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THE WHITE HOUSE

Office of the Press Secretary
(Detroit, Michigan)

For Immediate Release March 13, 1992

REMARKS BY THE PRESIDENT
TO STRYKER MEDICAL CORPORATION EMPLOYEES

The Stryker Medical Corporation
Kalamazoo, Michigan

10:24 A.M. EST

THE PRESIDENT: Thank you, John Brown, for those kind words and that warm welcome. And may I just say to you how inspirational my little tour through this plant has been for me, seeing not only the spirit of this wonderful work force, but getting to kick the tires on some of the most advanced technology in the health care field and to begin to understand it better. And so I would like to take this opportunity to thank each of the people along the line that were so hospitable, welcoming me and our associates here today.

May I single out the Mayor who is graciously here today, Mayor Beverley Moore, and thank her for being here; and thank John, of course, and David Simpson and Si Johnson; Harry Carmitchel for the tour. And I'm pleased to, of course, be with my old friend, John Engler, the Governor of this great state, and another man doing a fine job, and that's Congressman Fred Upton -- all here with us today.

And may I salute also the CEO council who I understand has been introduced. And I said, who do I thank for the music? And they said, don't, it's played on tape. So, nevertheless, here I am. (Laughter.)

But really what we wanted to do was to come here today and salute an outstanding group of competitors in one of our leading-edge industries. Stryker is celebrated across the nation and around the world for the quality of your work and the excellence of the management, the way it's handled. You're leaders in an innovative industry that makes our country proud.

And so let me offer a personal note. I'm a grandfather, yes, and time after time in recent years I've seen modern medical devices work miracles for other grandparents. I've seen grandparents who had been hobbled for years with arthritis. Now they're running and playing again, and those miracles are results of advances that your industry has made with these artificial joints.

I'm proud of how you at Stryker have gone abroad and captured new markets -- John referred to this -- but you've captured new markets for these high-quality American products. Exports as a portion of your sales, as the Governor mentioned, have risen steadily. They now account for almost one-third of your total sales. You have increased numbers of customers in Canada and Mexico and Europe -- and you are the number one seller, I am told, the number one seller of artificial hips in Japan. Don't tell me the American worker can't compete with the Japanese. (Applause.)

And the bottom line is this industry is growing and creating good jobs for Americans because you give as good as you get. The health care technology industry, which is made up mostly of smaller companies like Stryker, invests an average of 6.3 percent of revenues in R&D, in research and development. That is nearly double -- nearly double the national manufacturing average.

Your industry alone provides our great country with a favorable balance of foreign trade of almost $3 billion. You're solid proof that when that playing field is level, when you have access to the other guy's market, American workers can outthink, outperform and outproduce anyone, anyplace in the world. (Applause.)

Some people simply don't get it. They see the challenges of the global economy and they say: Let's draw the blinds, bolt the doors; maybe the whole world will go away. They push protectionism -- which really means surrendering -- surrendering our growth and surrendering our excellence.

The defeatists may carp, but over time they're going to become irrelevant. The future belongs to those who have the will to compete. And for my part, I will continue working with you to open up new markets wherever they are -- Mexico, South America, all around the globe. I'm also working urgently for a climate more favorable for prosperity at home.

I know that people are hurting out there. People that have jobs are worried about them. But later today I'm going to be talking to the Economic Club there at Detroit, and I'll go into greater detail about an economic growth plan that I've challenged Congress to pass by March 20th, one week from now. We need new incentives -- we need new incentives to get this economy moving. And I'm talking about an investment tax allowance. It sounds complicated, but what that means is speeding up depreciation on new equipment so people can go out and buy new capital items for their plants.

We need to get real estate up and running -- and that means Congress should pass my $5,000 tax credit for those first-time homebuyers, they young family that wants to buy a home -- $5,000 would help and it would stimulate the homebuilding industry. And they ought to pass that. That's not a political thing, it's something that will help the economy right now.

We need to reward the risk-takers, those who create new jobs. And I still feel the way to create new jobs is to cut the tax on capital gains and stimulate new investment. And you're seeing this -- we're competing with Japan; Japan taxes capital gains at one percent. Germany, I believe, is zero. And we're up there in the stratosphere. It's simply not right to people out there thinking, how do I start a new business.

I'd like to spend the rest of this brief time here today talking about another battle, and that's the battle against excessive regulation. A level playing field, I mentioned, outside the United States -- that's fine, that's well and good. But you'll never reach it if you have to run yourselves to exhaustion right here at home on an uphill treadmill of overzealous regulators.

In my State of the Union I instituted -- we put on a 90-day freeze on all proposed and existing federal regulations, the ones that could affect economic growth. As much as possible, we're now speeding up rules that will help growth and halting rules that would harm the economy, set back this fragile economy.

I'm very concerned about the health technology business, the well-being of that business. Our whole future, as I look at it and what it's going to take to move briskly into the next century, is the high innovative-tech industries like yours. The Commerce Department recently reported that America's health technology industry is the strongest in the entire world -- but that if current political and economic trends continue, it would slip behind European and Asian competitors by the end of this decade. And need I say what one of those negative trends is? And that is government regulation.

Over-regulation here in the United States can give

foreign corporations an advantage over American firms. It also can drive U.S. businesses to move factories and jobs overseas. Recently, because of heavy regulation, the number of approvals of new medical devices has dropped dramatically.

Let me assure you: I am determined to roll back the tide of over-regulation. After the 90-day freeze, I'm going to introduce what legislation it takes to change this -- reform legislation to correct unreasonable rules we can't change simply through executive action. And I will have to go to that Congress and challenge them to undo some of this regulatory knot that they've tied across the American economy. And I'll fight those liberals in the Congress who try to impose new and unreasonable burdens on America's livelihood. You know, if Congress sends me any more legislation with excessive regulation in it, I am going to have to veto it and I will veto it as soon as it hits my desk. We need to free up businesses like this, not tie their hands anymore.

As long as I'm the President, I'm going to work to cut needless red tape. We've got to get the life-saving drugs and devices to those who need them. Regulation of the healing arts and health technologies have got to respond to patients' needs and must be based on sound science, not on ideological politics or scare tactics.

