

CONSOLIDATED STATEMENTS OF CASH FLOWS Stryker Corporation and Subsidiaries

(in millions)

	Years Ended December 31		
	2008	2007	2006
<i>Operating Activities</i>			
Net earnings	\$ 1,147.8	\$ 1,017.4	\$ 777.7
Less: Net earnings from discontinued operations	–	(5.0)	(6.3)
Less: Net gain on sale of discontinued operations	–	(25.7)	–
Net earnings from continuing operations	1,147.8	986.7	771.4
Adjustments to reconcile net earnings from continuing operations to net cash provided by operating activities:			
Depreciation	155.4	137.1	116.7
Amortization	232.2	229.5	207.4
Share-based compensation	65.5	61.3	56.9
Income tax benefit from exercise of stock options	44.6	53.3	33.2
Excess income tax benefit from exercise of stock options	(33.7)	(43.5)	(26.1)
Restructuring charges	34.9	–	–
Intangible asset impairment	–	19.8	–
Purchased in-process research and development	–	–	52.7
Provision for losses on accounts receivable	10.4	7.3	3.1
Deferred income tax credit	(17.6)	(147.1)	(27.1)
Other	0.2	8.2	5.0
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(131.2)	(133.5)	(105.2)
Inventories	(180.2)	(89.9)	(86.8)
Loaner instrumentation	(181.8)	(184.9)	(198.1)
Accounts payable	10.4	11.1	39.1
Accrued expenses and other liabilities	54.3	20.4	24.7
Income taxes	(29.1)	83.5	(8.6)
Other	(6.2)	18.9	(8.3)
Net cash provided by (used in) discontinued operations	–	(9.9)	17.3
Net cash provided by operating activities	1,175.9	1,028.3	867.3
<i>Investing Activities</i>			
Acquisitions, net of cash acquired	(14.2)	(54.8)	(93.9)
Proceeds from sale of discontinued operations, net of cash divested	–	144.7	–
Purchases of marketable securities	(16,832.3)	(14,851.9)	(9,137.8)
Proceeds from sales of marketable securities	17,303.2	13,772.4	8,709.7
Purchases of property, plant and equipment	(155.2)	(187.7)	(209.4)
Proceeds from sales of property, plant and equipment	8.6	0.7	0.3
Net cash used by discontinued operations	–	(1.6)	(11.2)
Net cash provided by (used in) investing activities	310.1	(1,178.2)	(742.3)
<i>Financing Activities</i>			
Proceeds from borrowings	26.0	103.7	113.7
Payments on borrowings	(19.3)	(102.9)	(340.9)
Dividends paid	(135.6)	(89.7)	(44.6)
Proceeds from exercise of stock options	50.1	69.5	48.6
Excess income tax benefit from exercise of stock options	33.7	43.5	26.1
Repurchase and retirement of common stock	(1,000.0)	–	–
Other	(1.0)	(10.5)	(6.1)
Net cash provided by (used in) financing activities	(1,046.1)	13.6	(203.2)
Effect of exchange rate changes on cash and cash equivalents	(29.3)	10.2	3.6
Increase (decrease) in cash and cash equivalents	410.6	(126.1)	(74.6)
Cash and cash equivalents at beginning of year	290.5	416.6	491.2
Cash and cash equivalents at end of year	\$ 701.1	\$ 290.5	\$ 416.6

See accompanying notes to Consolidated Financial Statements.