of up to $775.0 million and (3) a senior subordinated bridge facility of up to $1.015 billion. The Borrower would be the borrower under each bridge facility. The bridge facilities will be guaranteed (on a senior subordinated basis, in the case of the senior subordinated bridge facility) by the domestic subsidiaries of the surviving corporation that guarantee the Asset-Based Credit Facility and the Cash Flow Facilities.

BAS and GSCP have been appointed as joint lead arrangers for each of the bridge facilities. BAS, GSCP, Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wachovia Capital Markets, LLC have been appointed as joint bookrunners and Bear, Stearns & Co. Inc. has been appointed as co-manager for the bridge facilities. Banc of America Bridge LLC has been appointed as administrative agent, GSCP has been appointed as syndication agent and Lehman Commercial Paper Inc., Merrill Lynch Capital Corporation and Wachovia Capital Markets, LLC have been appointed as co-documentation agents for the bridge facilities.

Limited Guarantee

In connection with the merger agreement, each current equity investor in Parent is providing Biomet a guarantee of payment of their respective pro-rata share of the termination fee payable by Parent, if any, and Parent s and Merger Sub s obligation for breach of the merger agreement with respect to the payment obligations of Parent, up to a maximum amount equal to $68.125 million. Each guarantee will remain in full force and effect until the earliest of (1) the effective time of the merger, (2) termination of the merger agreement in accordance with its terms by mutual consent of Parent and Biomet under circumstances set forth in the merger agreement in which Parent and Merger Sub would not be obligated to pay the termination fee payable by Parent or otherwise make payments pursuant to the merger agreement, (3) December 18, 2008, provided that the limited guarantee will not terminate as to any claim for which notice has been given to the guarantor prior to December 18, 2008 until final resolution of such claim, and

(4) 180 days after termination of the merger agreement pursuant to which Parent and Merger Sub are obligated to make termination payments, provided that the limited guarantee will not terminate as to any claim for payments for which notice has been given to the respective guarantor prior to such 180th day until final resolution of such claim. However, if we bring certain legal claims relating to certain provisions of the limited guarantee with respect to the merger and related transactions, then (1) the investors obligations under the limited guarantee may terminate, (2) the investors may be entitled to recover certain payments made to Biomet under the limited guarantee and (3) neither the investors nor other certain non-recourse parties (as defined in the limited guarantee) may be liable to Biomet under certain documents in connection with the merger and related transactions. The limited guarantee is Biomet s sole recourse against each guarantor.

Certain Effects of the Merger

The merger will terminate all equity interests in our company held by our current shareholders and Parent will be the sole owner of our company and our business. Parent will be the sole recipient of the benefits of growth and will bear the risk of operations. Upon completion of the merger, we will remove our common shares from listing on the NASDAQ Global Select Market and our common shares will be deregistered under the Exchange Act and no longer be publicly traded.

Interests of Biomet Directors and Executive Officers in the Merger

In considering the recommendation of our board of directors to vote for the proposal to approve the merger agreement, you should be aware that our directors and executive officers may have agreements or arrangements that may provide them with interests in the merger that differ from, or are in addition to, those of other Biomet shareholders, as applicable. Our board of directors was aware of these agreements and arrangements as they relate to our directors and executive officers during its deliberations of the merits of the merger agreement and in determining to recommend to our shareholders that our shareholders vote to approve the merger agreement.

Treatment of Stock Options

Our directors and executive officers (and all other holders) will receive cash in the merger for our common shares owned by them and for the shares and options to purchase our common shares they hold. The common shares owned by our directors and executive officers (and all other holders) will be converted as of the completion of the merger into the right to receive $44.00 per share. Pursuant to the terms of our options, upon a change in control all stock options are to become fully vested and exercisable. As a result, any stock options outstanding (whether held by officers, directors, employees or distributors) will be cancelled and the holders thereof will be entitled to the excess, if any, of $44.00 per share over the option exercise price for each share subject to the stock option, in each case, less any applicable withholding taxes and without interest.

The following table summarizes the interests of our executive officers and directors in the merger including the amount of cash each individual will receive in the merger in respect of common shares, including stock options held by such individual.

Name of Executive Officer or Director	Biomet Common Shares Owned	Unvested Options to Purchase Biomet Common Shares	Weighted Average Exercise Price of Unvested Biomet Common Shares	Vested Options to Purchase Biomet Common Shares	Weighted Average Exercise Price of Vested Biomet Options	Cash to Be Received in Connection with the Merger(1)
Thomas R. Allen	53,456	46,638	$ 33.82433	8,326	$ 32.74349	$ 2,920,359
Richard J. Borror	108,614	49,188	33.43908	6,125	35.67816	5,349,458
Garry L. England	206,199	142,563	35.19828	15,875	30.25314	10,545,787
Jerry L. Ferguson(2)	2,925,507	11,250	29.0933	3,750	29.0933	128,945,909
James W. Haller	39,936	43,125	34.32861	12,000	33.60167	2,299,043
Daniel P. Hann	89,438	271,512	34.63228	15,875	31.48385	6,677,883
C. Scott Harrison, M.D.	543,341			6,000	37.95667	23,943,264
M. Ray Harroff(2)	53,450			6,000	37.95667	2,388,060
Gregory D. Hartman	213,597	96,562	34.90568	15,875	31.48385	10,475,128
Thomas F. Kearns, Jr.	12,402			6,000	37.95667	581,948
William C. Kolter	36,766	79,188	34.52545	9,375	32.03786	2,480,120
Sandra A. Lamb	676			4,000	39.085	49,404
Jerry L. Miller	3,600,106			6,000	37.95667	158,440,924
Kenneth V. Miller	14,783			6,000	37.95667	686,712
Charles E. Niemier	732,799	125,562	34.66552	15,875	31.48385	33,613,906
Niles L. Noblitt(2)	3,983,793					175,286,892
Marilyn Tucker Quayle	28,592			6,000	37.95667	1,294,308
Gregory W. Sasso	67,727	48,907	33.51151	9,188	32.26591	3,600,761
Stephen F. Schiess	17,750	60,838	33.75613	6,850	32.48766	1,483,076
Bradley J. Tandy	39,010	50,625	33.55462	10,000	32.44625	2,360,775
L. Gene Tanner	108,723			4,000	39.085	4,803,472
Roger P. van Broeck	66,981	86,563	34.52366	3,750	43.71	3,768,552
Darlene Whaley	34,859	48,907	33.51151	9,188	32.26591	2,154,569

(1) Includes the cash to be received with respect to (a) common shares and (b) stock options in connection with the merger before considering the applicable tax withholdings.

(2) Founder of Biomet, Inc.

Management Arrangements

As of the date of this proxy statement, no member of our management has entered into any amendment or modification to an existing employment agreement with us or our subsidiaries in connection with the merger. In addition, as of the date of this agreement, no member of our management has entered into any agreement, arrangement or understanding with Parent, Merger Sub or their affiliates regarding employment with, or the right to reinvest, convert or participate in the equity of, the surviving corporation. Parent has informed us that it currently intends to retain members of our management team following the merger. Parent has also informed us that it may offer members of management the opportunity to convert all or a portion of their current equity interests in Biomet into, or otherwise invest on terms that are no more favorable than the other investors in, equity in Parent (and/or a subsidiary thereof). Further, Parent has informed us that it intends to establish equity-based incentive compensation plans for management of the surviving corporation, a portion of which is likely to be allocated to our executive officers. The size of such equity-based incentive compensation plans has not yet been determined and no awards have yet been

made or promised to our current executive officers. It is anticipated that equity awards granted under these incentive compensation plans would generally vest over a number of years of continued employment and would entitle management to share in the future appreciation of the surviving corporation.

Although it is likely that certain members of our management team will enter into new arrangements with Parent or its affiliates regarding employment (and severance arrangements) with, and the right to purchase or participate in the equity of, Parent (and/or a subsidiary thereof), there can be no assurance that any parties will reach an agreement. These matters are subject to negotiation and discussion and no terms or conditions have been finalized. Any new arrangements are currently expected to be entered into at or prior to the completion of the merger.

Although no arrangement has been made as of the date of this proxy statement, Parent has informed us that it expects to offer not more than two members of management the opportunity to serve on the boards of directors of Parent and the surviving corporation following the merger, which boards are expected to include at least nine other members.

Change-in-Control Agreements and Severance Pay Plan

On September 20, 2006, we entered into change in control agreements with the Biomet executives listed in the table below. The agreements were intended to provide for continuity of management in the context of a prospective change in control of Biomet (as defined in the agreements). Upon a change in control, as will occur in connection with the merger and related transactions, the agreements remain in effect for a period of at least 24 months beyond the month of such change in control. Each agreement provides that during the 24-month period following a change in control, Biomet agrees to continue to employ the executive and the executive agrees to remain in the employ of Biomet.

If, following a change in control, the executive dies or is terminated by us for any reason other than for cause (as defined in the agreements) or disability, or by the executive for good reason (as defined in the agreements), the executive would be entitled to a lump sum severance payment equal to three (in the case of Mr. Hann) and two (in the case of the other executives listed in the table below) times the sum of the executive s annual base salary, target bonus, annual Biomet contributions to all qualified retirement plans on behalf of the executive and the executive s total annual car allowance. In addition, (1) the executive would receive a payout of his unpaid annual base salary, target bonus and other accrued compensation and benefits through the end of the fiscal year containing the termination date, (2) we will pay the executive a lump sum cash stipend equal to 24 times the monthly premium then charged for family coverage under our medical and dental plans and (3) the executive would receive life insurance and long-term disability benefits, or the cash equivalent if not available, substantially similar to those that the executive is receiving immediately prior to the notice of termination for a 24-month period after the date of termination. Further, all outstanding stock options granted to the executive would become immediately vested and exercisable and all restrictions on restricted stock awards would lapse, unless otherwise provided for under a written stock award agreement.

In the event that any payments made to the executives in connection with a change in control and termination of employment would be subject to excise taxes under the Internal Revenue Code, Biomet will gross up the executive s compensation to fully offset such excise taxes.

Severance benefits, other than the life insurance and long-term disability benefits, are generally not subject to mitigation or reduction. To receive the severance benefits provided under the agreements, the executive must sign a general release of claims. In connection with the execution of the agreements, each executive executed a customary confidentiality, non-competition and non-solicitation agreement with us.

On September 21, 2006, we adopted the Biomet, Inc. Executive Severance Pay Plan for the executives party to the change in control agreements described above. The severance plan provides each participating

Biomet executive with severance benefits in the event of a termination of the executive s employment unrelated to the executive s (1) performance of his employment duties or (2) commission of an act or acts outside of the scope of his employment duties that would constitute the basis of a termination for cause under his agreement.

Severance benefits under the plan generally consist of the following: (1) payment of a pro-rata target bonus (based on the elapsed portion of the year of termination) in a lump sum; (2) continued payment of base salary for no more than 78 weeks (depending on years of service at Biomet) following the termination date; (3) immediate vesting of all of the executive s outstanding equity awards (stock options and restricted stock); (4) at our expense, continuation of coverage under Biomet health insurance plans pursuant to COBRA for a period not to exceed eighteen months from the termination date; and (5) continuation of any Biomet-provided car allowance for a period of twelve months from the termination date.