And we need to heal something else -- a legal system that is emptying our wallets and tearing our society apart. That's why I'd love to have your support for proposals to reform the liability system and the civil justice system. You know how the epidemic of lawsuits has become: neighbor suing neighbor, guys coaching little league afraid to coach because of a lawsuit being filed at him. "You don't put the kid at first base, I'm going to sue you." I mean, it's not right; it's not fair. And we've overdone it, saying nothing of doctors who are pulling back because of malpractice suits filed against them. I want to be the President of a country where people spend more time helping each other than they do suing each other. (Applause.)

And the very last point: Our economy is going to be strong as long as it's free. That's the lesson that I've taken away from this -- that I'll be taking away from this plant here at Stryker. You have learned that in the markets at home and around the world. It's a principle that we've got to redouble the efforts in fighting for. In my go-rounds with Congress and as Chief Executive of the departments and agencies that regulate American business I'm going to try to do just that.

Let me say in conclusion, it's a joy to be here --not just simply a joy to be outside of what we call "the beltway," Washington, D.C. It really is. And when I come to a place like this and I see what you all are doing, I have a reaffirmation in my heart that this country is still the freest, the greatest, the fairest country on the face of the Earth.

We are the leader of the free world. We are the leader. Your kids and my grandkids don't go to bed today worrying as much as they used to about nuclear weapons. They have a feeling that we've done something big, and we've done it by leading -- standing up to aggression and leading the world. And now let's take that same talent, bring it to bear on this economy, get it moving again, and reestablish our economy as the number one in the world.

Thank you all very, very much. Thank you. (Applause.)

END 10:34 A.M. EST

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INCORPORATED

Research

Health Care Group

Jonathan W. Osgood, CFA
(617) 261-3622

January 23, 1992

STRYKER CORPORATION
(NASDAQ: STRY)

Momentum, Balance, New Products Prompt Slight Upward EPS Revision 1992

Price 1/23/92	52-Week Price Range	EPS (FY: Dec.) 1990A	1991A	1992E	Cal. Yr. P/E 1991A	1992E	Indicated Div.	Yield
45	52 - 16	$0.50	$0.70	$0.95	64.3x	47.4x	$0.05	0.1%

Shares Outstanding: 47.6 million
Market Value of Common: $2.1 billion
Average Daily Volume: 230,200 shares
Estimated Float: 27.6 million shares

DJIA: 3226.74
S&P 500: 414.96
Est. 3-5 Year Growth Rate: 23%
HQ: Kalamazoo, MI

INVESTMENT CONCLUSION: BUY

- 4Q 1991 results were every bit as good as management had predicted last November. EPS exploded for a 69% increase to $0.22 versus $0.13--right on track--and sales jumped almost 30% to $100.6 million versus $77.7 million a year ago. In essence, sales volume was so far over earlier budgets that Stryker simply couldn't control EPS growth in the way it has for over a decade.

- For the FY 1991, EPS rose 40% to $0.70 versus $0.50, on a sales increase of 30% to $364.8 million versus $280.6 million in 1990. It was a spectacular year for Stryker, led by the Endoscopy Division's success in the laparoscopic cholecystectomy market with its three-chip video camera. Sales of the lap choly product line reached $20 million by our estimate, up from just $3 million in 1990. Although the lap choly line did exceptionally well, all of Stryker's other divisions as well were either at, or ahead of budget.

- It is this balanced and diversified growth that makes the Stryker story so strong. We anticipate one more year of well-above-normal growth--again led by the Endoscopy Division--before the Company settles back into a 20-25% annual growth pace. For FY 1992, we are raising our EPS estimate to $0.95 from $0.92, a 36% increase over 1991 EPS, reflecting an anticipated doubling in the Endoscopy Division's general surgery sales to $40 million, an even stronger performance than earlier forecast. Sales could reach $456.0 million, a 25% increase.

- At 45, we think Stryker shares are fairly, if not somewhat expensively, valued. The stock sells at 47.4 times expected 1992 EPS, an 90% premium to the top-end of our long-term growth rate range of 20-25%. Other high-quality, rapidly growing, medical technology stocks sell at 25-50% premiums to their growth rates. We think Stryker shares should command a premium valuation in view of the Company's extraordinary consistency and predictability, but today's premium appears adequate. We are somewhat cautious on the stock near-term, given the valuation, but continue to think it will outperform over the long term. We rate the shares a "buy" (2).

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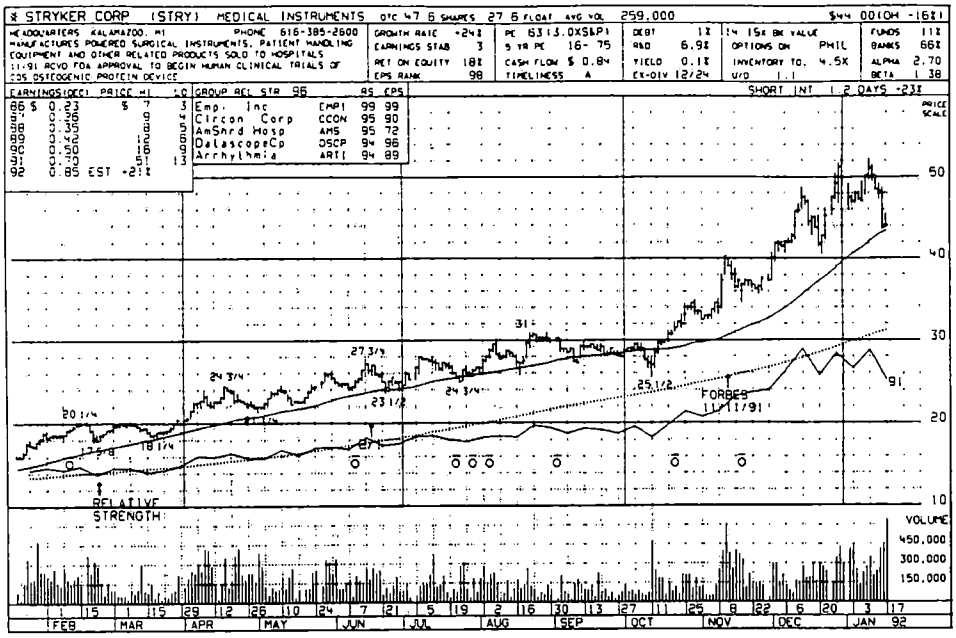

