Zimmer and University Partners Awarded Funding to Develop Gene Therapy Treatments

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WARSAW, Ind., Feb 19, 2004 /PRNewswire-FirstCall via COMTEX/ -- Zimmer Holdings, Inc. (NYSE: ZMH; SWX: ZMH) announced today that the company and two university partners have been selected for funding by the State of Indiana's 21st Century Research and Technology Fund. The research project, "Gene Therapy for Joint Damage: Development and Commercialization of New Treatments for Articular Cartilage and Meniscal Damage," will involve Zimmer, Indiana University and Purdue University.

Of the 109 total applications reviewed, the Zimmer project is the only one in the tissue engineering or medical device fields that received funding. The project proposal was submitted on behalf of the partners by Dr. Stephen Trippel, a professor in the Department of Orthopaedics, Indiana University School of Medicine. Dr. Trippel also serves as a member of the Zimmer Advisory Board of Science and Technology.

"We are excited that the state has recognized the need to support groundbreaking research and development work in an area that will be critical to the future of Indiana's biomedical economy," said Ray Elliott, Zimmer Chairman, President and CEO. "Today, Indiana is literally the capital of the world when it comes to treating osteoarthritis with reconstructive implants. More than half of the world's joint replacement products come from Indiana companies. We must protect that leadership by investing in the therapies that will further advance the treatment of joint disease."

The state grant is for $2,000,000 of the estimated total project cost of $4.6 million. Zimmer will contribute more than $1.4 million in funding, including employee time and use of the company's scientific facilities. The company will hire a PhD-level scientist who will be dedicated to the project for its two-year duration. The recommendations of the 21st Century Fund Board of Directors must be reviewed by the Indiana State Budget Committee before the funds are disbursed.

"Indiana is well positioned to play a lead role in developing and marketing these future therapies given the strength of our research universities and the world leadership of our orthopaedic companies," Elliott said. "We are pleased to be working with Indiana University and Purdue University. If our past experience is any indication, our collaboration will strengthen the relationship between academia and the state's life sciences industry while offering the potential for improvements in patient treatment."

Zimmer has partnered with several universities -- Indiana, Purdue, Notre Dame and IUPUI -- on projects funded in previous rounds of the 21st Century Fund.

About the Company

Founded in 1927 and headquartered in Warsaw, Indiana, Zimmer is the worldwide #1 pure-play orthopaedic leader in the design, development, manufacture and marketing of reconstructive and spinal implants, trauma and related orthopaedic surgical products. In October, 2003, the company finalized its acquisition of Centerpulse AG, a Switzerland-based orthopaedics company and the leader in the European reconstructive market. Zimmer now has operations in more than 24 countries around the world and sells products in more than 80 countries. As a result of the acquisition of Centerpulse on October 2, 2003, reported 2003 sales were $1.9 billion. Full-year 2003 pro forma worldwide sales of Zimmer and Centerpulse were approximately $2.6 billion. The new Zimmer is supported by the efforts of nearly 7,000 employees.

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Safe Harbor Statement

This press release contains forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 based on current expectations, estimates, forecasts and projections about the orthopaedics industry, management's beliefs and assumptions made by management. Forward-looking statements may be identified by the use of forward-looking terms such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," and "seeks" or the negative of such terms or other variations on such terms or comparable terminology. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially. These risks and uncertainties include, but are not limited to, our ability to successfully integrate Centerpulse AG, the outcome of the pending informal SEC investigation of Centerpulse accounting, price and product competition, rapid technological development, demographic changes, dependence on new product development, the mix of our products and services, supply and prices of raw materials and products, customer demand for our products and services, control of costs and expenses, our ability to form and implement alliances, international growth, U.S. and foreign government regulation, product liability and intellectual property litigation losses, reimbursement levels from third-party payors, general industry and market conditions and growth rates and general domestic and international economic conditions including interest rate and currency exchange rate fluctuations. For a further list and description of such risks and uncertainties, see the disclosure materials filed by Zimmer with the U.S. Securities and Exchange Commission. Zimmer disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers of this document are cautioned not to place undue reliance on these forward-looking statements, since, while we believe the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove to be accurate. This cautionary statement is applicable to all forward-looking statements contained in this document.

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