



Contacts:

Media

Brad Bishop
574-372-4291
bradley.bishop@zimmer.com

Investors

Paul Blair
574-371-8042
paul.blair@zimmer.com

James T. Crines
574-372-4264
james.crines@zimmer.com

Zimmer Holdings, Inc. Reports Second Quarter 2009 Financial Results

- **Net Sales of \$1.02 billion represents a decrease of 5.5% reported (0.6% constant currency)**
- **Diluted EPS for the second quarter were \$0.98 reported, a decrease of 1.0% from the prior year period, and \$1.00 adjusted, a decrease of 2.9% from the prior year period**
- **Reaffirms full-year sales and adjusted EPS guidance**

(WARSAW, IN) July 23, 2009—Zimmer Holdings, Inc. (NYSE and SWX: ZMH) today reported financial results for the quarter ended June 30, 2009. The Company reported second quarter net sales of \$1.02 billion, a decrease of 5.5% reported and 0.6% constant currency from the second quarter of 2008. Diluted earnings per share for the quarter were \$0.98 reported and \$1.00 adjusted, a decrease of 2.9% adjusted from the prior year period.

“Our second quarter results provide further evidence that we are successfully stabilizing our business and making progress toward restoring positive momentum,” said David Dvorak, Zimmer President and CEO. “We achieved sequential improvement in revenue on a day-rate basis for the quarter in six of our seven product categories, including Knees and Hips. We are once again reaffirming our 2009 sales and earnings guidance.”

Net earnings for the second quarter were \$210.1 million on a reported basis and \$215.5 million on an adjusted basis, a decrease of 9.0% adjusted from the prior year period. Operating cash flow for the second quarter was \$195.1 million. Net earnings for the first six months of 2009 were \$412.3 million on a reported basis and \$425.5 million on an adjusted basis, a decrease of 11.6% adjusted from the prior year period.

During the quarter, the Company utilized \$36 million of cash to acquire 0.8 million shares under its \$1.25 billion repurchase program. At the end of the quarter, \$797 million of share repurchase authorization remained available under this program, which expires on December 31, 2009.

Guidance

The Company reaffirmed its full year 2009 sales and earnings guidance. Full year revenues for 2009 are expected to increase between 1% and 3% on a constant currency basis. Assuming foreign currency exchange rates remain consistent with current levels, the Company estimates that foreign currency translation will reduce revenue for 2009 by approximately 2.5%. Full year 2009 adjusted diluted earnings per share are projected to be in a range of \$3.85 to \$4.00.

Conference Call

The Company will conduct its second quarter 2009 investor conference call today, July 23, 2009, at 8:00 a.m. Eastern Time. The live audio webcast can be accessed via Zimmer's Investor Relations website at <http://investor.zimmer.com>. It will be archived for replay following the conference.

Individuals who wish to dial into the conference call may do so at (888) 881-6248. International callers should dial (706) 634-6422. A digital recording will be available two hours after the completion of the conference call from July 23, 2009 to August 6, 2009. To access the recording, U.S./Canada callers should dial (800) 642-1687, and International callers should dial (706) 645-9291, and enter the Conference ID, 16739971. A copy of this press release and other financial and statistical information

about the periods to be presented in the conference call will be accessible through the Zimmer website at <http://investor.zimmer.com>.

Sales Tables

The following tables provide sales results by geographic segment and product category, as well as the percentage change compared to the prior year quarter and six months on both a reported and constant currency basis. Beginning in 2009, the Company's Dental product category sales are no longer included within its Reconstructive products category. Prior year amounts related to Dental product category sales have been reclassified to conform to the 2009 presentation.

NET SALES - THREE MONTHS ENDED JUNE 30, 2009

(in millions, unaudited)