Chart Courtesy of William O'Neil & Co.
January 17, 1992

EARNINGS PER SHARE (FY: DEC)

	1988A	Y/Y CHG	1989A	Y/Y CHG	1990A	Y/Y CHG	1991A	Y/Y CHG	1992E	Y/Y CHG
1Q	$0.09	*20%*	$0.11	*22%*	$0.13	*14%*	$0.16	*28%*	$0.23	*44%*
2Q	0.08	*23%*	0.10	*19%*	0.12	*21%*	0.16	*39%*	0.23	*44%*
3Q	0.09	*21%*	0.10	*18%*	0.12	*20%*	0.16	*33%*	0.23	*44%*
4Q	0.09	*31%*	0.11	*24%*	0.13	*24%*	0.22	*69%*	0.26	*18%*
FY	$0.34	*24%*	$0.41	*21%*	$0.49	*20%*	$0.70	*43%*	$0.95	*36%*

ANNUAL FINANCIAL DATA

($ millions)

	1988A	1989A	1990A	1991A	1992E
Total Revenues	$178.6	$225.9	$280.6	$364.8	$456.0
Net Income	$15.9	$19.2	$33.5 *	$33.1	$45.2
Cash Flow	$21.5	$24.2	$40.6 *	$41.0	$54.5
Pretax Margin	14.6%	13.7%	13.0%	14.6%	16.0%
Return on Avg. Equity	19.1%	18.9%	18.2%	20.0%	21.0%

*** Includes extraordinary gain of $9.9 million from settlement of a lawsuit.**

FINANCIAL POSITION AS OF 9/30/91

($ millions)

Total Assets	$242.3
Working Capital	$132.4
Long-Term Debt (LTD)	$1.4
LTD/Tot. Capitalization	0.8%
Cash Flow/LTD	29.3%
Current Ratio	2.9:1.0
Shareholders' Equity	$169.0

INSTITUTIONAL HOLDINGS

Common Shrs Held (mil.):	15.9
% Total Outstanding:	33.5%

MEASURES OF VALUE

Price: $45.00

Book Value Per Share (9/30/91)	$3.55
Price-to-Book Value	12.7 x
P/E CY 1992E/3-5 Yr. Est. Growth Rate	103.3 %
Market Cap./FY 1992 Revenue	4.6 x
P/E-to-S&P 500 P/E Calendar Year 1991E	3.1 x
P/E-to-S&P 500 P/E Calendar Year 1992E	2.6 x
4-yr P/E Ratio Range	64-12 x

FOURTH-QUARTER RESULTS/OUTLOOK

- Our estimates of sales trends by product line in 1991 are shown in the table below.

Stryker Corporation
Divisional Sales Trends

	1990	1991				
Surgical Segment	YR	1Q	2Q	3Q	4Q	YR
Osteonics (implants)	+ 28 %	+ 25 %	+ 25 %	+ 20 %	+ 18 %	+ 22 %
Powered Instruments	+ 15	+ 20	+ 25	+ 18	+ 40	+ 25
Endoscopy						
Arthoscopy		+ 40	+ 40	+ 35	+ 30	+ 35
Endoscopy (Gen. Surgery)		NA	NA	NA	NA	NA
Total Endoscopy	+ 40	+ 65	+ 65	+ 60	+ 70	+ 65
Surg. Segment Total	+ 26	+ 33	+ 33	+ 28	+ 31	+ 31
Medical Segment	+ 17	+ (1)	+ 19	+ 58	+ 25	+ 25
Total Sales	+ 24	+ 27	+ 31	+ 33	+ 30	+ 30

NA: Not Applicable

Source: Alex. Brown & Sons Incorporated

- Osteonics' line of hip and knee implants grew about 18% in 4Q 1991, a little less than normal--probably as a result of Osteonics' distributors reducing inventories to make room for the new *DeltaFit* Knee that has recently been introduced (more on new products in the next section). For FY 1991, Osteonics' sales grew about 20-25%, a rate that we think can be sustained in 1992. Hip prostheses grew about 17% in 1991, while knees increased 33%.

- Powered Instruments had an outstanding quarter as sales, driven primarily by the huge success of the battery-powered line and, secondarily, by the CBC blood-collection system, jumped 40%. For the year, sales grew about 25%, the best rate of gain in recent memory. With several new products being introduced now, including a new blood-filtering and re-infusion system for the operating room, we think instrument sales in 1992 could be up 20%.

- Arthroscopy sales increased about 30% in 4Q and 35% for the year as Stryker continued gaining share with its *SE3* arthroscopy system and *Model 777* three-chip video camera. In addition, we suspect the great success of the *Model 777* for

general surgery applications (endoscopic surgery) created a "halo" effect around the Company's arthroscopy sales.

- Surgical Endoscopy Sales--primarily the *Model 777* camera sold for endoscopic surgical applications--may have reached $7-8 million in 4Q and $20 million in 1991. This camera is still the best on the market, which is nowhere near saturation. We guesstimate that Stryker sold 450 video camera systems in 1991 for general surgery applications, and that sales by all manufacturers totalled 1,000-1,200 units. Because there are 5,000 hospitals and 30,000 operating rooms in the U.S. alone, the endoscopic video systems market appears to have plenty of room left for growth. We expect surgical endoscopy sales to double in 1992 to about $40 million.

In total, Surgical Segment sales increased 31% in both 4Q 1991 and for the full year.

- Medical Segment sales jumped 25% in both 4Q and 1991, extending the recovery which began about a year ago. This segment, which many had given up for dead long ago, has completely re-vamped its product line, will introduce several new products in 1992, and is splitting its sales force into two specialty sales groups--one will sell the stretcher line; the other will sell the Company's ICU, maternity, and other bed lines. These new products and sales-force specialization should extend this segment's sales growth of roughly 15-20% through 1992. In addition, physical therapy sales, included in this segment, are growing rapidly.

