Zimmer and the State of Indiana Announce Creation of New Jobs in Warsaw

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WARSAW, Ind., Apr 2, 2004 /PRNewswire-FirstCall via COMTEX/ -- Zimmer Holdings, Inc. (NYSE: ZMH; SWX: ZMH) and Governor Joe Kernan announced today that the State of Indiana plans to grant more than $10,000,000 over the next 10 years in tax credits and other incentives related to expansion of Zimmer's workforce facilities in Warsaw, Indiana. The company had applied to the State recently based on an analysis of how to rebalance its global workforce needs following the acquisition of Centerpulse AG, a Swiss-based orthopaedic company.

"Zimmer is just one of the reasons that Indiana stands on solid ground in the life sciences industry," Kernan said. "These are the jobs of the 21st Century, high-wage, high-tech positions that put Hoosiers on the cutting edge of innovation."

"The orthopaedics industry in Warsaw has enjoyed excellent support from the State of Indiana, and Zimmer in particular has received State training grants and has been involved in several 21st Century Technology Fund projects," said Ray Elliott, Zimmer Chairman, President and CEO. "The availability of State of Indiana incentives was a significant positive as we considered how and where to focus our global resources. We are delighted that the State has indicated it plans to join with us in making further investments in the future of Warsaw and the State of Indiana."

Zimmer has indicated it plans to spend approximately $64 million through 2007 in expanding its existing office, manufacturing and distribution capacity by approximately 200,000 square feet. Local payroll is expected to increase by more than $15 million by the end of 2005. The company is currently in the final stages of determining whether the manufacturing expansion will be through the purchase of an additional facility or through additions to existing Zimmer facilities. Construction on the distribution center addition will begin in May.

Zimmer estimates approximately 400 jobs will be created in Warsaw by the end of 2007, which reflects a mix of manufacturing, manufacturing support and professional positions. Certain functions, such as finance, marketing, research and product development, are now in the process of being transferred from a former Centerpulse facility in Austin, Texas, and will continue throughout 2004. Transfer of

manufacturing and manufacturing support functions will begin in August and will continue through most of 2005. The company says it also plans to seek available tax abatement from the City of Warsaw on the equipment it will add to support the job growth.

The State of Indiana incentives are expected to come in the form of Economic Development for a Growing Economy (EDGE) tax credits over a 10-year period, Hoosier Business Investment Credits and an Indiana Skills 2016 Workforce Training grant.

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. The new Zimmer 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, 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 more than 6,500 employees.

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Zimmer 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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