| | <u>Net Sales</u> | <u>Reported % Growth</u> | <u>Constant Currency % Growth</u> |
|----------------------------|----------------------|------------------------------|---|
| Geographic Segments | | | |
| Americas | \$ 590 | (1) % | - % |
| Europe | 280 | (14) | (1) |
| Asia Pacific | 150 | (6) | (2) |
| Total | <u>1,020</u> | (6) | (1) |
| Product Categories | | | |
| Reconstructive | | | |
| Americas | 441 | (2) | (2) |
| Europe | 225 | (16) | (3) |
| Asia Pacific | 114 | (5) | (1) |
| Total | <u>780</u> | (7) | (2) |
| Knees | | | |
| Americas | 272 | (3) | (2) |
| Europe | 108 | (14) | - |
| Asia Pacific | 58 | (6) | - |
| Total | <u>438</u> | (6) | (1) |
| Hips | | | |
| Americas | 143 | (4) | (3) |
| Europe | 112 | (19) | (6) |
| Asia Pacific | 53 | (4) | (2) |
| Total | <u>308</u> | (10) | (4) |
| Extremities | 34 | 8 | 13 |
| Dental | 53 | (17) | (12) |
| Trauma | 57 | 3 | 7 |
| Spine | 64 | 18 | 23 |
| OSP and other | 66 | 1 | 3 |

NET SALES - SIX MONTHS ENDED JUNE 30, 2009
(in millions, unaudited)

| | <u>Net Sales</u> | <u>Reported % Growth</u> | <u>Constant Currency % Growth</u> |
|----------------------------|----------------------|------------------------------|---|
| Geographic Segments | | | |
| Americas | \$ 1,184 | (1) % | (1) % |
| Europe | 546 | (14) | - |
| Asia Pacific | 283 | (8) | (4) |
| Total | <u>2,013</u> | (6) | (1) |
| Product Categories | | | |
| Reconstructive | | | |
| Americas | 884 | (2) | (1) |
| Europe | 444 | (15) | (2) |
| Asia Pacific | 214 | (7) | (3) |
| Total | <u>1,542</u> | (7) | (2) |
| Knees | | | |
| Americas | 548 | (2) | (2) |
| Europe | 213 | (13) | 1 |
| Asia Pacific | 106 | (8) | (1) |
| Total | <u>867</u> | (6) | (1) |
| Hips | | | |
| Americas | 285 | (4) | (3) |
| Europe | 219 | (17) | (5) |
| Asia Pacific | 104 | (5) | (5) |
| Total | <u>608</u> | (10) | (4) |
| Extremities | 67 | 6 | 10 |
| Dental | 100 | (16) | (11) |
| Trauma | 114 | 3 | 6 |
| Spine | 129 | 19 | 23 |
| OSP and other | 128 | (11) | (9) |

About the Company

Founded in 1927 and headquartered in Warsaw, Indiana, Zimmer designs, develops, manufactures and markets orthopaedic reconstructive, spinal and trauma devices, dental implants, and related surgical products. Zimmer has operations in more than 25 countries around the world and sells products in more than 100 countries. Zimmer's 2008 sales were approximately \$4.1 billion. The Company is supported by the efforts of more than 8,000 employees worldwide.

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For more information about Zimmer, visit www.zimmer.com

Note on Non-GAAP Financial Measures

As used in this press release, the term “**adjusted**” refers to operating performance measures that exclude inventory step-up, acquisition, integration, realignment and other expenses and net curtailment and settlement gain. The term “**constant currency**” refers to any financial measure that excludes the effect of changes in foreign currency exchange rates. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measure are included in this press release.

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,” “assumes,” “guides,” “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 compliance with the Corporate Integrity Agreement through 2012; the impact of our enhanced healthcare compliance global initiatives and business practices on our relationships with customers and consultants, our market share and our overall financial performance; the success of our quality initiatives; the outcome of the informal investigation by the U.S. Securities and Exchange Commission into Foreign Corrupt Practices Act matters announced in October 2007; price and product competition;

changes in customer demand for our products and services caused by demographic changes or other factors; dependence on new product development, technological advances and innovation; shifts in the product category or regional sales mix of our products and services; supply and prices of raw materials and products; control of costs and expenses; our ability to obtain and maintain adequate intellectual property protection; our ability to successfully integrate acquired businesses; our ability to form and implement alliances; challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses, including regulations of the U.S. Food and Drug Administration and foreign government regulators and tax obligations and risks; the impact of temporarily suspending U.S. distribution of one of our key hip replacement products; product liability and intellectual property litigation losses; reductions in reimbursement levels from third-party payors and cost-containment efforts of healthcare purchasing organizations; our ability to retain the independent agents and distributors who market our products; changes in general industry and market conditions, including domestic and international growth rates and general domestic and international economic conditions, including interest rate and currency exchange rate fluctuations; and the costs of defending or resolving putative class action securities litigation and lawsuits, investigations or other proceedings resulting from our September 2007 settlement with the U.S. government and other matters. For a further list and description of such risks and uncertainties, see our periodic reports filed with the U.S. Securities and Exchange Commission. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be set forth in our periodic reports. 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.