NEW PRODUCTS

Stryker is currently introducing several new products, many of which will be detailed further at the American Academy of Orthopedic Surgeons (AAOS) meeting beginning on February 20 in Washington, D.C. Among these new products are the following:

- *DeltaFit* Knee System. An extension of Osteonic's highly successful *OmniFit* Knee line, the *DeltaFit* incorporates a new keel design for the tibial tray that should improve the stability of the prosthesis once implanted. This should help continue increasing Osteonics' share of the knee market in the U.S., which stands at about 7%.

- *Hemocell* Blood Reinfusion System. Stryker has licensed this autotransfusion system from U.K.-based *Hemocell* on a world-wide basis. *Hemocell* is a filter system (not a centrifuge like the Haemonetics' systems) designed for use in the operating room for low blood loss (two units of blood, or less) procedures such as hip and knee implants. The system is being sold now in Europe and will be introduced soon in the U.S. The *Hemocell* will compete directly against the *Haemolite II* from market leader Haemonetics. *Hemocell*'s advantage, apparently, is that it does not require a technician to operate it. Its simplicity allows the O.R. nurse to run the system without

much bother, whereas the *Haemolite II* generally requires a technician. *Hemocell*'s disadvantage is that it cannot wash the blood, a feature that is sometimes desirable. *Hemocell* is priced similarly to the *Haemolite*, with the equipment at $19,000 and the disposable tubing and filter set at $200. The low-blood-loss surgical market is potentially very large (over one million procedures per year), but has been very slow to develop.

- Cement Gun. For the application of cement to hip and knee prostheses, the potential market is $7-10 million.

- OB/GYN Stretcher. A birthing stretcher that can also be broken down to perform emergency procedures. The versatility of this product means that a hospital no longer needs to purchase separate beds for birthing and for emergencies.

- Eye Surgery Stretcher. This marks a move by Stryker into the ophthalmology area.

These and other new products will be introduced in 1992, continuing Stryker's strategy of consistent and constant introductions of a number of niche-type products.

Additional Information Available Upon Request

This report is based on data from sources we consider to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives it should not be construed as advice designed to meet the particular investment needs of any investor. Any opinions expressed in this report are subject to change.

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Alex. Brown & Sons Incorporated maintains a net primary market in the common stock of Stryker Corporation.

Within the past three years, Alex. Brown & Sons Incorporated managed or comanaged the most recent public offering of Haemonetics Corporation.

Stryker Corporation stock is optionable.

STRYKER CORPORATION
YEARS ENDING 12/31
(MILLIONS EXCEPT PER SHARE AMOUNTS)

	1Q			2Q			3Q			4Q			YR		
	1991A	1990A	CHGE	1991A	1990A	CHGE	1991E	1990A	CHGE	1991A	1990A	CHGE	1991A	1990A	CHGE
NET SALES	$85.7	$67.6	26.8%	$88.6	$67.8	30.8%	$89.9	$67.6	32.9%	$100.6	$77.7	29.6%	$364.8	$280.6	30.0%
COST OF GOODS	39.3	31.0	26.5%	42.5	32.1	32.2%	43.2	32.3	33.9%	47.5	37.5	26.8%	172.4	132.9	29.8%
RESEARCH & DEVELOPMENT	5.9	4.8	29.3%	5.5	4.9	12.2%	5.7	5.0	13.1%	6.7	5.2	28.0%	23.7	19.7	20.6%
SELLING, GENERAL & ADMINISTRATIVE	28.3	21.9	29.2%	28.9	22.3	29.6%	29.5	22.3	32.5%	30.4	25.9	17.3%	117.1	92.4	26.7%
OPERATING PROFIT	12.2	10.1	21.2%	11.8	8.5	38.8%	11.5	8.1	42.0%	16.1	9.1	77.0%	51.6	35.7	44.3%
INTEREST/OTHER INCOME (EXPENSE)															
INTEREST EXPENSE															
TOTAL OTHER EXPENSES	(0.4)	(0.1)	NA	(0.2)	(0.4)	NA	(0.6)	(1.1)	NA	(0.7)	(0.8)	NA	(1.8)	(2.4)	
PRETAX INCOME	12.6	10.2	23.8%	11.9	8.9	34.0%	12.1	9.2	32.2%	16.8	9.9	69.4%	53.4	38.1	40.0%
TAXES	4.8	3.9	23.3%	4.5	3.4	34.0%	4.6	3.5	31.4%	6.4	3.8	69.5%	20.3	14.5	39.7%
NET INCOME BEFORE EXTRA ITEM	7.8	6.3	24.1%	7.4	5.5	33.9%	7.5	5.7	31.6%	10.4	6.1	69.3%	33.1	23.7	39.8%
EXTRAORDINARY GAIN (NET)								9.9						9.9	
NET EARNINGS	7.8	6.3	24.1%	7.4	5.5	33.9%	7.5	15.6	-52.0%	10.4	6.1	69.3%	33.1	33.6	-1.4%
EPS	$0.16	$0.13	23.1%	$0.16	$0.12	39.1%	$0.16	$0.12	33.3%	$0.22	$0.13	69.2%	$0.70	$0.50	41.4%
								$0.21						$0.21	
	$0.16	$0.13	23.1%	$0.16	$0.12	39.1%	$0.16	$0.33	-51.5%	$0.22	$0.13	69.2%	$0.70	$0.71	-0.7%
SHARES	47.49	47.38	0.2%	47.51	47.40	0.2%	47.55	45.40	4.7%	47.58	47.42	0.3%	47.50	47.40	0.2%
MARGINS (% SALES)															
COST OF GOODS	45.8%	45.9%		47.9%	47.4%		48.1%	47.7%		47.2%	48.2%		47.3%	47.4%	
RESEARCH & DEVELOPMENT	6.9%	6.7%		6.2%	7.2%		6.3%	7.5%		6.6%	6.7%		6.5%	7.0%	
SELLING, GENERAL & ADMINISTRATIVE	33.1%	32.5%		32.6%	32.9%		32.8%	32.9%		30.2%	33.3%		32.1%	32.9%	
OPERATING PROFIT	14.2%	14.9%		13.3%	12.5%		12.8%	12.0%		16.0%	11.7%		14.1%	12.7%	
PRETAX INCOME	14.7%	15.1%		13.5%	13.2%		13.5%	13.5%		16.7%	12.7%		14.6%	13.6%	
TAX RATE	37.9%	38.0%		38.0%	38.0%		38.0%	38.3%		38.0%	37.9%		38.0%	38.0%	
DIVISION SALES															
MEDICAL	11.40	11.55 R	-1.3%	14.83	12.42 R	19.4%	16.70	10.50 R	59.0%	18.98	16.11	17.8%	61.9	50.6	22.4%
SURGICAL	74.28	56.04 R	32.5%	73.76	55.33 R	33.3%	73.20	57.10 R	28.2%	81.67	61.56	32.7%	302.9	230.0	31.7%
TOTAL	85.68	67.58	26.8%	88.59	67.75	30.8%	89.90	67.60	33.0%	100.65	77.67	29.6%	364.8	280.6	30.0%
GEOGRAPHIC SALES															
US	57.94	45.41	27.6%	61.54	48.50	26.9%	63.90	49.17	29.9%	70.11	55.24	26.9%	253.5	198.3	27.8%
INTERNATIONAL	27.74	22.18	25.1%	27.05	19.25	40.5%	26.00	18.45	40.9%	30.53	22.43	36.1%	111.3	82.3	35.2%
TOTAL	85.68	67.58	26.8%	88.59	67.75	30.8%	89.90	67.64	32.9%	100.65	77.67	29.6%	364.8	280.6	30.0%