As a condition to receiving severance benefits under the plan, the executive must execute a waiver and release of claims in favor of Biomet and enter into to a customary confidentiality, non-competition and non-solicitation agreement with us. Severance benefits under the plan are generally intended to be the sole source of severance benefits payable upon a termination of the executive s employment and are generally not subject to mitigation or reduction. We may amend or terminate the severance plan at any time. In the event the executive is entitled to benefits under the change in control agreement as a result of a termination of employment, such executive is not entitled to receive benefits under the plan.

Although Parent has not indicated whether it plans to terminate any of our executive officers, the following table shows the amount of potential cash payable (both accrued obligations and severance) to our current executive officers, pursuant to the change in control agreements, based on an assumed termination date of January 3, 2007. The table also shows the estimated present value of continuing coverage and other benefits under Biomet s group health, dental, disability and life insurance plans and the estimated tax gross-up payments to each such officer. Although the calculations are intended to provide reasonable estimates of the potential benefits, they are based on numerous assumptions and do not represent the actual amount an executive would receive if an eligible termination event were to occur.

Name of Executive Officer	Estimated Present Value of Accrued Obligations (1)(2)	Estimated Present Value of Cash Severance Payment (1)	Estimated Present Value of Benefits	Estimated Tax Gross-Up Payment (3)
Thomas R. Allen	$ 221,563	$ 941,700	$ 41,202	$ 532,492
Richard J. Borror	224,479	951,700	41,202	574,373
Gary L. England	338,563	1,447,700	41,202	1,050,989
James W. Haller(4)				
Daniel P. Hann	426,979	2,777,550	41,202	2,062,762
Gregory D. Hartman	304,646	1,299,700	41,202	783,938
William C. Kolter	247,813	1,051,700	41,202	661,272
Charles E. Niemier	385,313	1,651,700	41,202	1,097,723
Gregory W. Sasso	205,229	863,300	41,202	504,885
Stephen F. Schiess	230,146	989,700	41,202	586,903
Bradley J. Tandy	243,646	1,051,700	41,202	637,502
Roger P. van Broeck	285,833	1,372,000	53,000	
Darlene Whaley	205,313	863,700	41,202	517,571

(1) Excludes the value of acceleration of stock option awards, as reported separately herein.

(2) Represents the sum of: (a) the executive s annual base salary and car allowance from the date of termination through the end of Biomet s fiscal year in which such termination occurred, (b) the higher

of the executive s target bonus or the executive s actual bonus for the fiscal year in which termination occurs, (c) the amount the executive would have received during the fiscal year in additional employer contributions to Biomet tax-qualified plans and (d) any unpaid accrued vacation or other accrued compensation.

(3) Estimates are subject to change based on the date of completion of the merger, date of termination of the executive officer, interest rates then in effect and certain other assumptions used in the calculation. Estimates include estimated tax gross-up as a result of any acceleration of stock option awards, the potential cash severance payment and estimated present value of benefits set forth in the preceding three columns. Mr. van Broeck is not a U.S. citizen and works outside the U.S. and, thus, does not pay U.S. taxes.

(4) Mr. Haller is not party to a change in control agreement.

Indemnification and Insurance

The merger agreement requires that the surviving corporation maintain, for six years from the effective time of the merger, for the benefit of our current directors and officers, liability insurance policies covering acts or omissions occurring at or prior to the effective time with respect to those persons who are currently indemnified parties (as defined in the merger agreement). For a description of the indemnification and insurance of the officers, directors, employees and agents, see Proposal 1-Approval of the Merger Agreement Indemnification and Insurance of our Directors and Officers.

Other

Parent has informed us that it is contemplated that one of Biomet s founders, Dane A. Miller, Ph.D., will be an equity investor in Parent and the surviving corporation. We understand that, following the merger, Dr. Miller will serve on the boards of directors of Parent and the surviving corporation but will not become a member of management. Dr. Miller was the chief executive officer of Biomet until March 27, 2006 and served on its board of directors until its annual meeting of shareholders on September 20, 2006. Dr. Miller was not an executive officer or a director of Biomet at the time the merger agreement was negotiated and signed.

Dividends

Pursuant to the merger agreement, we are not prohibited from declaring our annual dividend for 2007, provided that (1) the amount of the dividend does not exceed $0.35 per common share, (2) the record date for the dividend is not earlier than July 14, 2007 and (3) the record date is earlier than the effective time of the merger. If the merger occurs on or before July 14, 2007, no such dividend will be paid.

Determination of the Merger Consideration

The merger consideration was determined through arm s length negotiations between Biomet and Parent.

Regulatory Matters

In connection with the merger, we will be required to make certain filings with, and comply with certain laws of, various federal and state governmental agencies, including:

- filing articles of merger with the Secretary of State of the State of Indiana in accordance with the Indiana Business Corporation Law after the approval of the merger agreement by our shareholders; and

- complying with U.S. federal securities laws.

The following regulatory approvals will be required in order to complete the merger:

- Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, the parties to the merger agreement cannot complete the merger until they have given notice and information to the Federal Trade Commission and the Department of Justice, and one or more specified waiting periods expire or are earlier terminated. The parties filed the required notifications and reports under the HSR Act with the Federal Trade Commission and the Department of Justice on January 17, 2007.

- The parties to the merger agreement are also required to comply with the antitrust laws of the European Union.

Dissenters Rights

Holders of Biomet s common shares are not entitled to dissenters rights in connection with the merger and related transactions under Indiana Law.

Certain Material United States Federal Income Tax Consequences

The following is a general discussion of certain material United States federal income tax considerations of the merger discussed earlier in this proxy statement to holders of our common shares. This discussion is a summary for general information purposes only and does not consider all aspects of federal taxation that may be relevant to particular holders in light of their individual investment circumstances or to certain types of holders subject to special tax rules, including partnerships, banks, financial institutions or other financial services entities, broker-dealers, insurance companies, tax-exempt organizations, regulated investment companies, real estate investment trusts, retirement plans, individual retirement accounts or other tax-deferred accounts, persons who use or are required to use mark-to-market accounting, persons that hold our common shares as part of a straddle, a hedge or a conversion transaction, persons who receive merger consideration as compensation for services, persons that have a functional currency other than the U.S. dollar, investors in pass-through entities, certain former citizens or permanent residents of the United States and persons subject to the alternative minimum tax, nor does it address any federal non-income, state, local or foreign tax considerations. This summary assumes that holders have held their shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code). This summary is based on the Code and applicable Treasury Regulations, rulings, administrative pronouncements and decisions as of the date hereof, all of which are subject to change or differing interpretations at any time with possible retroactive effect.

This discussion applies to holders who exchange all of their Biomet common shares for cash as a result of the merger and who, after the merger, have no direct or indirect interest in Biomet (whether directly or indirectly from Parent or any other person pursuant to certain tax attribution rules). The tax considerations of the merger may differ for holders who have any direct or indirect interest in Biomet after the merger as described in the immediately preceding sentence, and this discussion does not apply to such holders.

For purposes of this discussion, a U.S. Holder is a beneficial owner of our common shares that is

- a citizen or individual resident of the United States,

- a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized, or treated as created or organized, in or under the laws of the United States or any political subdivision of the United States,

- an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or

- a trust (1) if a court within the United States is able to exercise primary supervision over the trust s administration and one or more United States persons have authority to control all substantial decisions of the trust or (2) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

For purposes of this discussion, a Non-U.S. Holder is a beneficial owner of our common shares that does not qualify as a U.S. Holder under the definition above.

If a partnership (or entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our common shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. In this event, you should consult your tax advisor concerning the tax treatment of the merger.

EACH HOLDER IS URGED TO CONSULT ITS TAX ADVISOR REGARDING THE APPLICABILITY OF SPECIFIC U.S. FEDERAL, STATE, LOCAL OR FOREIGN INCOME AND OTHER TAX CONSIDERATIONS OF THE MERGER.

Consequences to U.S. Holders of Company Common Shares

A U.S. Holder of our common shares that receives cash as a result of the merger will recognize capital gain or loss equal to the amount of cash received minus the U.S. Holder s tax basis in our common shares. Any capital gain or loss recognized by the U.S. Holder will be long-term capital gain or loss if the U.S. Holder held our common shares for more than one year and short-term capital gain or loss otherwise. Long-term capital gains recognized by non-corporate taxpayers are taxable under current law at a maximum federal rate of 15 percent. Long-term capital gains recognized by corporations and short term capital gains recognized by corporations or individuals are taxable at a maximum federal rate of 35 percent. Your ability to use any capital loss to offset other income or gain is subject to certain limitations.

Consequences to Non-U.S. Holders of Company Common Shares

A Non-U.S. Holder that receives cash as a result of the merger generally will not be subject to U.S. federal income taxation unless:

- gain resulting from the merger is effectively connected with the conduct of a U.S. trade or business; or

- we are or have been a U.S. real property holding corporation (USRPHC) as defined in Section 897 of the Code at any time within the five-year period preceding the merger, the Non-U.S. Holder owned more than five percent of our common shares at any time within that five-year period and certain other conditions are satisfied.

In general, a corporation is a USRPHC if the fair market value of its U.S. real property interests equals or exceeds 50 percent of the sum of the fair market value of its worldwide (domestic and foreign) real property interests and its other assets used or held for use in a trade or business. We believe that as of the effective date of the merger, we will not have been a USRPHC at any time within the five-year period ending on the date hereof.

If a Non-U.S. Holder is subject to U.S. federal income taxation on the receipt of cash in the merger, the Non-U.S. Holder generally will recognize capital gain or loss (assuming, as noted above, that the Non-U.S. Holder holds our common shares as a capital asset within the meaning of the Code) equal to the amount of cash received minus the Non-U.S. Holder s tax basis in our common shares. The capital gain or loss will generally constitute long-term capital gain or loss if the Non-U.S. Holder held our common shares for more than one year and short-term capital gain or loss otherwise. Long-term capital gains recognized by non-corporate taxpayers are taxable under current law at a maximum federal rate of 15 percent. Long-term capital gains recognized by corporations and short-term capital gains recognized by corporations or

individuals are taxable at a maximum federal rate of 35 percent. A Non-U.S. Holder that is a corporation may also be subject to a 30 percent branch profits tax on after-tax profits effectively connected with a U.S. trade or business to the extent that such after-tax profits are not reinvested and maintained in the U.S. business. A Non-U.S. Holder s ability to use any capital loss to offset other income or gain subject to U.S. federal income taxation is subject to certain limitations.

Under certain unusual circumstances, an individual who is present in the United States for 183 days or more in the individual s taxable year of the merger may be treated as a Non-U.S. Holder under the definition above. In this case, unless gain from the sale or disposition of our common shares is already subject to tax as effectively connected with the conduct of a U.S. trade or business, the gain of the Non-U.S. Holder may be subject to a 30 percent tax on the gross amount of the gain and the Non-U.S. Holder s ability to use other losses to offset the gain on our common shares will be limited.