ZIMMER HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE THREE MONTHS ENDED JUNE 30, 2009 and 2008
(in millions, except per share amounts, unaudited)

| | <u>2009</u> | <u>2008</u> | <u>% Inc/(Dec)</u> |
|---|-----------------|-----------------|--------------------|
| Net Sales | \$ 1,019.9 | \$ 1,079.5 | (6) % |
| Cost of products sold | <u>236.8</u> | <u>262.3</u> | (11) |
| Gross Profit | <u>783.1</u> | <u>817.2</u> | (4) |
| Research and development | 49.9 | 48.3 | 3 |
| Selling, general and administrative | 432.3 | 448.0 | (4) |
| Acquisition, integration, realignment and other | 36.5 | 12.5 | 192 |
| Net curtailment and settlement | <u>(32.1)</u> | <u>-</u> | 100 |
| Operating expenses | <u>486.6</u> | <u>508.8</u> | (5) |
| Operating Profit | 296.5 | 308.4 | (4) |
| Interest and other, net | <u>(4.0)</u> | <u>6.8</u> | (158) |
| Earnings before income taxes | 292.5 | 315.2 | (7) |
| Provision for income taxes | <u>82.4</u> | <u>87.8</u> | (6) |
| Net Earnings | 210.1 | 227.4 | (7) |
| Less: Net earnings attributable to noncontrolling interest | <u>-</u> | <u>(0.3)</u> | (100) |
| Net Earnings of Zimmer Holdings, Inc. | <u>\$ 210.1</u> | <u>\$ 227.1</u> | (7) |
| Earnings Per Common Share | | | |
| Basic | \$ 0.98 | \$ 0.99 | (1) |
| Diluted | \$ 0.98 | \$ 0.99 | (1) |
| Weighted Average Common Shares Outstanding | | | |
| Basic | 214.7 | 228.4 | |
| Diluted | 215.5 | 229.5 | |

Certain amounts in the 2008 consolidated statement of earnings have been reclassified to conform to the 2009 presentation.

ZIMMER HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE SIX MONTHS ENDED JUNE 30, 2009 and 2008
(in millions, except per share amounts, unaudited)

| | <u>2009</u> | <u>2008</u> | <u>% Inc/(Dec)</u> |
|---|-----------------|-----------------|--------------------|
| Net Sales | \$ 2,012.5 | \$ 2,138.7 | (6) % |
| Cost of products sold | <u>467.1</u> | <u>517.0</u> | (11) |
| Gross Profit | <u>1,545.4</u> | <u>1,621.7</u> | (5) |
| Research and development | 101.7 | 96.1 | 6 |
| Selling, general and administrative | 856.0 | 865.8 | (1) |
| Acquisition, integration, realignment and other | 43.5 | 19.8 | 120 |
| Net curtailment and settlement | <u>(32.1)</u> | <u>-</u> | 100 |
| Operating expenses | <u>969.1</u> | <u>981.7</u> | (1) |
| Operating Profit | 576.3 | 640.0 | (10) |
| Interest and other, net | <u>(7.7)</u> | <u>7.8</u> | (198) |
| Earnings before income taxes | 568.6 | 647.8 | (12) |
| Provision for income taxes | <u>156.3</u> | <u>180.9</u> | (14) |
| Net Earnings | 412.3 | 466.9 | (12) |
| Less: Net earnings attributable to noncontrolling interest | <u>-</u> | <u>(0.5)</u> | (100) |
| Net Earnings of Zimmer Holdings, Inc. | <u>\$ 412.3</u> | <u>\$ 466.4</u> | (12) |
| Earnings Per Common Share | | | |
| Basic | \$ 1.89 | \$ 2.02 | (6) |
| Diluted | \$ 1.88 | \$ 2.01 | (6) |
| Weighted Average Common Shares Outstanding | | | |
| Basic | 218.1 | 230.5 | |
| Diluted | 218.8 | 231.7 | |

Certain amounts in the 2008 consolidated statement of earnings have been reclassified to conform to the 2009 presentation.