A=ACTUAL
E=ESTIMATE

SOURCE: STRYKER CORPORATION
ALEX. BROWN & SONS INCORPORATED ESTIMATES

STRYKER CORPORATION
YEARS ENDING 12/31
(MILLIONS EXCEPT PER SHARE AMOUNTS)

	1Q			2Q			3Q			4Q			YR		
	1992E	1991A	CHGE	1992E	1991A	CHGE	1992E	1991A	CHGE	1992E	1991A	CHGE	1992E	1991A	CHGE
NET SALES	$109.0	$85.7	27.2%	111.5	$88.6	25.9%	111.0	$89.9	23.5%	124.5	$100.8	23.7%	$456.0	$364.8	25.0%
COST OF GOODS	49.6	39.3	26.3%	52.3	42.5	23.1%	51.9	43.2	20.1%	57.7	47.5	21.5%	211.5	172.4	22.7%
RESEARCH & DEVELOPMENT	7.1	5.9	20.5%	6.9	5.5	26.4%	6.9	5.7	21.1%	8.7	6.7	30.7%	29.6	23.7	24.9%
SELLING, GENERAL & ADMINISTRATIVE	35.1	26.3	23.9%	35.2	28.9	21.9%	35.1	29.5	19.0%	38.7	30.4	27.4%	144.1	117.1	23.1%
OPERATING PROFIT	17.2	12.2	41.0%	17.1	11.8	45.1%	17.1	11.5	48.7%	19.4	16.1	20.5%	70.8	51.6	37.3%
INTEREST/OTHER INCOME (EXPENSE)															
INTEREST EXPENSE															
TOTAL OTHER EXPENSES	(0.5)	0.4	NA	(0.5)	(0.2)	NA	(0.5)	(0.6)	NA	(0.6)	(0.7)	NA	(2.1)	(1.8)	NA
PRETAX INCOME	17.7	12.6	41.0%	17.6	11.9	47.5%	17.6	12.1	45.5%	20.0	16.8	19.3%	72.9	53.4	36.5%
TAXES	6.8	4.8	42.6%	6.7	4.5	47.7%	6.7	4.6	45.7%	7.5	6.4	17.8%	27.7	20.3	36.6%
NET EARNINGS	10.9	7.8	40.1%	10.9	7.4	47.3%	10.9	7.5	45.3%	12.5	10.4	20.3%	45.2	33.1	36.5%
EPS	$0.23	$0.16	43.8%	$0.23	$0.16	43.8%	$0.23	$0.16	43.8%	$0.26	$0.22	18.2%	$0.95	$0.70	35.7%
SHARES	47.60	47.50	0.2%	47.60	47.51	0.2%	47.60	47.55	0.1%	47.60	47.56	0.1%	47.60	47.50	0.2%
MARGINS (% SALES)															
COST OF GOODS	45.5%	45.8%		46.9%	47.9%		46.8%	48.1%		46.3%	47.2%		46.4%	47.3%	
RESEARCH & DEVELOPMENT	6.5%	6.9%		6.2%	6.2%		6.2%	6.3%		7.0%	6.6%		6.5%	6.5%	
SELLING, GENERAL & ADMINISTRATIVE	32.2%	33.1%		31.6%	32.6%		31.6%	32.8%		31.1%	30.2%		31.6%	32.1%	
OPERATING PROFIT	15.8%	14.2%		15.3%	13.3%		15.4%	12.8%		15.6%	16.0%		15.5%	14.1%	
PRETAX INCOME	16.2%	14.6%		15.8%	13.5%		15.9%	13.5%		16.1%	16.7%		16.0%	14.6%	
TAX RATE	38.4%	38.0%		38.1%	38.0%		38.1%	38.0%		37.5%	38.0%		38.0%	38.0%	
DIVISION SALES															
MEDICAL		11.40			14.8			16.7			19.0			61.9	
SURGICAL		74.28			73.8			73.2			81.7			302.9	
TOTAL		85.68			88.6			89.9			100.7			364.8	
GEOGRAPHIC SALES															
US		57.94			61.5			63.9			70.1			253.5	
INTERNATIONAL		27.74			27.1			26.0			30.5			111.3	
TOTAL		85.68			88.6			89.9			100.7			364.8	

A=ACTUAL
E=ESTIMATE

SOURCE: STRYKER CORPORATION
ALEX. BROWN & SONS INCORPORATED ESTIMATES

STRYKER CORPORATION
SALES AND EARNINGS PROJECTIONS
YEARS ENDING 12/31
(MILLIONS EXCEPT PER SHARE AMOUNTS)