Income Tax Treaties

If a Non-U.S. Holder is eligible for treaty benefits under an income tax treaty entered into by the United States, the Non-U.S. Holder may be able to reduce or eliminate certain of the U.S. federal income taxes discussed above, such as the branch profits tax, and the Non-U.S. Holder may be able to treat gain, even if effectively connected with a U.S. trade or business, as not subject to U.S. federal income taxation provided that the trade or business is not conducted through a permanent establishment located in the United States. Non-U.S. Holders should consult their tax advisors regarding possible relief under an applicable income tax treaty.

Backup Withholding and Information Reporting

A holder may be subject to backup withholding with respect to the receipt of cash as a result of the merger unless the holder is exempt from backup withholding and, when required, demonstrates that status, or provides a correct taxpayer identification number on a form acceptable under U.S. Treasury Regulations (generally an IRS Form W-9, W-8BEN or W-8ECI) and otherwise complies with the applicable requirements of the backup withholding rules. We may also be required to comply with taxation information reporting requirements under the Code with respect to the merger. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption. Any amount withheld under the backup withholding rules of the Code is not an additional tax, but rather is credited against the holder s U.S. federal income tax liability. Non-U.S. Holders are advised to consult their tax advisors to ensure compliance with the procedural requirements to avoid backup withholding and, if applicable, to file a claim for a refund of any withheld amounts in excess of the Non-U.S. Holder s U.S. federal income tax liability.

THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION PURPOSES ONLY. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSIDERATIONS OF THE MERGER.

Delisting and Deregistration of Biomet Common Shares

If the merger is completed, Biomet common shares will be delisted from the NASDAQ Global Select Market and deregistered under the Exchange Act, and our common shares will no longer be publicly traded. See Market Price of Biomet s Common Shares for information on a possible delisting of our common shares prior to the merger being completed.

Redemption of the Rights Plan

On December 17, 2006, and immediately prior to the adoption of the merger agreement, our board of directors terminated the Rights Agreement, dated as of December 16, 1999, as amended, between Biomet

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and American Stock Transfer & Trust Company (as the successor rights agent to Lake City Bank) and redeemed all Rights (as defined in the rights agreement) issued and outstanding under the rights agreement. Accordingly, as provided in the rights agreement, the Rights terminated on December 17, 2006, and, thereafter, holders of the Rights were entitled only to receive a redemption payment of $0.0001 per Right. In connection with the foregoing, Biomet paid Rights holders a redemption payment of $0.0001 per Right in accordance with the terms of the rights agreement. The record date for payment of $0.0001 per Right was December 28, 2006, and the payment date occurred on January 3, 2007.

Litigation Related to the Merger

On December 20, 2006, (1) a purported class-action lawsuit captioned *Long, et al. v. Hann, et al.*, was filed in Indiana State court in the County of Kosciusko, on January 2, 2007 and (2) a purported class-action lawsuit captioned *Gervasio v. Biomet, Inc., et al.*, was filed in New York state court in the County of New York. A third purported class-action lawsuit captioned *Corry v. Biomet, Inc., et al.*, was filed in New York state court in the County of New York on January 9, 2007. These lawsuits name as defendants Biomet, each member of its board of directors, Dane Miller, Ph.D., and the following: The Blackstone Group L.P. (New York cases), Blackstone Group (Indiana case), Kohlberg Kravis Roberts & Co. (New York cases), Kohberg Kravis Roberts & Company (Indiana case), Goldman Sachs Capital Partners (New York and Indiana cases), and Texas Pacific Group (New York and Indiana cases). The complaints in these lawsuits are substantially similar and allege, among other things, that the defendants breached, or aided and abetted the breach of, fiduciary duties owed to Biomet s shareholders by Biomet s directors in connection with Biomet s entry into the merger agreement. The complaints seek, among other relief, some or all of the following: class certification of the lawsuit, a declaration that the merger agreement was entered into in breach of the fiduciary duties of the defendants, an injunction preventing the defendants from proceeding with the merger agreement, an injunction preventing consummation of the merger unless and until the defendants implement procedures to obtain the highest possible sale price, an order directing the defendants to exercise their fiduciary duties to obtain a transaction which is in the best interests of Biomet s shareholders until the process for a sale of Biomet is completed and the highest price is obtained, an order directing the defendants to exercise their fiduciary duty to disclose all material information in their possession concerning the merger prior to the shareholder vote, including Biomet s fiscal year 2007 second quarter financial results, imposition of a constructive trust upon any benefits improperly received by the defendants, an award of attorneys fees and expenses and such other relief as the court might find just and proper. Biomet believes these lawsuits are without merit and plans to defend against them vigorously. Additional lawsuits pertaining to the merger could be filed in the future.

Review of Historical Stock Option Granting Practices

Overview. As previously announced and as described in Biomet s Current Report on Form 8-K filed with the SEC on December 18, 2006, the Special Litigation Committee of the board of directors is in the process of reviewing Biomet s historical stock option granting practices and related accounting for the 11-year period from 1996 to 2006. On December 14, 2006, members of Biomet s board of directors received a preliminary report from the Special Litigation Committee presented by counsel to the Special Litigation Committee and the independent accountants retained by counsel to the Special Litigation Committee. While the investigation of the Special Litigation Committee is by no means complete, based on the investigative team s review of documents received to date and preliminary interviews of some of the individuals involved in the granting of stock options during the period in question, the Special Litigation Committee reported the following: Biomet issued stock options to purchase less than 20 million shares of Biomet stock (before adjustments for stock splits) over the 11-year period from 1996 to 2006, the majority of which were granted to employees who were not officers or directors of Biomet. According to the terms of the various stock option plans under which these stock options were issued, the option exercise price was required to be equal to the fair market value of a share of Biomet stock at the time the grant was

made. It appears, however, that a substantial number of the stock option grants made by Biomet during this time period were issued as of dates other than the dates on which the grants were actually made to take advantage of a lower stock price on the date of issue. It also appears that some members of senior management were aware of this practice, though they may not have been aware of the accounting and legal ramifications of this practice. In addition, for a substantial number of the stock options granted during the period in question, the procedures for granting stock options, including the dates on which grants were made, were not well documented; this may potentially indicate a lack of appropriate internal controls and a failure to keep adequate books and records relating to stock option grants. It is possible that correcting errors in how these stock option grants were accounted for may have a material effect on Biomet s historical and/or current financial statements.

Based on the Special Litigation Committee s preliminary report and its own assessment of the information available to date, Biomet is not able to make, at the current time, a determination, or meaningful assessment as to the probability, that errors in Biomet s current and/or historical financial statements will warrant the conclusion that any of Biomet s historical and/or current financial statements are not to be relied upon. Biomet, however, continues to address this issue by including, but not limited to, assessing the information being developed by the Special Litigation Committee and its investigative team in light of the potential risk that it may reach such a conclusion in the future.

Both the Special Litigation Committee s investigative team and Biomet have discussed this issue with Biomet s current independent accountant and will continue to advise it of additional information as it becomes available. Biomet has also advised the Midwest Regional Office of the SEC of this matter.

Impact on the Closing of the Merger. If we are unable to deliver to Parent certain financial information required by Parent to complete its contemplated financing as a result of Biomet s ongoing review of historical stock option granting practices, the marketing period will not begin. However, if we have not delivered that required financial information (but have delivered the information described below), then Parent and Merger Sub are required to borrow under the bridge facilities described in this proxy statement on page 48 and use the proceeds thereof to effectuate the closing of the merger on or prior to October 31, 2007 if all of the other closing conditions have been satisfied or waived.

Even though Parent s obligation to close the merger is not contingent on our ability to have timely filed our periodic reports with the SEC, we are required under the merger agreement, as a condition to closing, to make public and deliver to Parent certain annual and quarterly financial statements and related information (which must be prepared in accordance with GAAP, but may be qualified with respect to amounts and disclosure directly affected by Option Accounting Issues as such term is defined on page 61). Such financial statements need not be audited or reviewed by Biomet s accounting firm, or such audit may be withdrawn, solely to the extent resulting from option accounting issues and certain other immaterial unrelated matters. In January 2007, we delivered to Parent a report which contained our preliminary unaudited consolidated financial statements and related preliminary disclosures for the second quarter of fiscal 2007. We publicly furnished the same information to our shareholders by filing a Current Report on Form 8-K with the SEC on January 19, 2007.

Our Board s Considerations. Our board of directors considered the potential impact that the ongoing review into Biomet s historical stock option granting practices might have on the bidding process and timing for completion of the merger, as well as the potential risk that closing conditions might not be satisfied and the costs and benefits of delaying the bidding process until completion of the review. In addition, our board recognized that, if Biomet were to determine that its financial statements must be restated, then the restated and/or corrected historical financial statements would reflect ***higher expenses*** (a portion of which would be non-cash in nature) and ***lower profits***, but future cash flows and earnings of Biomet would not likely be affected other than with respect to any actions that may be taken as a result of

determinations made after completing the investigation into Biomet s historical stock option granting practices.

In adopting the merger agreement and making the determination to recommend that the merger agreement be approved by our shareholders, our board of directors considered, among other important factors: (1) the fact that the $44.00 per share to be paid for each Biomet common share in the merger represents a substantial premium to Biomet s historical trading prices, (2) the fact that the merger agreement must be approved by the affirmative vote of at least 75% of the votes entitled to be cast by the holders of outstanding Biomet common shares, (3) the provisions of the merger agreement in which the Parent accepted risk with respect to developments arising out of the review into Biomet s historical stock option granting practices and (4) the additional factors described in detail under Proposal 1 Approval of the Merger Agreement Recommendation of Our Board of Directors; Reasons for Recommending the Approval of the Merger Agreement beginning on page 33.

Our Recommendation to Shareholders. Both our board of directors and Parent recognized that, as a result of developments arising out of the review into Biomet s historical stock option granting practices, Biomet s financial statements for prior fiscal periods may be subject to significant changes and adjustments, including:

- compensation expense may increase to reflect the intrinsic value of options on the measurement date;
- net income may decrease as a result of the increase in compensation expense;
- paid-in-capital may increase as option-related compensation expense increases paid-in-capital;
- retained earnings may decrease because net income decreases;
- the amount of the deduction from taxable income for option-related compensation may be limited;
- earnings per share may decrease due to a decrease in net income;
- litigation expense may increase; and
- there may be related tax effects, other expenses incurred and other adjustments recorded as a result of any such restatement.

Our board of directors concluded that, if Biomet determines that its financial statements must be restated, the restated and/or corrected financial statements reflecting ***higher expenses*** and ***lower profit*** would not be likely to induce a potential bidder to pay more for Biomet. In addition, the board concluded that the uncertainty arising from further delay in Biomet s publicly-announced strategic review process would be more detrimental to Biomet than any negative impact the status of the stock options review (which was initiated toward the end of the strategic review process) may have on the outcome of that process. Also, our board did not observe that the bidding process was adversely impacted in any significant respect by the disclosure of this review, in part, we believe, because it was determined that Biomet granted a total of less than 20 million options over the 11-year period of time that is the subject of the investigation.