ZIMMER HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, unaudited)

| | June 30, | December 31, |
|---|--------------------------|--------------------------|
| | 2009 | 2008 |
| | <u> </u> | <u> </u> |
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 277.5 | \$ 212.6 |
| Restricted cash | 2.7 | 2.7 |
| Receivables, net | 768.7 | 732.8 |
| Inventories, net | 980.9 | 928.3 |
| Other current assets | 298.9 | 302.2 |
| Total current assets | <u>2,328.7</u> | <u>2,178.6</u> |
| Property, plant and equipment, net | 1,254.4 | 1,264.1 |
| Goodwill | 2,814.6 | 2,774.8 |
| Intangible assets, net | 874.6 | 872.1 |
| Other assets | 189.8 | 149.4 |
| Total Assets | <u><u>\$ 7,462.1</u></u> | <u><u>\$ 7,239.0</u></u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities | \$ 669.2 | \$ 771.1 |
| Other long-term liabilities | 333.8 | 353.9 |
| Long-term debt | 653.5 | 460.1 |
| Shareholders' equity | 5,805.6 | 5,653.9 |
| Total Liabilities and Shareholders' Equity | <u><u>\$ 7,462.1</u></u> | <u><u>\$ 7,239.0</u></u> |

ZIMMER HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2009 and 2008
(in millions, unaudited)

| | <u>2009</u> | <u>2008</u> |
|---|-----------------|-----------------|
| Cash flows provided by (used in) operating activities | | |
| Net earnings of Zimmer Holdings, Inc. | \$ 412.3 | \$ 466.4 |
| Depreciation and amortization | 161.4 | 129.2 |
| Gain on sale of investments | - | (8.7) |
| Net curtailment and settlement | (32.1) | - |
| Share-based compensation | 40.1 | 39.4 |
| Inventory step-up | 7.0 | 1.8 |
| Income tax benefits from employee stock compensation plans | 0.2 | 10.0 |
| Excess income tax benefits from employee stock compensation plans | - | (6.0) |
| Changes in operating assets and liabilities | | |
| Income taxes | 4.8 | (35.7) |
| Receivables | (29.8) | (81.9) |
| Inventories | (51.8) | (55.6) |
| Accounts payable and accrued expenses | (119.4) | 87.6 |
| Other assets and liabilities | (13.0) | (23.2) |
| Net cash provided by operating activities | <u>379.7</u> | <u>523.3</u> |
| Cash flows provided by (used in) investing activities | | |
| Additions to instruments | (75.9) | (119.5) |
| Additions to other property, plant and equipment | (54.7) | (121.5) |
| Acquisition of intellectual property rights | (25.9) | - |
| Proceeds from sale of investments | - | 12.0 |
| Investments in other assets | (17.8) | (7.5) |
| Net cash used in investing activities | <u>(174.3)</u> | <u>(236.5)</u> |
| Cash flows provided by (used in) financing activities | | |
| Net borrowings under credit facilities | 200.0 | 220.0 |
| Proceeds from employee stock compensation plans | 3.6 | 45.2 |
| Excess income tax benefits from employee stock compensation plans | - | 6.0 |
| Repurchase of common stock | (337.8) | (640.2) |
| Acquisition of noncontrolling interest | (7.8) | - |
| Net cash used in financing activities | <u>(142.0)</u> | <u>(369.0)</u> |
| Effect of exchange rates on cash and cash equivalents | <u>1.5</u> | <u>6.4</u> |
| Increase in cash and cash equivalents | 64.9 | (75.8) |
| Cash and cash equivalents, beginning of period | <u>212.6</u> | <u>463.9</u> |
| Cash and cash equivalents, end of period | <u>\$ 277.5</u> | <u>\$ 388.1</u> |

ZIMMER HOLDINGS, INC.
NET SALES BY GEOGRAPHIC SEGMENT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009 and 2008
(in millions, unaudited)

| | <u>Three Months Ended June 30,</u> | | | | <u>Six Months Ended June 30,</u> | | | |
|--------------|------------------------------------|-------------------|----------------|---|----------------------------------|-------------------|----------------|---|
| | <u>2009</u> | <u>2008</u> | <u>% (Dec)</u> | | <u>2009</u> | <u>2008</u> | <u>% (Dec)</u> | |
| Americas | \$ 589.6 | \$ 594.5 | (1) | % | \$ 1,184.2 | \$ 1,201.6 | (1) | % |
| Europe | 280.4 | 325.8 | (14) | | 545.5 | 631.3 | (14) | |
| Asia Pacific | 149.9 | 159.2 | (6) | | 282.8 | 305.8 | (8) | |
| Total | <u>\$ 1,019.9</u> | <u>\$ 1,079.5</u> | (6) | | <u>\$ 2,012.5</u> | <u>\$ 2,138.7</u> | (6) | |