	1984A	1985A	1986A	1987A	1988A	1989A	1990A	1991E	1992E
NET SALES	$89.8	$108.4	$129.2	$148.1	$178.6	$225.9	$280.6	$384.8	$456.0
COST OF GOODS	44.8	54.0	64.1	71.4	85.0	106.9	132.9	172.4	211.5
RESEARCH & DEVELOPMENT	3.8	5.7	6.5	8.9	12.2	15.8	19.7	23.7	29.6
SELLING, GENERAL & ADMINISTRATIVE	29.0	33.8	39.9	45.8	55.0	71.8	92.4	117.1	144.1
OPERATING PROFIT	12.2	14.9	18.8	22.0	28.4	31.8	35.7	51.6	70.8
INTEREST INCOME	0.9	1.0	0.8	0.5	0.2	0.2			
INTEREST EXPENSE/OTHER	(0.2)	(0.5)	(0.5)	(0.5)	(0.6)	(0.8)			
TOTAL OTHER EXPENSES	0.7	0.5	0.1	0.0	(0.4)	0.6	(2.4)	(1.8)	(2.1)
PRE-TAX INCOME	12.9	15.3	18.7	22.0	28.0	32.2	38.5	53.4	72.9
TAXES	5.7	6.8	8.5	9.3	10.1	11.4	14.5	20.3	27.7
NET INCOME	7.1	8.6	10.2	12.7	15.9	20.8	22.0	33.1	45.2
EPS	$0.08	$0.19	$0.22	$0.28	$0.34	$0.41	$0.50	$0.70	$0.95
SHARES	45.87	46.15	46.41	46.74	46.88	47.18	47.40	47.5	47.6

PERCENT CHANGE

	85/84	86/85	87/86	88/87	89/88	90/89	91/90	92/91
NET SALES	20.7%	19.2%	14.6%	20.6%	26.5%	24.2%	30.0%	25.0%
COST OF GOODS	20.5%	18.6%	11.4%	19.1%	25.7%	24.3%	29.8%	22.7%
RESEARCH & DEVELOPMENT	49.8%	14.1%	36.7%	37.0%	27.6%	26.4%	20.6%	24.9%
SELLING, GENERAL & ADMINISTRATIVE	16.6%	18.3%	14.7%	20.2%	30.4%	28.7%	26.7%	23.1%
OPERATING PROFIT	22.1%	25.4%	18.0%	19.8%	20.0%	12.9%	44.5%	37.3%
PRE-TAX INCOME	19.2%	22.0%	17.6%	18.2%	24.0%	13.2%	46.3%	36.5%
TAXES								
NET INCOME	20.3%	19.2%	24.4%	24.9%	31.2%	5.9%	50.4%	36.5%
EPS	138.8%	18.9%	25.8%	22.9%	20.6%	22.0%	40.0%	35.7%
SHARES								

MARGINS (% SALES)

	1984A	1985A	1986A	1987A	1988A	1989A	1990A	1991E	1992E
COST OF GOODS	49.9%	49.9%	49.6%	48.2%	47.6%	47.3%	47.4%	47.3%	46.4%
RESEARCH & DEVELOPMENT	4.2%	5.3%	5.0%	6.0%	6.8%	6.9%	7.0%	6.5%	6.5%
SELLING, GENERAL & ADMINISTRATIVE	32.3%	31.2%	30.9%	30.9%	30.8%	31.8%	32.9%	32.1%	31.6%
OPERATING PROFIT	13.6%	13.7%	14.4%	14.9%	14.6%	14.0%	12.7%	14.1%	15.5%
PRE-TAX INCOME	14.3%	14.2%	14.5%	14.9%	14.6%	14.3%	13.0%	14.6%	16.0%
TAX RATE	44.7%	44.1%	45.4%	42.3%	39.0%	35.4%	39.7%	38.0%	38.0%

A=ACTUAL
E=EXPECTED

SOURCES: STRYKER CORPORATION
ALEX. BROWN & SONS INCORPORATED ESTIMATES

STRYKER CORPORATION
2725 Fairfield Road
Kalamazoo, MI 49002
616/385-2600

Stryker Corporation develops, manufactures and markets specialty surgical and medical products including endoscopic systems, orthopaedic implants, powered surgical instruments and patient handling equipment for the world market. Almost one third of Stryker's sales are outside of the United States.

The Osteonics Division, based in Allendale, New Jersey, is a leading supplier of hip and knee implants. They have approximately 10% of the $1.2 billion U.S. market for reconstructive orthopaedic products and are a leader in many international markets. Osteonics was the first U.S. company to receive FDA clearance to market an HA coated hip implant in the United States. In 1992, Osteonics introduced new HA coated hip implants and a new knee implant system. Osteonics is Stryker's largest product line.

The Endoscopy Division, based in San Jose, California, develops, manufactures and markets arthroscopy systems for diagnosing and operating on damaged knees and other joints, and imaging systems for less invasive surgical procedures such as laparoscopic cholecystectomy. The Division is one of the leading suppliers of imaging equipment (endoscopes, cameras and accessories) to the rapidly expanding endoscopy market. This is Stryker's fastest growing product line.

The Instruments Division, based in Kalamazoo, Michigan, supplies powered instruments, blood reinfusion systems and other operating room equipment primarily to the orthopaedic market. Their new Battery Powered Instruments are used for large joint surgery and Command MicroElectric System is used in small joint surgery. Their CBC ConstaVac Blood Conservation System, a wound drainage and blood reinfusion product used after total joint surgery, is the Division's fastest growing product line.

The Medical Division designs and manufactures patient handling equipment that facilitates the transportation, transfer and treatment of patients within the hospital. The Division recently split their salesforce in order to focus on its hospital beds for maternity and intensive care and on its stretchers for emergency, recovery and transport. This Division is a leader in the $150 million U.S. specialty bed and stretcher market. Physiotherapy Associates operates 27 physical therapy clinics principally in the Southeast United States.