After weighing the costs and benefits of delaying the process until completion of the review, our board of directors approved and recommended a transaction that it determined provides Biomet s shareholders with a substantial premium to Biomet s historical trading prices and is in the best interests of Biomet and its shareholders.

Additional Information. We file annual, quarterly and current reports and other information with the SEC. Please refer to these filings after the date of this proxy statement for important developments regarding the ongoing review of Biomet s historical stock option granting practices. See Where You Can Find More Information.

THE MERGER AGREEMENT

This section of the proxy statement describes the material provisions of the merger agreement but does not purport to describe all of the terms of the merger agreement. The following summary is qualified in its entirety by reference to the complete text of the merger agreement, which is attached as Annex A to this proxy statement. We urge you to read the full text of the merger agreement because it is the legal document that governs the merger. It is not intended to provide you with any other factual information about us. Such information can be found elsewhere in this proxy statement and in the public filings we make with the SEC, as described in the section entitled Where You Can Find More Information beginning on page 85.

The Merger

The merger agreement provides that, at the effective time of the merger, Merger Sub will merge with and into Biomet. Upon completion of the merger, Merger Sub will cease to exist and Biomet will continue as the surviving corporation and a wholly-owned subsidiary of Parent.

At the effective time, the articles of incorporation of Merger Sub in effect immediately prior to the effective time of the merger will become the articles of incorporation of the surviving corporation, except that the surviving corporation will be named Biomet, Inc. ; the bylaws of Merger Sub in effect immediately prior to the effective time will become the bylaws of the surviving corporation; the directors of Merger Sub at the effective time will become the directors of the surviving corporation until their successors are duly elected or appointed and qualified or until their earlier death, resignation or removal; and our officers at the effective time will become the officers of the surviving corporation until their successors are duly elected or appointed and qualified or until their earlier death, resignation or removal.

Effective Time; Marketing Period

The merger will become effective upon the filing of the articles of merger with the Secretary of State of the State of Indiana or such later time as is agreed upon between the parties and specified in the articles of merger. The filing of the articles of merger and the closing will occur on the second business day after all of the conditions to the merger set forth in the merger agreement have been satisfied or waived (or such other date as the parties may agree). Notwithstanding the foregoing, the parties are not required to effect the closing until the earliest of:

- a date during the Marketing Period specified by Parent on no less than three business days notice to us;
- the final day of the Marketing Period; and
- 11:59 p.m. New York City time on October 31, 2007.

For purposes of the merger agreement, Marketing Period means the first period of 20 consecutive days after the latest to occur of the date Parent and its financing sources have received from us certain information required to be delivered pursuant to the third bullet point under Cooperation of Biomet on page 73 and the business day after the date we file with the SEC our Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2006 throughout and on the last day of which:

- Parent and its financing sources have certain required information from us;
- nothing has occurred and no condition exists that would cause any of the conditions to the obligations of Parent and Merger Sub (other than receipt of the certificates referred to in those closing conditions) to complete the merger to fail to be satisfied if the closing were to occur during the Marketing Period; and

- the closing conditions relating to obtaining shareholder approval and relevant antitrust approvals and absence of injunctions have been satisfied.

Notwithstanding the foregoing, (1) the Marketing Period will end on any earlier date on which Parent consummates its debt financing, (2) August 17 through September 3, 2007 will not be counted or taken into account for purposes of calculating such 20-consecutive-day period and (3) the Marketing Period will not be deemed to have commenced if, prior to the completion of the Marketing Period:

- Ernst & Young LLP withdraws its audit opinion with respect to any financial statements contained in the required information provided by us to Parent, in which case the Marketing Period will not be deemed to commence at the earliest unless and until a new unqualified audit opinion is issued with respect to the consolidated financial statements for the applicable periods by Ernst & Young LLP or another independent registered accounting firm reasonably acceptable to Parent;

- we announce any intention to restate any of our financial information included in the required information provided by us to Parent or any such restatement is under consideration or may be a possibility, in which case the Marketing Period will not be deemed to commence at the earliest unless and until such restatement has been completed and our SEC reports have been amended or we have announced that we have concluded that no restatement will be required in accordance with GAAP; or

- we are delinquent in filing any report with the SEC, in which case the Marketing Period will not be deemed to commence at the earliest unless and until all such delinquencies have been cured.

If the financial statements included in the required information provided by us to Parent that is available to Parent on the first day of any such 20-consecutive-day period would not be sufficiently current on any day during such 20-consecutive-day period to permit (1) a registration statement using such financial statements to be declared effective by the SEC on the last day of the 20-consecutive-day period or (2) our independent registered accounting firm to issue a customary comfort letter to purchasers (in accordance with its normal practices and procedures) on the last day of the 20-consecutive-day period, then a new 20-consecutive-day period will commence upon Parent receiving updated required information from us that would be sufficiently current to permit the actions described in (1) and (2) on the last day of such 20-consecutive-day period.

In the event that prior to September 30, 2007:

- all or any portion of Parent s debt financing structured as high yield financing has not been consummated; and

- all closing conditions contained in the merger agreement, other than the delivery of officer certificates, have been satisfied or waived, ignoring any failure by us to deliver to Parent certain required information solely to the extent such failure results from:

- the failure to (1) properly document the measurement date for any stock option grant, (2) record stock option expense (or other items relating thereto) in accordance with GAAP or (3) issue stock options in accordance with the terms of any applicable stock option plan (the foregoing such failures, the Option Accounting Issues); and

- other immaterial unrelated matters that, in the aggregate, would not in the case of this bullet point have prevented us from providing such required information to Parent and have required in and of themselves a restatement of our financial statements, and

- the closing shall not have occurred (including as a result of the failure of the initiation date of the Marketing Period to occur),

then Parent and Merger Sub:

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- shall promptly (but in any event within five business days) notify their lenders of the possibility that it will utilize the bridge financings contemplated by Parent s debt commitment letter and commence the preparation and negotiation of any definitive documents in connection with such bridge financings which has not theretofore been agreed upon; and

- shall no later than October 31, 2007, borrow under such bridge financings and use the proceeds thereof to effectuate the closing on or prior to October 31, 2007.

Conversion of Shares

At the effective time:

- each common share issued and outstanding immediately before the effective time of the merger (other than those shares owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent and shares owned by us or any of our direct or indirect wholly-owned subsidiaries) will be converted into the right to receive $44.00 per share in cash, less any required withholding taxes and without interest;

- all common shares so converted will, by virtue of the merger and without any action on the part of the holder, cease to be outstanding, be cancelled and cease to exist, and each certificate formerly representing any of the common shares will thereafter represent only the right to receive the per share merger consideration, without interest;

- each common share owned by Parent, Merger Sub or any other direct or indirect wholly-owned subsidiary of Parent and shares owned by us or any of our direct or indirect wholly-owned subsidiaries, will automatically cease to be outstanding, will be cancelled without payment of any consideration and will cease to exist; and

- each common share, without par value, of Merger Sub issued and outstanding immediately prior to the effective time of the merger, will be converted into one common share, without par value, of the surviving corporation.

Payment for Shares

At the effective time of the merger, Parent will deposit with a paying agent appointed by it, for the benefit of the holders of common shares, sufficient funds to pay the aggregate per share merger consideration (which we refer to as the exchange fund). Within five business days after the effective time of the merger, the surviving corporation will cause the paying agent to mail to each holder of record of our common shares immediately prior to the effective time of the merger, a form of letter of transmittal and instructions to effect the surrender of their share certificate(s) in exchange for payment of the per share merger consideration. You should not send in your share certificates until you receive the letter of transmittal. The letter of transmittal and instructions will tell you what to do if you have lost a certificate, or if it has been stolen or destroyed. You will have to provide an affidavit to that fact and, if required by Parent, post a bond in a reasonable amount as Parent directs as indemnity against any claim that may be made against Parent or the surviving corporation with respect to that certificate.

The paying agent will promptly pay you your merger consideration after you have surrendered your certificates to the paying agent and provided to the paying agent any other items specified by the letter of transmittal and instructions. The surrendered certificates will be cancelled upon delivery of the merger consideration. Interest will not be paid or accrued in respect of cash payments of merger consideration. Parent, Merger Sub, the surviving corporation or the paying agent may reduce the amount of any merger consideration paid to you by any applicable withholding taxes.

Any portion of the exchange fund (including the proceeds of any investments thereof) that remains unclaimed for 180 days after the effective time of the merger will be delivered to the surviving corporation.

Holders of shares outstanding before the effective time will thereafter be entitled to look only to the surviving corporation for payment of any claims for merger consideration to which they may be entitled. None of the surviving corporation, Parent, the paying agent or any other person will be liable to any person in respect of any merger consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar laws.

Transfer of Shares

After the effective time of the merger, there will be no transfers on our share transfer books of common shares outstanding immediately prior to the effective time. If, after the effective time, any certificate for our common shares is presented to the surviving corporation, Parent or the paying agent for transfer, it will be cancelled and exchanged for the per share merger consideration, multiplied by the number of shares represented by the certificate.

Treatment of Stock Options

At the effective time of the merger, each outstanding option to purchase common shares under our stock option plans, vested or unvested, will be cancelled and only entitle the holder to receive a cash payment equal to the excess, if any, of the per share merger consideration over the per share exercise price of the applicable stock option, multiplied by the number of shares subject to the stock option, less any applicable taxes required to be withheld.

Representations and Warranties

The merger agreement contains representations and warranties the parties made to each other. The statements embodied in those representations and warranties were made for purposes of the contract between the parties and are subject to qualifications and limitations agreed by the parties in connection with negotiating the terms of that contract. Certain representations and warranties were made as of the date of the merger agreement (or such other date specified in the merger agreement), may be subject to contractual standards of materiality different from those generally applicable to shareholders or may have been used for the purpose of allocating risk between the parties rather than establishing matters of fact. In addition, the representations and warranties are qualified by information in a confidential disclosure letter that the parties have exchanged in connection with signing the merger agreement. While we do not believe that the disclosure letter contains information required by securities laws to be publicly disclosed that has not already been disclosed either in this proxy statement or our other filings with the SEC, the disclosure letter does contain information that modifies, quantifies and creates exceptions to the representations and warranties set forth in the merger agreement attached as Annex A to this proxy statement. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts, since they are modified in important part by the relevant section of the disclosure letter. The disclosure letter contains information that has been included in Biomet s prior public disclosures (including our Current Report on Form 8-K filed with the SEC on January 19, 2007) as well as potential additional non-public information. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement, and such changes may or may not be fully reflected in our public disclosures. At the effective time of the merger, the representations and warranties contained in the merger agreement are only required to be true and correct subject to the materiality standards contained in the merger agreement, which may differ from what may be viewed as material by shareholders. The representations and warranties will not survive consummation of the merger and cannot be the basis for any claim under the merger agreement by any party thereto after consummation of the merger. The merger agreement should not be read alone, but should instead be read in conjunction with the other information regarding Biomet and the merger that is contained in this proxy statement as well as in the filings that Biomet makes and has made with the SEC. The representations and warranties contained in the merger agreement may or may not have been accurate as of the date they were made and we make no assertion herein that they are accurate as of the

date of this proxy statement. However, we are not currently aware of any specific undisclosed facts that contradict such representations and warranties.

