Zimmer in Compliance with Japanese Pricing Regulations

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WARSAW, Ind., Oct 18, 2001 (BUSINESS WIRE) -- Zimmer Holdings, Inc., (NYSE:ZMH) said today that its pricing policies strictly comply with Japanese government regulations and that the company believes there is no basis for allegations by the Japanese Fair Trade Commission of unfair pricing practices. Zimmer is cooperating with a Fair Trade Commission investigation into alleged unfair pricing practices by four orthopaedic companies, including Zimmer Japan.

Zimmer Chairman and Chief Executive Officer Ray Elliott said that the company is complying with all requests for information. "We have a strict anti-trust compliance policy within our company and we have no reason to believe there is any basis for these allegations," said Elliott. "Our business is continuing to operate normally in Japan and we have not been placed under any restrictions."

On October 14, the Office of the United States Trade Representative presented a set of reform proposals to the Japanese government related to medical products pricing. The proposals were made to ensure that the introduction of medical devices and pharmaceuticals is encouraged by the Japanese government and receives timely and appropriate valuations that recognize the role of the market. The U.S. Trade Representative specifically requested that the Japanese government, "Assure that medical devices are not subject to arbitrary price control measures (e.g., foreign reference pricing adjustments) to devalue innovative products."

The Japanese government has not notified Zimmer of any next steps in the investigation process.

Zimmer, based in Warsaw, Indiana, is a global leader in the design, development, manufacturing and marketing of orthopaedic reconstructive implants and fracture management products. Orthopaedic reconstructive implants restore joint function lost due to disease or trauma in joints such as knees, hips, shoulders and elbows. Fracture management products are devices used primarily to reattach or stabilize damaged bone and tissue to support the body's natural healing process. Zimmer also manufactures and markets other products related to orthopaedic and general surgery. Zimmer was founded in 1927 and has more than 3,200 employees worldwide. For the year 2000, Zimmer recorded

worldwide revenues of more than $1 billion. Zimmer became an independent, publicly traded company on August 7, 2001, when it was spun off from Bristol-Myers Squibb (NYSE: BMY).

Visit Zimmer on the Worldwide Web at www.zimmer.com.

This press release contains forward-looking statements based on current expectations, estimates, forecasts and projections about the orthopaedics industry, management's beliefs and assumptions made by management. 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, price and product competition, rapid technological development, demographic changes, dependence on new product development, the mix of our products and services, customer demand for our products and services, our ability to successfully integrate acquired companies, control of costs and expenses, our ability to form and implement alliances, international growth, U.S. and foreign government regulation, 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 reports filed by Zimmer with the 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.