Stryker Corporation
2725 Fairfield Road
Kalamazoo, MI 49002
616/385-2600

Stryker has conducted long-term research into human osteogenic protein in collaboration with Creative BioMolecules, a privately held bio-pharmaceutical company, and is about to begin clinical trials of its human recombinant osteogenic protein device. The clinical study will compare the efficacy of the osteogenic protein device to autografts in the repair of non-union fractures.

In 1991 sales increased 30% to $365 million and net income increased 40% to $33 million marking Stryker's 15th consecutive year of 20%+ growth in net profits

D.J. Simpson
/pjp
1-23-92

DEAN WITTER

EQUITY RESEARCH

Robert M. Goldman, CFA, First Vice President, (212) 392-4542
Healthcare Group, Research Note
#1898, November 29, 1990

Stryker Corporation

Investment Opinion: BUY — **STRY/OTC**

Price as of 11/26/90	$25 3/4
52-Week Price Range	$30 3/4–19 1/4

EPS, P/E's & Cash Flow

Fiscal Year (Dec.)	1989A	1990E	1991E
Current EPS	$0.82	$1.00	$1.20
P/E Ratio	31.4x	25.8x	21.5x
Cash Flow per Share	$1.09	$1.29	$1.50
S&P 500 P/E	13.8x	13.4x	13.1x
Co. P/E Rel to S&P 500	2.28	1.93	1.64

	High	Low
5-Year P/E Rel. to S&P 500 P/E	1.72	1.51

Indicated Dividend	Nil
Current Yield	—
Shares Outstanding (Millions)	23.7
Management Ownership	34%
Book Value per Share (12/89)	$4.75
Long-Term Debt/Total Capitalization (12/89)	2%
Relative Volatility (Beta)	1.20

Estimates

Next Qtr. (Dec.) EPS vs. Year Ago	$0.26E vs. $0.21
5-Yr. Normalized EPS Growth Rate	20%
5-Yr. Dividend per Share Growth Rate	NA
1990 Return on Equity	19.0%
1990 Reinvestment Rate	19.0%
1990 Tax Rate	38.0%
Dow Jones Industrial Average	2533.66
Standard & Poor's 500	316.00

HIGHLIGHTS

- **Coverage Initiated With Buy Rating; $32 Price Target**
- **Suitable For Risk-Oriented Accounts Only**
- **20%+ Annual Earnings Growth Should Continue Through 1992, As It Has Since 1977**
- **Major Opportunity Is Developing With Laparoscopic Surgery**
- **Specialty Bed And Stretcher Sales Poised For a Significant Turnaround**

Company Description: *Stryker divides its business into two product groups: surgical and medical. Surgical (including Osteonics joint implants, endoscopy video imaging systems and cutting devices, and surgical instruments) accounted for 79% of total company sales and an estimated 92% of total company operating profits in 1989. Medical (consisting primarily of specialty stretchers and beds) accounted for the remainder. The company operates on a worldwide basis, and international markets represented 28% of total sales in 1989.*

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ADDITIONAL INFORMATION ON COMPANIES MENTIONED IN THIS REPORT IS AVAILABLE ON REQUEST

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Investment Opinion: Coverage Initiated With Buy Rating

We are initiating coverage of Stryker Corporation with a Buy rating though we caution that this as an opportunity for risk–oriented accounts only. Our 18–month price target is $32, for total appreciation potential of about 25%. We believe Stryker's annual earnings per share growth rate will equal or exceed 20% through 1992, which matches the company's stated objective. Since 1977, the company has enjoyed an uninterrupted 20% earnings growth pattern.

Basis For Buy Recommendation

Positives

• ***We project a continuation of Stryker's 20%+ annual earnings growth.*** In 1976, Stryker Corporation set itself a goal of at least 20% annual earnings growth. Stryker achieved this goal in every year since 1977. We project a continuation of this performance through 1992. During the past several years, the company's earnings growth related almost entirely to its arthroscopy and joint implant product lines. We believe the company's earnings growth during 1990–92 will increasingly depend on the company's specialty beds and stretchers, and laparoscopic equipment product lines. The specialty beds and stretchers product line diluted the company's earnings growth during the past several years, and the company entered the market for laparoscopic equipment only this year.

• ***Stryker is a market leader.*** Stryker tends to achieve leadership positions within market segments in which it chooses to compete. Stryker holds the #1, #2, or #3 market position on products that represented 82% of total 1989 domestic sales. An additional 10% of total 1989 sales are based on products introduced since 1987 whose annual sales growth rates exceed those of their respective markets but which have yet to achieve market leadership positions.

• ***The company competes within rapidly growing markets.*** Of Stryker's domestic 1989 sales, 65–70% come from products in markets growing at least 10% per year, by our estimates. Such products include Osteonics joint implants, endoscopy video imaging systems, and powered and mechanical cutting devices for arthroscopy. Osteonics joint implants serve as a replacement for diseased joints, primarily hips and knees; endoscopy video imaging systems are used primarily during arthroscopic surgery (less invasive orthopaedic surgery) to view inside joints and are now beginning to be used during laparoscopic surgery (less invasive abdominal and gynecological surgery) to view inside the abdomen and pelvis; powered and mechanical instruments for arthroscopy are used to perform joint surgery in a less invasive manner.

• ***Stryker's Medical Group is poised for a significant turnaround.*** Stryker's Medical Group (consisting mostly of specialty stretchers and beds) receives little investor attention, in our judgment, since the group competes within a slow growth market and accounted for only 21% of total company sales and an estimated 8% of total company operating profits in 1989. We project a Medical Group operating profit growth rate of 35–40% compounded during 1989–92, as compared to an overall corporate operating profit growth rate of about 20% during this period. The turnaround results from a new product strategy the company developed in 1988. Based on the new product flow, we project annual Medical Group sales growth rates of near 20% during 1989–92, up from nil during 1987–89.