In the merger agreement, Biomet, Parent and Merger Sub each made representations and warranties relating to, among other things:

- due organization, good standing and qualification;
- corporate power and authority to enter into and perform its obligations under, and enforceability of, the merger agreement;
- required regulatory filings and consents and approvals of governmental entities;
- the absence of conflicts with or defaults under organizational documents, other contracts and applicable laws;
- litigation;
- brokers; and
- information supplied for inclusion in this proxy statement.

In the merger agreement, Parent and Merger Sub also each made representations and warranties relating to capitalization, the availability of the funds necessary to perform its obligations under the merger agreement, the solvency of Parent and the surviving corporation, no competing businesses, guarantees and ownership of shares.

Biomet also made representations and warranties relating to, among other things:

- capital structure;
- company reports filed with the SEC and financial statements;
- absence of certain changes or events since August 31, 2006;
- absence of undisclosed liabilities;
- compliance with the Employee Retirement Income Security Act of 1974, as amended, and other employee benefit matters;
- compliance with applicable laws, including regulatory laws;
- state takeover statutes and the absence of a rights plan;
- environmental matters;
- taxes;
- labor matters;
- intellectual property;
- insurance;

- material contracts;
- regulatory compliance;
- properties; and
- affiliate transactions.

Many of Biomet s representations and warranties are qualified by a material adverse effect standard. For purposes of the merger agreement, material adverse effect for Biomet is defined to mean an event, change, effect, development, condition or occurrence (each a Change) that is or reasonably would be expected to be, individually or in the aggregate, materially adverse to (x) the ability of Biomet to timely

perform its obligations under and consummate the transactions contemplated by the merger agreement or (y) the condition (financial or otherwise), business, assets, liabilities or results of operations of Biomet and its subsidiaries taken as a whole; *provided* that no Change to the extent resulting from the following shall constitute or be taken into account in determining whether there has been or reasonably would be expected to be a material adverse effect under clause (x) or (y):

- changes in the economy or financial markets generally in the United States or other countries in which Biomet or any of its subsidiaries conduct operations or that are the result of acts of war or terrorism;

- general changes or developments in any industry in which Biomet and its subsidiaries operate;

- any loss or threatened loss of, or adverse change or threatened adverse change in, the relationship of Biomet or any of its subsidiaries with its customers, partners, employees, financing sources or suppliers, or any change in Biomet s credit ratings, caused by the pendency or the announcement of the transactions contemplated by the merger agreement;

- any restatement of Biomet s financial statements or any delay in filing periodic reports at the time required by the Exchange Act solely to the extent resulting from the Option Accounting Issues;

- any civil investigation or civil litigation to the extent arising out of or relating to any Option Accounting Issues or applicable laws relating thereto (including the Indiana Business Corporation Law and the Exchange Act);

- any of the potential consequences set forth in Biomet s disclosure letter solely to the extent resulting from Option Accounting Issues, such as, for example:

stock options not having been validly issued under the applicable stock option plan;

SEC filings not having been prepared in accordance with GAAP, or not otherwise complying with the applicable requirements of the Securities Act, the Exchange Act and/or the rules and regulations promulgated thereunder; or

SEC filings being required to be reaudited and/or restated, or otherwise no longer to be relied upon;

- the failure by Biomet to take any action prohibited by the merger agreement;

- changes in any law or GAAP or interpretation thereof after the date hereof;

- any failure by Biomet to meet any estimates of revenues or earnings for any period ending on or after the date of the merger agreement in and of itself; provided that the exception in this bullet point will not prevent or otherwise affect a determination that any Change underlying or contributing to such failure has resulted in, or contributed to, a material adverse effect; and

- a decline in the price or trading volume of Biomet s common shares on the NASDAQ in and of itself; provided that the exception in this bullet point will not prevent or otherwise affect a determination that any Change underlying or contributing to such decline has resulted in, or contributed to, a material adverse effect;

unless, in the case of the first, second and eighth bullet points above, such changes have a disproportionate effect on Biomet and its subsidiaries, taken as a whole, when compared to other companies operating in the same industries in which Biomet or its subsidiaries operate.

Conduct of Business Pending the Merger

We are subject to restrictions on our conduct and operations until the merger is completed. We have agreed that, prior to the effective time of the merger, we will conduct our business in the ordinary and usual course consistent with past practice and use reasonable best efforts to maintain and preserve our business organizations intact and maintain existing relations and goodwill with governmental entities, customers, employees and business associates. We have also agreed, with some exceptions, that we will not do any of the following without the prior written consent of Parent:

- adopt or propose any change in our articles of incorporation or bylaws or other applicable governing instruments;

- merge or consolidate Biomet or any of its subsidiaries with any other person, except for any such transactions among wholly-owned subsidiaries of Biomet, or restructure, reorganize or completely or partially liquidate;

- acquire assets outside of the ordinary course of business from any other person with a value or purchase price in the aggregate in excess of $15 million in any transaction or series of related transactions, other than acquisitions pursuant to contracts in effect as of the date of the merger agreement;

- issue, sell, pledge, dispose of, grant, transfer, encumber, or authorize the issuance, sale, pledge, disposition, grant, transfer, lease, license, guarantee or encumbrance of, any shares of capital stock of Biomet or any of its subsidiaries (other than the issuance of Biomet s common shares upon the exercise of stock options or the issuance of shares by a wholly-owned subsidiary of Biomet to Biomet or another wholly-owned subsidiary), or securities convertible or exchangeable into or exercisable for any shares of such capital stock, or any options, warrants or other rights of any kind to acquire any shares of such capital stock or such convertible or exchangeable securities;

- make any loans, advances or capital contributions to or investments in any person (other than Biomet or any direct or indirect wholly-owned subsidiary of Biomet) in excess of $15 million in the aggregate;

- declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of Biomet s capital stock (except for Biomet s regular annual dividend for calendar year 2007, payable in an amount not in excess of $0.35 per common share (the 2007 Regular Dividend); provided that the record date for the 2007 Regular Dividend shall be no earlier than July 14, 2007, and that the 2007 Regular Dividend shall not be paid if the effective time of the merger occurs on or prior to such record date, and dividends paid by any direct or indirect wholly-owned subsidiary to Biomet or to any other direct or indirect wholly-owned subsidiary) or enter into any agreement with respect to the voting of its capital stock;

- reclassify, split, combine, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of Biomet s capital stock or securities convertible or exchangeable into or exercisable for any shares of its capital stock (other than the acquisition of any of Biomet s common shares tendered by current or former employees or directors in connection with the exercise of Biomet stock options);

- incur any indebtedness for borrowed money or guarantee such indebtedness of another person (other than a wholly-owned subsidiary of Biomet), or issue or sell any debt securities or warrants or other rights to acquire any debt security of Biomet or any of its subsidiaries, except for indebtedness for borrowed money incurred in the ordinary course of business;

- except as set forth in the capital budgets set forth in Biomet s disclosure letter, make or authorize any capital expenditure in excess of $15 million in the aggregate;

- make any material changes with respect to accounting policies or procedures, except as required by changes in GAAP or law or by a governmental entity or as required to address Option Accounting Issues;

- settle any litigation or other proceedings before a governmental entity or otherwise for an amount in excess of $10 million or any obligation or liability of Biomet in excess of such amount;

- make or change any material tax election or tax accounting method, or settle or compromise any material tax liability other than in the ordinary course of business consistent with past practice;

- transfer, sell, lease, license, mortgage, pledge, surrender, encumber, divest, cancel, abandon or otherwise dispose of any assets, product lines or businesses of Biomet or its subsidiaries, including capital stock of any of its subsidiaries, in each case which are material to Biomet and its subsidiaries taken as a whole, other than inventory, supplies and other assets in the ordinary course of business and other than pursuant to contracts in effect prior to the date of the merger agreement;

- except as expressly contemplated by the merger agreement, required pursuant to benefit plans in effect prior to the date of the merger agreement and listed on Biomet s disclosure letter, or as otherwise required by applicable law:

grant or provide any severance or termination payments or benefits to any current or former director, elected officer or employee of Biomet or any of its subsidiaries, except, in the case of employees who are not elected officers, in the ordinary course of business consistent with past practice;

increase the compensation, perquisites or benefits payable to any current or former director, elected officer or employee of Biomet or any of its subsidiaries, except, in the case of employees who are not elected officers of Biomet, increases in base salary in the ordinary course of business consistent with past practice;

grant any equity or equity-based awards that may be settled in Biomet s common shares, preferred shares or any other securities of Biomet or any of its subsidiaries or the value of which is linked directly or indirectly, in whole or in part, to the price or value of any of Biomet s common shares, preferred shares or other Biomet securities or subsidiary securities;

accelerate the vesting or payment of any compensation payable or benefits provided or to become payable or provided to any current or former director, elected officer or employee; provided that notwithstanding the foregoing, Biomet shall be permitted, at any time prior to the effective time of the merger, to pay any annual or quarterly bonus earned and determined in the ordinary course earlier than it would otherwise have been paid in order to pay such amount in the calendar year prior to the calendar year in which it would otherwise have been paid, regardless of when such bonus payments have historically been paid; or

terminate or materially amend any existing, or adopt any new, benefit plan (other than changes made in the ordinary course of business consistent with past practice or as may be necessary to comply with applicable laws, in either case that do not materially increase the costs of any such benefit plans);

- enter into, amend or extend any material collective bargaining agreement or other labor agreement;

- except to the extent necessary to take any actions that Biomet is otherwise permitted to take pursuant to the merger agreement, take any action to render inapplicable, or to exempt any third party from, any standstill arrangements or the provisions of any takeover statutes;

- enter into, amend or modify any material contract as described in the merger agreement; or

- except as provided in the merger agreement, agree, authorize or commit to do any of the foregoing.

In addition, notwithstanding anything to the contrary in the foregoing, we are required to:

- work together in good faith with Parent and Merger Sub to agree upon actions intended to ameliorate, to the extent reasonably practicable, any adverse tax impact imposed under Section 409A of the Code to our employees arising out of or related to Option Accounting Issues.

- consult with Parent reasonably in advance of any decision to (1) hire any Executive Officer (as such term is defined in Rule 3b-7 promulgated under the Exchange Act), promote any existing Executive Officer to a more senior position or otherwise appoint or promote any current director, employee, independent contractor or consultant to an Executive Officer position or (2) adopt any material modification or material deviation from Biomet s three-year operating plan, as previously provided to Parent; and in each case shall consider in good faith the reasonable recommendations of Parent in connection therewith.

