

sole source availability, cost effectiveness or constraints resulting from regulatory requirements. The Company works closely with its suppliers to assure continuity of supply while maintaining high quality and reliability. Alternative supplier options are generally considered and identified, although the Company does not typically pursue regulatory qualification of alternative sources due to the strength of its existing supplier relationships and the time and expense associated with the regulatory process. Although a change in suppliers could require significant effort or investment by the Company in circumstances where the items supplied are integral to the performance of the Company's products or incorporate unique technology, the Company does not believe that the loss of any existing supply contract would have a material adverse effect on its financial and operational performance. To date, the Company has not experienced any significant difficulty in locating and obtaining the materials necessary to fulfill its production schedules.

INTELLECTUAL PROPERTY

The Company believes that patents and other proprietary rights are important to the continued success of its business and the Company also relies upon trade secrets, know-how, continuing technological innovation and licensing opportunities to develop and maintain its competitive position. The Company protects its proprietary rights through a variety of methods, including confidentiality agreements and proprietary information agreements with vendors, employees, consultants and others who may have access to proprietary information.

With the acquisition of Centerpulse, the Company now owns or controls through licensing arrangements more than 2,130 issued patents and more than 1,340 patent applications throughout the world that relate to aspects of the technology incorporated in many of the Company's products.

EMPLOYEES

As a result of the acquisition of Centerpulse, the Company employs more than 6,500 employees worldwide, including more than 550 employees dedicated to research and development. Approximately 4,000 employees are located within the United States and more than 2,500 employees are located outside of the United States, primarily in Japan and throughout Europe. Nearly 200 North American employees are members of a trade union covered by a collective bargaining agreement. In addition, approximately 70 employees are represented by a union in the United Kingdom.

In May 2000, the Company renewed a collective bargaining agreement with the United Steelworkers of America covering employees at the Dover, Ohio, facility. The term of this agreement was further extended as of May 15, 2003 and will continue in effect until May 15, 2007. The agreement automatically renews thereafter on a year-to-year basis until either party gives written notice of its intent to terminate the agreement, 60 days prior to a termination date.

The Company believes that its relationship with its employees and the unions that represent them is good.

AVAILABLE INFORMATION

The Company's Internet website address is www.zimmer.com. Its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available or may be accessed free of charge through the Investor Relations section of the Company's Internet website as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. The Company's Internet website and the information contained therein or connected thereto are not intended to be incorporated by reference into this Annual Report on Form 10-K.

The following corporate governance and related documents are, or soon will be, available through the Company's website or may be obtained in print form, without charge, by request to the Company's Investor Relations Department: Corporate Governance Guidelines, Code of Business Conduct, Audit Committee Charter, Compensation and Management Development Committee Charter, Corporate Governance Committee Charter, and Science and Technology Committee Charter.