ZIMMER HOLDINGS, INC.
NET SALES BY PRODUCT CATEGORY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009 and 2008
(in millions, unaudited)

| | <u>Three Months Ended June 30,</u> | | | | <u>Six Months Ended June 30,</u> | | | |
|----------------|------------------------------------|-------------------|--------------------|---|----------------------------------|-------------------|--------------------|---|
| | <u>2009</u> | <u>2008</u> | <u>% Inc/(Dec)</u> | | <u>2009</u> | <u>2008</u> | <u>% Inc/(Dec)</u> | |
| Reconstructive | \$ 780.0 | \$ 841.1 | (7) | % | \$ 1,541.6 | \$ 1,656.6 | (7) | % |
| Dental | 52.7 | 63.3 | (17) | | 100.1 | 119.1 | (16) | |
| Trauma | 56.7 | 54.9 | 3 | | 113.6 | 110.6 | 3 | |
| Spine | 64.2 | 54.3 | 18 | | 128.8 | 108.3 | 19 | |
| OSP and other | 66.3 | 65.9 | 1 | | 128.4 | 144.1 | (11) | |
| Total | <u>\$ 1,019.9</u> | <u>\$ 1,079.5</u> | (6) | | <u>\$ 2,012.5</u> | <u>\$ 2,138.7</u> | (6) | |

ZIMMER HOLDINGS, INC.
RECONCILIATION OF REPORTED % GROWTH TO
CONSTANT CURRENCY % GROWTH
(unaudited)

| | For the Three Months Ended June 30, 2009 | | |
|----------------------------|---|--|---|
| | Reported % Growth | Foreign Exchange Impact | Constant Currency % Growth |
| Geographic Segments | | | |
| Americas | (1) % | (1) % | - % |
| Europe | (14) | (13) | (1) |
| Asia Pacific | (6) | (4) | (2) |
| Total | (6) | (5) | (1) |
| Product Categories | | | |
| Reconstructive | | | |
| Americas | (2) | - | (2) |
| Europe | (16) | (13) | (3) |
| Asia Pacific | (5) | (4) | (1) |
| Total | (7) | (5) | (2) |
| Knees | | | |
| Americas | (3) | (1) | (2) |
| Europe | (14) | (14) | - |
| Asia Pacific | (6) | (6) | - |
| Total | (6) | (5) | (1) |
| Hips | | | |
| Americas | (4) | (1) | (3) |
| Europe | (19) | (13) | (6) |
| Asia Pacific | (4) | (2) | (2) |
| Total | (10) | (6) | (4) |
| Extremities | | | |
| | 8 | (5) | 13 |
| Dental | | | |
| | (17) | (5) | (12) |
| Trauma | | | |
| | 3 | (4) | 7 |
| Spine | | | |
| | 18 | (5) | 23 |
| OSP and other | | | |
| | 1 | (2) | 3 |

ZIMMER HOLDINGS, INC.
RECONCILIATION OF REPORTED % GROWTH TO
CONSTANT CURRENCY % GROWTH
(unaudited)

For the Six Months Ended
June 30, 2009

| | Reported % Growth | Foreign Exchange Impact | Constant Currency % Growth |
|----------------------------|------------------------------|--|---|
| Geographic Segments | | | |
| Americas | (1) % | - % | (1) % |
| Europe | (14) | (14) | - |
| Asia Pacific | (8) | (4) | (4) |
| Total | (6) | (5) | (1) |
| Product Categories | | | |
| Reconstructive | | | |
| Americas | (2) | (1) | (1) |
| Europe | (15) | (13) | (2) |
| Asia Pacific | (7) | (4) | (3) |
| Total | (7) | (5) | (2) |
| Knees | | | |
| Americas | (2) | - | (2) |
| Europe | (13) | (14) | 1 |
| Asia Pacific | (8) | (7) | (1) |
| Total | (6) | (5) | (1) |
| Hips | | | |
| Americas | (4) | (1) | (3) |
| Europe | (17) | (12) | (5) |
| Asia Pacific | (5) | - | (5) |
| Total | (10) | (6) | (4) |
| Extremities | 6 | (4) | 10 |
| Dental | (16) | (5) | (11) |
| Trauma | 3 | (3) | 6 |
| Spine | 19 | (4) | 23 |
| OSP and other | (11) | (2) | (9) |