- use our reasonable best efforts to conclude our internal investigation regarding our practices with respect to the issuance of stock options and to complete, if required, any restatement of our financial statements, in each case as promptly as reasonably practicable after the date hereof, and keep Parent informed, on a current basis, of the status with respect thereto and with respect to any other investigation or litigation relating directly to Option Accounting Issues.

- except as prohibited by applicable Law or as would jeopardize attorney-client privilege (but in such event, use our commercially reasonable efforts to keep Parent fully informed), keep Parent informed, on a current basis, of any material events, discussions, notices or changes with respect to any criminal or regulatory investigation or action us or any of our subsidiaries.

Acquisition Proposals

The merger agreement provides that we, our subsidiaries and our respective elected officers and directors will not, and we will use our reasonable best efforts to cause our and our subsidiaries employees, investment bankers, attorneys, accountants and other advisors or representatives not to, directly or indirectly:

- initiate, solicit or knowingly encourage or facilitate any inquiries or the making of any inquiry, proposal or offer that constitutes or may reasonably be expected to lead to an Acquisition Proposal, as defined below; or

- engage in any discussions or negotiations regarding, or provide any information or data to any Person relating to, any Acquisition Proposal.

However, at any time prior to the approval of the merger agreement by our shareholders, we may:

- provide information or data in response to a request therefore by a person who has made an unsolicited bona fide written Acquisition Proposal if (1) Biomet receives from the person so requesting such information an executed confidentiality agreement on terms that are no less favorable (including with respect to standstill provisions) than those contained in the confidentiality agreements signed by certain affiliates of Parent and (2) Biomet substantially concurrently provides to Parent any non-public information provided to such Person which was not previously provided to Parent; and/or

- engage or participate in any discussions or negotiations with any person who has made such an unsolicited bona fide written Acquisition Proposal,

if and only to the extent that:

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- we have not breached our obligations under the merger agreement with respect to such Acquisition Proposal;

- prior to taking any action described in the bullet points above, our board of directors determines in good faith after consultation with outside legal counsel that failure to take such action would be inconsistent with our directors fiduciary duties under applicable law; and

- in each such case referred to in the bullet points above, our board of directors has determined in good faith based on the information then available and after consultation with its financial advisor and legal counsel that either (1) such Acquisition Proposal constitutes a Superior Proposal, as defined below, or (2) there is a reasonable likelihood that such Acquisition Proposal will result in a Superior Proposal.

For purposes of this section of the merger agreement, the term Acquisition Proposal means (1) any proposal or offer with respect to a merger, joint venture, partnership, consolidation, dissolution, liquidation, tender offer, recapitalization, reorganization, share exchange, business combination or similar transaction or (2) any other direct or indirect acquisition, in the case of clause (1) or (2), involving 15% or more of the total voting power or of any class of equity securities of Biomet, or 15% or more of the consolidated total assets (including equity securities of its subsidiaries) of Biomet, in each case other than the transactions contemplated by the merger agreement.

For purposes of the merger agreement, the term Superior Proposal means an unsolicited bona fide Acquisition Proposal involving more than 50% of the assets (on a consolidated basis) or total voting power of the equity securities of Biomet that our board of directors has determined in its good faith judgment (after consultation with its financial advisor and outside legal counsel) is reasonably likely to be consummated, taking into account all legal, financial, regulatory, timing and other aspects of the proposal and the person making the proposal, and would, if consummated, result in a transaction superior to Biomet than the transaction contemplated by the merger agreement.

We have also agreed that, except as set forth below, we will not:

- withhold, withdraw, qualify or modify (or publicly propose or resolve to withhold, withdraw, qualify or modify), in a manner adverse to Parent, the board s recommendation with respect to the merger; or

- approve or recommend, or publicly propose to approve or recommend, an Acquisition Proposal or enter into any acquisition agreement, merger agreement, letter of intent or other similar agreement relating to an Acquisition Proposal or enter into any agreement requiring us to abandon, terminate or fail to consummate the transactions contemplated by the merger agreement or resolve, propose or agree to do any of the foregoing.

Change in Recommendation/Termination in Connection with a Superior Proposal

At any time prior to the approval of the merger agreement by our shareholders, if we receive an Acquisition Proposal which our board of directors concludes in good faith after consultation with outside legal counsel and financial advisors constitutes a Superior Proposal after giving effect to all of the adjustments to the terms of the merger agreement which may be offered by Parent, our board of directors may at any time prior to the approval of the merger agreement by our shareholders, if it determines in good faith, after consultation with outside counsel, that failure to do so would be inconsistent with its fiduciary duties under applicable law,

- withhold, withdraw or qualify or modify, or propose publicly to withhold, withdraw, qualify or modify, in a manner adverse to Parent or Merger Sub, the board s recommendation with respect to the merger; and/or

- terminate the merger agreement to enter into a definitive agreement with respect to such Superior Proposal;

provided that we may not terminate the merger agreement to enter into a definitive agreement with respect to a Superior Proposal, unless in advance of or concurrently with such termination we pay Parent a $272.5 million termination fee as described in further detail in -Termination Fees and Expenses beginning on page 78; and provided, further that our board of directors may not withdraw, modify or amend its recommendation with respect to the merger in a manner adverse to Parent pursuant to the first bullet point or terminate the merger agreement pursuant to the second bullet point unless;

- we have not breached the merger agreement with respect to such Superior Proposal;

- we have provided prior written notice to Parent, at least five business days (or three business days in the event of each subsequent material revision to such Superior Proposal) in advance of our intention to take such action with respect to such Superior Proposal, which notice shall specify the material terms and conditions of any such Superior Proposal (including the identity of the party making such Superior Proposal), and, if available, shall have contemporaneously provided a copy of the proposed definitive transaction agreement with the party making such Superior Proposal and other material related documents; and

- prior to effecting such change in recommendation or terminating the merger agreement to enter into a definitive agreement with respect to such Superior Proposal, we are required to cause our financial and legal advisors to negotiate with Parent in good faith (to the extent Parent desires to negotiate) to make such adjustments in the terms and conditions of the merger agreement so that such Acquisition Proposal ceases to constitute a Superior Proposal. In the event of any material revisions to the Superior Proposal, we are required to deliver a new written notice to Parent and to comply with the requirements of the merger agreement with respect to such new written notice.

Shareholders Meeting

The merger agreement provides that we will take, subject to applicable law and our articles of incorporation and bylaws, all reasonable action necessary to convene a special meeting of our shareholders as promptly as reasonably practicable to consider and vote upon the approval of the merger agreement. Except in certain circumstances, our board of directors must recommend, and use its reasonable best efforts to solicit, approval of the merger agreement by our shareholders.

Filings and Other Actions

In the merger agreement, we and Parent have agreed to cooperate with each other and to use our respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things reasonably necessary, proper or advisable under the merger agreement and applicable laws to consummate and make effective the merger and the other transactions contemplated by the merger agreement as soon as practicable, including preparing and filing as promptly as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any governmental entity in order to consummate the merger or any of the other transactions contemplated by the merger agreement. This includes Parent s willingness to sell or otherwise dispose of, or hold separate pending such disposition, and promptly to effect the sale, disposal and holding separate of, such assets, categories of assets or businesses or other segments of Biomet after the occurrence of the effective time of the merger and/or Parent or either s respective subsidiaries (in the case of Biomet, after the occurrence of the effective time of the merger), if such action should be necessary to avoid, prevent, eliminate or remove the actual, anticipated or threatened (1) commencement of any administrative, judicial or other proceeding in any forum by any government antitrust entity or (2) issuance of any order, decree, decision, determination or judgment that would restrain, prevent, enjoin or otherwise prohibit consummation of the merger by any government antitrust entity.

Covenant to Deliver Reports

If, at any time prior to the effective time of the merger, we have not filed in a timely manner our Annual Report on Form 10-K or Quarterly Reports on Form 10-Q with the SEC, we have agreed to provide to Parent:

- within 60 days after the end of our fiscal year 2007:

our year-end consolidated balance sheets and related statements of income, shareholders equity and cash flows (which need not have been audited, or for which a previously delivered audit opinion may have been withdrawn, in each case, if such statements have not been audited, or such previously delivered audit opinion has been withdrawn, primarily because of matters directly related to Option Accounting Issues); and

the information described in Item 303 and Item 305 of Regulation S-K under the Securities Act with respect to such period, to the extent such information would otherwise be required to be filed in an Annual Report on Form 10-K.

- within 40 days after the end of each of our first three fiscal quarters of fiscal year 2007:

our unaudited quarterly consolidated balance sheets and related statements of income, shareholders equity and cash flows (which need not include any information or notes not required by GAAP to be included in interim financial statements, are subject to normal year-end adjustments and need not have been reviewed by our independent accounting firm as provided in Statement on Auditing Standards No. 100, if such statements have not been so reviewed primarily because of matters directly related to Option Accounting Issues); and

the information described in Item 303 and Item 305 of Regulation S-K under the Securities Act with respect to such period to the extent such information would otherwise be required to be filed in a Quarterly Report on Form 10-Q,

in each case, such financial statements will need to have been prepared in accordance with GAAP and the accounting and disclosure rules and regulations promulgated by the SEC, subject to such disclaimers,

exceptions and qualifications with respect to amounts and disclosures relating to the Option Accounting Issues and related consequences as are appropriate under the circumstances.

Employee Benefits

Parent has agreed that, during the period commencing at the effective time of the merger and ending on the second December 31 following the effective time of the merger, the employees of Biomet as of the effective time of the merger (the Current Employees) will be provided with:

- base salary and bonus opportunities (including annual and quarterly bonus opportunities and long-term incentive opportunities) which are no less than the base salary and bonus opportunities provided by Biomet and its subsidiaries immediately prior to the effective time of the merger;

- pension and welfare benefits and perquisites (excluding equity and equity-based benefits) that are no less favorable in the aggregate than those provided by Biomet and its subsidiaries immediately prior to the effective time of the merger; and

- severance benefits that are no less favorable than those set forth in Biomet s separation pay plan in effect on the date of the merger agreement and provided to Parent.

Parent will cause any employee benefit plans of Parent or the surviving corporation which the Current Employees are entitled to participate in from and after the effective time of the merger to take into account for purposes of eligibility, vesting and benefit accrual, service by the Current Employees with Biomet or any of its subsidiaries prior to the effective time of the merger as if such service were with Parent, to the same extent such service was credited under a comparable plan of Biomet or any of its subsidiaries prior to the effective time (except to the extent it would result in a duplication of benefits).

Indemnification and Insurance of Our Directors and Officers

The merger agreement provides that, from and after the effective date of the merger, Parent will cause the surviving corporation to indemnify each of our and our subsidiaries present and former directors and officers against any costs, expenses, judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, arising out of or related to such person s service as a director or officer at or prior to the effective time of the merger, to the fullest extent permitted under Indiana law.

