Zimmer Holdings Announces Phase-Out of Austin Facility

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WARSAW, Ind., Feb 25, 2004 /PRNewswire-FirstCall via COMTEX/ -- Zimmer Holdings, Inc. (NYSE: ZMH; SWX: ZMH) announced today it will phase out operations at the former Centerpulse Orthopedics facility in Austin, Texas, and will transfer the plant's volume to its other manufacturing facilities in Warsaw, Indiana; Winterthur, Switzerland; and Ponce, Puerto Rico. The phase-out period will begin in late August, but manufacturing will continue at the plant until the end of 2005. Other Austin functions such as finance, marketing, product development and research had previously been identified for transfer to other locations.

"This was a difficult decision that is in no way a reflection on the capabilities of the employees at our Austin facility," said Zimmer Chairman, President and CEO Ray Elliott. "Rather, this action is a result of our analysis of where we could most cost-effectively manufacture the products made in Austin and all other Zimmer facilities, and how we could rebalance our worldwide production network for greatest efficiencies. The transfers to other Zimmer facilities will take place over the next 22 months. Austin employees are being notified of this decision today, and with their input, we will finalize the exact timing and process by which we make the transfers."

The company said about 550 Austin employees are affected by the decision to phase out operations. Approximately 340 of those are involved in manufacturing. In addition to retention incentives being offered to employees to maintain production during the phase-out period, terminated employees will receive severance payments and transition assistance. A small number of manufacturing employees will be offered transfers to other locations. Relocations were also offered to a number of the non-production work force. Zimmer will maintain a smaller facility in Austin where its worldwide Orthobiologics research and development activity is based.

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.

Visit Zimmer on the worldwide web at www.zimmer.com

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.

SOURCE Zimmer Holdings, Inc.

Media: Brad Bishop, +1-574-372-4291, bradley.bishop@zimmer.com ,
or Investors: Sam Leno, +1-574-372-4790, sam.leno@zimmer.com , both of Zimmer

Holdings, Inc.

http://www.zimmer.com

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