ZIMMER HOLDINGS, INC.
Reconciliation of Net Earnings and Adjusted Net Earnings
For the Three Months Ended June 30, 2009 and 2008
(in millions, unaudited)

| | Three Months Ended June 30, | |
|---|--|-------------|
| | 2009 | 2008 |
| Net Earnings | \$ 210.1 | \$ 227.1 |
| Inventory step-up | 2.8 | 1.5 |
| Acquisition, integration, realignment and other | 36.5 | 12.5 |
| Net curtailment and settlement | (32.1) | - |
| Taxes on inventory step-up, acquisition, integration, realignment and other and net curtailment and settlement | (1.8) | (4.2) |
| Adjusted Net Earnings | \$ 215.5 | \$ 236.9 |

ZIMMER HOLDINGS, INC.
Reconciliation of Net Earnings and Adjusted Net Earnings
For the Six Months Ended June 30, 2009 and 2008
(in millions, unaudited)

| | Six Months Ended June 30, | |
|---|--------------------------------------|-------------|
| | 2009 | 2008 |
| Net Earnings | \$ 412.3 | \$ 466.4 |
| Inventory step-up | 7.0 | 1.8 |
| Acquisition, integration, realignment and other | 43.5 | 19.8 |
| Net curtailment and settlement | (32.1) | - |
| Taxes on inventory step-up, acquisition, integration, realignment and other and net curtailment and settlement | (5.2) | (6.8) |
| Adjusted Net Earnings | \$ 425.5 | \$ 481.2 |

ZIMMER HOLDINGS, INC.
Reconciliation of Diluted EPS and Adjusted Diluted EPS
For the Three Months Ended June 30, 2009 and 2008
(unaudited)

| | Three Months Ended June 30, | |
|---|--|----------------|
| | 2009 | 2008 |
| Diluted EPS | \$ 0.98 | \$ 0.99 |
| Inventory step-up | 0.01 | 0.01 |
| Acquisition, integration, realignment and other | 0.17 | 0.05 |
| Net curtailment and settlement | (0.15) | - |
| Taxes on inventory step-up, acquisition, integration, realignment and other and net curtailment and settlement | (0.01) | (0.02) |
| Adjusted Diluted EPS | <u>\$ 1.00</u> | <u>\$ 1.03</u> |

ZIMMER HOLDINGS, INC.
Reconciliation of Diluted EPS and Adjusted Diluted EPS
For the Six Months Ended June 30, 2009 and 2008
(unaudited)

| | Six Months Ended June 30, | |
|---|--------------------------------------|----------------|
| | 2009 | 2008 |
| Diluted EPS | \$ 1.88 | \$ 2.01 |
| Inventory step-up | 0.03 | 0.01 |
| Acquisition, integration, realignment and other | 0.20 | 0.09 |
| Net curtailment and settlement | (0.15) | - |
| Taxes on inventory step-up, acquisition, integration, realignment and other and net curtailment and settlement | (0.02) | (0.03) |
| Adjusted Diluted EPS | <u>\$ 1.94</u> | <u>\$ 2.08</u> |

ZIMMER HOLDINGS, INC.
Reconciliation of 2009 Projected Diluted EPS
and Projected Adjusted Diluted EPS
(unaudited)

| Projected Twelve Months Ended December 31, 2009: | <u>Low</u> | <u>High</u> |
|---|-----------------------|-----------------------|
| Diluted EPS | \$ 3.68 | \$ 3.83 |
| Inventory step-up | 0.05 | 0.05 |
| Acquisition, integration, realignment and other | 0.35 | 0.35 |
| Net curtailment and settlement | (0.15) | (0.15) |
| Taxes on inventory step-up, acquisition, integration, realignment and other and net curtailment and settlement | <u>(0.08)</u> | <u>(0.08)</u> |
| Adjusted Diluted EPS | <u><u>\$ 3.85</u></u> | <u><u>\$ 4.00</u></u> |