Prior to the effective time of the merger, Parent will, or will cause the surviving corporation as of the effective time of the merger to, obtain and fully pay for tail insurance policies with a claims period of at least six years from and after the effective time of the merger from a carrier with the same or better credit rating as our current insurance carrier with respect to directors and officers liability insurance and fiduciary liability insurance, with benefits and levels of coverage that are at least as favorable as our existing policies with respect to matters existing or occurring at or prior to the effective time of the merger. If Parent and the surviving corporation for any reason fails to obtain such tail insurance policies as of the effective time of the merger, the surviving corporation of the merger will, and Parent will cause the surviving corporation to, either (1) continue to maintain in effect for a period of at least six years from and after the effective time the directors and officers liability insurance and fiduciary liability insurance in place as of the date of the merger agreement with benefits and levels of coverage at least as favorable as provided in our existing policies as of the date of the merger agreement or (2) use reasonable best efforts to purchase comparable directors and officers liability insurance and fiduciary liability insurance for such six-year period with benefits and levels of coverage at least as favorable as provided in our existing policies as of the date of the merger agreement (although neither the surviving corporation nor Parent will be required to expend more than an amount per year equal to 300% of the current annual premiums paid by us for such insurance).

Financing

Debt Financing

Parent has agreed to use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable to arrange its debt financing as promptly as practicable on the terms and conditions described in its debt financing commitment, including using reasonable best efforts to:

- maintain in effect the debt financing commitment, subject to Parent s replacement and amendment rights;
- satisfy on a timely basis all conditions applicable to Parent and Merger Sub to obtaining the debt financing set forth in the debt financing commitment that are within their control (including by consummating the financing pursuant to the terms of the equity financing commitments and by assisting in the syndication or marketing of the financing contemplated by the debt financing commitment); and
- enter into definitive financing agreements on the terms and conditions contemplated by the financing commitment or on other terms reasonably acceptable to Parent that would not adversely impact in any material respect the ability of Parent or Merger Sub to consummate the transactions contemplated by the merger agreement.

If any portion of the debt financing becomes unavailable on the terms and conditions contemplated in the debt financing commitment, Parent has agreed to use its reasonable best efforts to arrange to obtain alternative financing from alternative sources on terms not materially less beneficial to Parent and Merger Sub in an amount sufficient to consummate the transactions contemplated by the merger agreement as promptly as practicable following the occurrence of such event but in no event later than October 31, 2007.

Parent is required to give us prompt notice of any material breach by any party to the financing commitments of which Parent or Merger Sub becomes aware, or any termination of the financing commitments. Parent is also required to keep us informed on a reasonably current basis of the status of its efforts to arrange the debt financing and provide copies of all documents related to the debt financing (other than any ancillary documents subject to confidentiality agreements) to us.

See Effective Time; Marketing Period beginning on page 60 for information on when Parent may become required to borrow funds under its bridge financings and to use the proceeds thereof to effectuate the closing.

Cooperation of Biomet

Prior to the closing, we are required to provide to Parent and Merger Sub and to use our reasonable best efforts to cause our officers, employees and advisors, including legal and accounting, to, provide to Parent and Merger Sub all cooperation reasonably requested in writing by Parent that is reasonably necessary or customary in connection with the Parent s financing (provided that such requested cooperation does not unreasonably interfere with the business or operations of Biomet and its subsidiaries), including:

- participating in a reasonable number of meetings, presentations, road shows, due diligence sessions and sessions with rating agencies;

- using commercially reasonable efforts to assist with the preparation of materials for rating agency presentations, offering documents, private placement memoranda, bank information memoranda, prospectuses and similar documents necessary or customary in connection with Parent s financing;

- using commercially reasonable best efforts to furnish Parent and Merger Sub as promptly as reasonably practicable with financial and other pertinent information regarding Biomet and its subsidiaries as may be reasonably requested by Parent in connection with the debt financing and customarily included in private placement memoranda relating to private placements under Rule 144A promulgated under the Securities Act to consummate the offering(s) of debt securities contemplated by Parent s debt financing commitments at the time during our fiscal year such offering(s) will be made as soon as such financial and other information becomes available, including all financial statements and financial data of the type required by Regulation S-X and Regulation S-K under the Securities Act (other than Rule 3-10 of Regulation S-X and summary quarterly financial information and without giving effect to the executive compensation and related person disclosure rules related to SEC Release Nos. 33-8732A; 34-54302A; IC-27444A), including audits thereof to the extent so required (which audits need to be unqualified);

- using reasonable best efforts to assist Parent in procuring accountants comfort letters and consents, legal opinions, surveys and title insurance and other customary documentation required by the debt financing commitments, in each case as reasonably requested by Parent and, if reasonably requested by Parent or Merger Sub, to cooperate with and assist Parent or Merger Sub in obtaining such documentation and items;

- using commercially reasonable efforts to provide monthly financial statements (excluding footnotes) within the time frame, and to the extent, we prepare such financial statements in the ordinary course of business;

- using reasonable best efforts to assist Parent in procuring the execution and delivery, as of the effective time of the merger, by the officers of the surviving corporation and its subsidiaries of any customary pledge and security documents, other definitive financing documents, or other certificates, legal opinions or documents as may be reasonably requested by Parent (including a certificate of the chief financial officer of the surviving corporation or any subsidiary with respect to solvency matters) and otherwise reasonably facilitating, to the extent reasonably requested by Parent, the pledging of collateral (including cooperation, to the extent reasonably requested by Parent, in connection with the pay-off of existing indebtedness and the release of related liens);

- taking all actions to the extent reasonably requested by Parent necessary to (A) permit the prospective lenders involved in the financing to evaluate our current assets, cash management and accounting systems, policies and procedures relating thereto for the purposes of establishing collateral arrangements and (B) establish bank and other accounts and blocked account agreements and lock box arrangements in connection with the foregoing; and

- taking all corporate actions, subject to the occurrence of the closing, reasonably requested by Parent in connection with the consummation of the debt financing by the surviving corporation and its subsidiaries immediately following the effective time of the merger.

provided that none of Biomet or any of its subsidiaries shall be required to pay any commitment or other similar fee or incur any other cost or expense that is not simultaneously reimbursed by Parent in connection with the debt financing prior to the effective time of the merger.

Conditions to the Merger

Conditions to Each Party s Obligations

Each party s obligation to effect the merger is subject to the satisfaction or waiver of the following conditions:

- the merger agreement must have been approved by the affirmative vote of at least 75% of the votes entitled to be cast by the holders of the outstanding common shares voting together as a single class;

- any applicable waiting period (and any extension thereof) under the HSR Act shall have expired or been terminated, and all consents, approvals and authorizations from the antitrust authorities in the European Union shall have been obtained; and

- no temporary restraining order, preliminary or permanent injunction or other judgment or order issued by any court or agency of competent jurisdiction or other law, rule, legal restraint or prohibition shall be in effect preventing, restraining or rendering illegal the consummation of the merger.

Conditions to Obligations of Parent and Merger Sub

The obligations of Parent and Merger Sub to effect the merger are subject to the satisfaction or waiver by Parent of the following additional conditions:

- our representation and warranty that since May 31, 2006 there has not been a material adverse effect must be true and correct in all respects as of the date of the merger agreement and as of the closing date as though made on and as of such date and time;

- our representations and warranties with respect to our capital structure, our authority to complete the merger, state takeover statutes, our shareholder rights plan and brokers and finders must each be true and correct in all material respects as of the date of the merger agreement and as of the closing date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty must be true and correct in all respects as of such earlier date);

- all other representations and warranties made by us in the merger agreement, with the exception of those listed above (disregarding all qualifications and exceptions contained therein regarding materiality or material adverse effect), must each be true and correct as of the date of the merger agreement and as of the closing date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty must be true and correct as of such earlier date), except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a material adverse effect;

- we must have performed in all material respects all obligations required to be performed by us under the merger agreement at or prior to the closing date;

- we must have provided or made available to Parent:

consolidated balance sheets and related statements of income, shareholders equity and cash flows of Biomet for the three most recently completed fiscal years ended at least 60 days prior to the closing date, which need not have been audited, or for which any previously delivered audit opinions may have been withdrawn, in each case, if such statements have not been

audited, or any such previously delivered audit opinion has been withdrawn, solely to the extent resulting from:

Option Accounting Issues; and

other immaterial unrelated matters that, in the aggregate, would not have prevented any such audit opinion from being delivered (or have resulted in such audit opinion being withdrawn) and have required in and of themselves a restatement of Biomet s financial statements.

- unaudited consolidated balance sheets and related statements of income, shareholders equity and cash flows of Biomet for each subsequent fiscal quarter ended at least 40 days before the closing date (which need not include any information or notes not required by GAAP to be included in interim financial statements, are subject to normal year-end adjustments and need not have been reviewed by Biomet s independent accounting firm as provided in Statement on Auditing Standards No. 100, if such statements have not been so reviewed solely to the extent resulting from:

Option Accounting Issues; and

other immaterial unrelated matters that, in the aggregate, would not in the case of this bullet point have prevented any such review from having been completed and have required in and of themselves a restatement of Biomet s financial statements).

and, in each case, such financial statements shall have been prepared in accordance with GAAP and the accounting and disclosure rules, regulations and forms promulgated by the SEC (subject to such disclaimers, exceptions and qualifications with respect to amounts and disclosures directly affected by the Option Accounting Issues as are appropriate under the circumstances) and we shall have, not less than 20 consecutive calendar days immediately prior to the closing date, publicly disclosed the foregoing financial statements; and

- a pro forma consolidated balance sheet and related pro forma consolidated statement of income of Biomet as of and for the twelve-month period ending on the last day of the most recently completed four-fiscal quarter period ended at least 40 days before the closing date, prepared after giving effect to the Transactions (as defined in the debt financing commitment) as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of the most recent fiscal year for which financial statements are required to have been provided pursuant to the first clause of this condition (in the case of such statement of income) (for the avoidance of doubt, such pro forma consolidated financial statements will satisfy this condition to the extent based upon historical financial statements described in the first and second clauses of this condition); and

- we must deliver to Parent and Merger Sub at closing officer s certificates with respect to the satisfaction of the foregoing conditions relating to representations, warranties, obligations, covenants, agreements and financial information.

Conditions to Biomet s Obligations

Our obligation to effect the merger is subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties made by Parent and Merger Sub in the merger agreement must be true and correct as of the date of the merger agreement and as of the closing date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty must be true and correct as of such earlier date), except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not prevent Parent from consummating the merger and performing its obligations under the merger agreement;

- Parent and Merger Sub must have performed in all material respects all obligations required to be performed by them under the merger agreement at or prior to the closing date; and

- Parent and Merger Sub must delivery to us at closing a certificate with respect to the satisfaction of the foregoing conditions relating to representations, warranties, obligations, covenants and agreements.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the consummation of the merger, whether before or after shareholder approval has been obtained:

- by mutual written consent of Biomet and Parent;

- by either Biomet or Parent if:

the merger is not consummated by 11:59 p.m., New York City time, October 31, 2007, whether such date is before or after the date of approval by the shareholders (the Termination Date);

our shareholders, at the shareholders meeting or at any adjournment or postponement thereof at which the merger agreement was voted on, fail to approve the merger agreement; or

any restraints permanently restraining, enjoining or otherwise prohibiting consummation of the merger become final and non-appealable;

provided that in each case the right to terminate the merger agreement pursuant to the foregoing provisions is not available to any party that has breached in any material respect its obligations under the merger agreement and such breach proximately contributed to the occurrence of the failure of a condition to the consummation of the merger.

- by Biomet if:

such termination is effected prior to obtaining shareholder approval in order to enter into an agreement with respect to a Superior Proposal, but only to the extent we concurrently with such termination pay to Parent the termination fee as described below;

Parent or Merger Sub has breached any of its representations, warranties, covenants or agreements under the merger agreement in a manner that would give rise to the failure of certain conditions to closing and the breach is incapable of being cured by the Termination Date; *provided* that we are not then in breach of the merger agreement so as to cause the closing conditions relating to Parent and Merger Sub s obligations to consummate the merger not to be satisfied; or

if (1) all of the conditions to the obligations of Parent and Merger Sub (other than the delivery of officer certificates) have been satisfied and (2) on the earlier of (A) 5:00 p.m., New York City time on the Termination Date or (B) 5:00 p.m., New York City time on the last day of the Marketing Period (or, if earlier, such date designated by Parent), Parent and Merger Sub shall have failed to consummate the merger at such time, including because none of Parent, Merger Sub or the surviving corporation shall have obtained the proceeds pursuant to the debt financing (or alternative debt financing as permitted by the merger agreement) sufficient to consummate the transactions contemplated by the merger agreement.

- by Parent if:

- our board of directors:

withholds, withdraws or qualifies or modifies, or proposes publicly to withhold, withdraw, qualify or modify in a manner adverse to Parent its recommendation with respect to the merger;

recommends to the shareholders an Acquisition Proposal other than the merger; or

fails to include its recommendation with respect to the merger in this proxy statement.

- we have breached any of our representations, warranties, covenants or agreements under the merger agreement in a manner that would give rise to the failure of certain conditions to closing and the breach is incapable of being cured by the Termination Date; *provided* that neither Parent nor Merger Sub is then in material breach of the merger agreement so as to cause certain conditions to closing to not be satisfied.

Termination Fees and Expenses

Payable by Biomet

We have agreed to reimburse Parent s out-of-pocket fees and expenses incurred in connection with the merger agreement, up to a limit of $40 million, if either Biomet or Parent or Merger Sub terminates the merger agreement because of the failure to receive shareholder approval at the special meeting or any adjournment thereof at which the merger agreement was voted on and a termination fee is not otherwise payable under the merger agreement at the time of such termination. If we become obligated to pay a termination fee under the merger agreement after payment of such expenses, the amount previously paid to Parent as expense reimbursement will be credited toward the termination fee amount payable by us.

We must pay a $272.5 million termination fee at the direction of Parent if:

- we terminate the merger agreement prior to the shareholders meeting in order to enter into a definitive agreement for a Superior Proposal;

- Parent terminates the merger agreement because our board of directors:

withholds, withdraws or qualifies or modifies, or proposes publicly to withhold, withdraw, qualify or modify in a manner adverse to Parent its recommendation with respect to the merger;

recommends to the shareholders an Acquisition Proposal other than the merger; or

fails to include its recommendation with respect to the merger in this proxy statement.

- we or Parent terminates the merger agreement because the merger is not consummated by the Termination Date, provided that the reason the merger has not been consummated by the Termination Date is not attributable to a breach by Parent of its obligations under the merger agreement, and:

prior to the termination an Acquisition Proposal had been publicly announced or publicly made known and not withdrawn; and

within nine months after such termination, we or any of our subsidiaries enter into a definitive agreement with respect to, or consummate, any Acquisition Proposal.

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- we or Parent terminate the merger agreement because our shareholders, at the shareholders meeting or any adjournment thereof at which the merger agreement was voted on, fail to approve the merger agreement, and:

prior to the shareholders meeting an Acquisition Proposal had been publicly announced or publicly made known and not withdrawn, and

within nine months after such termination, we or any of our subsidiaries enter into a definitive agreement with respect to, or consummate, any Acquisition Proposal.

- Parent terminates the merger agreement due to a breach of our representations, warranties, covenants or agreements such that certain closing conditions would not be satisfied and such breach is incapable of being cured by the Termination Date, and:

prior to the breach giving rise to Parent s termination right, an Acquisition Proposal had been publicly announced and not withdrawn; and

within nine months after such termination, we or any of our subsidiaries enter into a definitive agreement with respect to, or consummate, any Acquisition Proposal.

For purposes of the preceding three bullet points, all references to 15% in the definition of Acquisition Proposal shall be deemed to be references to more than 50%.

Payable by Parent

Parent has agreed to pay us a termination fee of $272.5 million if:

- we terminate the merger agreement on the Termination Date in the situation where all conditions to the obligations of Parent and Merger Sub (other than delivery of an officer s certificate) have been satisfied and Parent fails to close; or

- we terminate the merger agreement because of a financing failure by Parent.

Liability Cap

In no event will we be entitled to monetary damages in excess of $272.5 million, including payment by Parent of the termination fee described above, if applicable, for losses or damages arising from or in connection with breaches by Parent and Merger Sub of their obligations under the merger agreement or arising from any other claim or cause of action under the merger agreement. Other than claims for monetary damages against Parent and Merger Sub pursuant to the merger agreement and subject to this cap (or against the investors in Parent to recover their pro rata shares of any such monetary damages), we have agreed that we will not bring any claim against Parent, Merger Sub, the investors in Parent or the former, current or future equity holders, controlling persons, directors, officers, employees, agents, affiliates, members, managers, general or limited partners or assignees of any of Parent, Merger Sub or any of the investors in Parent.

Modification or Amendment

Subject to the provisions of applicable law, at any time prior to the effective time of the merger, the parties may modify or amend the merger agreement by written agreement among the parties.

PROPOSAL 2-ADJOURNMENT OF THE SPECIAL MEETING

If at the special meeting the number of Biomet common shares present or represented and voting in favor of the approval of the merger agreement is insufficient to approve the merger agreement under Indiana law and under our articles of incorporation, our management may move to adjourn the special meeting in order to enable our board of directors to continue to solicit additional proxies in favor of the approval of the merger agreement. In that event, we will ask you to vote only upon the adjournment proposal and not the merger proposal.

In this proposal, we are asking you to authorize the holder of any proxy solicited by the Biomet board of directors to vote in favor of adjourning the special meeting and any later adjournments. If the Biomet shareholders approve the adjournment proposal, we could adjourn the special meeting, and any adjourned session of the special meeting, to use the additional time to solicit additional proxies in favor of the proposal to approve the merger agreement, including the solicitation of proxies from Biomet shareholders that have previously voted against the merger proposal. Among other things, approval of the adjournment proposal could mean that, even if we had received proxies representing a sufficient number of votes against the proposal to approve the merger agreement, we could adjourn the special meeting without a vote on the proposal to approve the merger agreement and seek to convince the holders of those shares to change their votes to votes in favor of the approval of the merger agreement.

The adjournment proposal requires that holders of more of Biomet s common shares vote in favor of the adjournment proposal than vote against the proposal. Accordingly, abstentions and broker non-votes will have no effect on the outcome of this proposal. No proxy that is specifically marked **AGAINST** the proposal to approve the merger agreement will be voted in favor of the adjournment proposal, unless it is specifically marked **FOR** the discretionary authority to adjourn the special meeting to a later date.

The Biomet board of directors believes that if the number of Biomet common shares present or represented at the special meeting and voting in favor of the proposal to approve the merger agreement is insufficient to approve the merger agreement, it is in the best interests of the Biomet shareholders to enable the board, for a limited period of time, to continue to seek to obtain a sufficient number of additional votes to approve the merger agreement.

The Biomet board of directors recommends that you vote FOR the proposal to authorize the adjournment of the special meeting.

STOCK OWNERSHIP

The following table sets forth certain data with respect to those persons known by Biomet to be the beneficial owners of more than 5% of the issued and outstanding Biomet common shares as of December 31, 2006.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership		Percent of Class
State Farm Mutual Automobile Insurance Company and related entities	18,898,539	(1)	7.7 %
One State Farm Plaza			
Bloomington, Illinois 61710			

(1) According to a Schedule 13G/A furnished to us by State Farm Mutual Automobile Insurance Company (SFMAIC) and certain related entities on January 12, 2007, as of December 31, 2006, SFMAIC is the beneficial owner of 9,478,788 shares, as to which it has sole voting and dispositive power for 9,409,500 shares and shared dispositive power for 69,288 shares. State Farm Life Insurance Company is the beneficial owner of 179,068 shares, as to which it has sole voting and dispositive power for 169,975 shares and shared dispositive power for 9,093 shares. State Farm Fire and Casualty Company is the beneficial owner of 8,220 shares, as to which it has shared dispositive power. State Farm Investment Management Corp. is the beneficial owner of 4,410,158 shares, as to which it has sole dispositive power for 4,398,750 shares and shared voting and dispositive power for 11,408 shares. State Farm Insurance Companies Employee Retirement Trust is the beneficial owner of 7,305 shares, as to which it has shared dispositive power. State Farm Insurance Companies Savings and Thrift Plan for U.S. Employees is the beneficial owner of 4,815,000 shares, as to which it has sole voting and dispositive power.

The following table sets forth the beneficial ownership of Biomet common shares as of December 31, 2006, by each director, each named executive officer for fiscal 2006 currently employed by Biomet and by all directors and executive officers of Biomet as a group. The information in the table does not give effect to the impact the merger has on unvested stock options as of December 31, 2006. For information regarding unvested stock options, please see Proposal 1 Approval of the Merger Agreement Interests of Biomet Directors and Officers in the Merger beginning on page 49.

Name of Beneficial Owner	Number of Shares Beneficially Owned(1)	Biomet s Employee Stock Bonus Plan(2)	401(k) Profit Sharing Plan and Trust(3)	Option Shares Exercisable Within 60 Days(4)	Total Number of Shares Beneficially Owned	Percent of Class
Garry L. England	158,658	23,544	23,997	16,813	223,012	*
Jerry L. Ferguson	2,921,768	3,739		3,750	2,929,257	1.2
Daniel P. Hann	74,406	11,064	3,968	16,812	106,250	*
C. Scott Harrison, M.D.	543,341			6,000	549,341	*
M. Ray Harroff	53,450			6,000	59,450	*
Thomas F. Kearns, Jr.	12,402			6,000	18,402	*
Sandra A. Lamb	676			4,000	4,676	*
Jerry L. Miller	3,600,106			6,000	3,606,106	1.5
Kenneth V. Miller	14,783			6,000	20,783	*
Charles E. Niemier	667,642	28,039	37,118	16,812	749,611	*
Niles L. Noblitt	3,895,501	32,952	55,340		3,983,793	1.6
Marilyn Tucker Quayle	28,592			6,000	34,592	*
L. Gene Tanner	108,723					