• ***The company has tremendous opportunities relative to laparoscopic surgery.*** Laparoscopic surgery refers to surgical procedures performed through thin diameter tubes. The procedure is being quickly adopted as a substitute for traditional gallbladder removal (cholecystectomy) due to a reduction in patient trauma, recovery time, and cost. Laparoscopic surgery techniques are just now

Table 1
Analysis By Product Categories
1988 – 1992E

	1988	1989	1990	1991	1992E	Year-To-Year Percent Change (%) 1989	1990	1991	1992E
Revenues ($ mln)									
Surgical (Excluding Osteonics)	63	86	112	144	183	36.5%	30.2%	28.6%	27.1%
Osteonics	71	93	111	134	158	31.0	19.4	20.7	17.9
Medical	45	47	57	67	79	4.4	21.3	17.5	17.9
Total Revenues	179	226	280	345	420	26.3	23.9	23.2	21.7
Operating Income ($ mln)									
Surgical (Excluding Osteonics)	$11	$12	$14	$16	$22	9.1	16.7	14.3	37.5
Osteonics	17	22	25	30	33	29.4	13.6	20.0	10.0
Medical	3	3	3	5	8	—	—	66.7	60.0
Corporate Expenses	(5)	(5)	(6)	(7)	(8)				
Total Operating Income	26	32	36	44	55	22.4	13.1	22.2	25.0
Operating Margin (%)									
Surgical (Excluding Osteonics)	17.5%	14.0%	12.5%	11.1%	12.0%				
Osteonics	23.9	23.7	22.5	22.4	20.9				
Medical	6.7	6.4	5.3	7.5	10.1				
Corporate Expenses	(2.8)	(2.3)	(2.1)	(2.0)	(1.9)				
Total Operating Income	14.5	14.1	12.9	12.8	13.1				
Income Before Taxes	26	31	38	46	56	19.2	22.6	21.1	21.7
Tax Rate	39.0%	38.0%	38.0%	38.0%	38.0%				
Net Income	$16	$19	$24	$29	$35	21.2	22.6	21.1	21.7
Earnings Per Share (1)	$0.67	$0.82	$1.00	$1.20	$1.45	23.5	20.7	20.4	20.7
Shares Outstanding	23.4	23.6	23.7	23.8	24.0	0.9	0.4	0.4	0.8

(1) 1990 earnings per share exclude an extraordinary gain of $0.42 per share.

Source: Sales and operating income breakdowns for all years and and all data for 1990–1992 are Dean Witter Reynolds' estimates.
All else provided by the company.

beginning to be used as a substitute for traditional appendectomies, abdominal hysterectomies, hernia repair, bowel resection, and lung biopsies. In order to perform this procedure, surgeons must purchase a variety of reusable equipment, about $50,000 worth (assuming a laser is not used). This is a new market which could reach an ultimate annual market sales potential, in our judgment, of $500 million.

Stryker is already the leading supplier of video imaging systems for arthroscopic surgery, and these same products represent an estimated 50% of the $50,000 market noted above. We believe Stryker will effectively leverage off its leading market share position with video imaging systems to penetrate the laparoscopic surgery equipment market. Moreover, within the next two to three years, we believe Stryker will manufacture and market a variety of new products representing an additional 25% of the $50,000 market noted above.

Laparoscopic surgery equipment represents a major opportunity for Stryker and we project 1992 sales of over $40 million, up from $1 million in 1989.

• ***The company has an excellent balance sheet.*** Stryker has an excellent balance sheet with an estimated long–term debt to capital ratio of only 2% and a projected return on equity of 19% for 1990. We expect the company will generate cash in 1990 and 1991 (about $0.30 per share) and use the proceeds to raise cash levels.

Risks

• ***STRY is not a cheap stock.*** At 21–22 times next year's projected earnings, STRY is not a cheap stock. As a relatively high multiple stock, the stock may be especially vulnerable to a further weakening in the overall market.

• ***We expect operating margins will decline.*** We project the company's overall corporate operating margins will decline by 100 basis points, to about 13% in 1990–92, down from 14% in 1989, despite a more than 300 basis point improvement in Medical Group operating margins. Two product groups will account for the decline: (1) Osteonics joint implants, and (2) laparoscopy equipment.

Osteonics joint implant operating margins will drop, in our judgment, to 21% in 1992, from 24% in 1989. Two reasons account for the decline: (1) a product mix shift towards lower gross margin knee implants, and (2) higher marketing expenses to increase knee implant market share. A decline in Osteonics joint implant operating margins deserves special attention since this product group represented nearly 60% of total company operating profits in 1989, by our estimates.

Surgical Group (excluding Osteonics joint implants) operating margins will drop, by our estimates, to 12% in 1992, down from 14% in 1989, primarily due to laparoscopy equipment marketing investments. Larger than expected investments in this area would negatively impact our earnings projections, all else being equal.

Valuation — $32 Price Target

As indicated on Table 2, Stryker sells at a 21–22 times multiple based on our 1991 earnings per share estimate of $1.20. This is in the range of other well–respected specialty medical device companies. Since 1986, Stryker's average annual P/E ratio ranged from 20.7 to 25.9. Given the tremendous opportunity we envision for this company in laparoscopic surgery and the turnaround projected in the company's Medical Group, we believe Stryker deserves to sell at the high point of this range,

Table 2
VALUATION DATA
Calendar Year Estimates Unless Otherwise Noted

Company	Price Nov 23, 1990	E.P.S. 1990E	E.P.S. 1991E	1989 Long-Term Debt/Capital	1989 R.O.E.	P/E Ratio 1990E	P/E Ratio 1991E
Stryker Corporation	$25.750	$1.00	$1.20	2%	19%	25.8x	21.5x
Biomet Inc. (1)	30.750	1.25	1.50	0	25	24.6	20.5
Medtronic Inc. (2)	85.875	4.30	5.00	3	22	20.0	17.2
St. Jude Medical	31.500	1.35	1.75	0	32	23.3	18.0
U.S. Surgical	64.000	1.65	2.20	39	19	38.8	29.1

(1) Biomet fiscal year ends May. Balance sheet data are for fiscal years.
(2) Medtronic fiscal year ends April. Balance sheet data are for fiscal years.

Source: Stryker, Medtronic, and U.S. Surgical estimates from Dean Witter.
Biomet and St. Jude Medical estimates from First Call consensus.

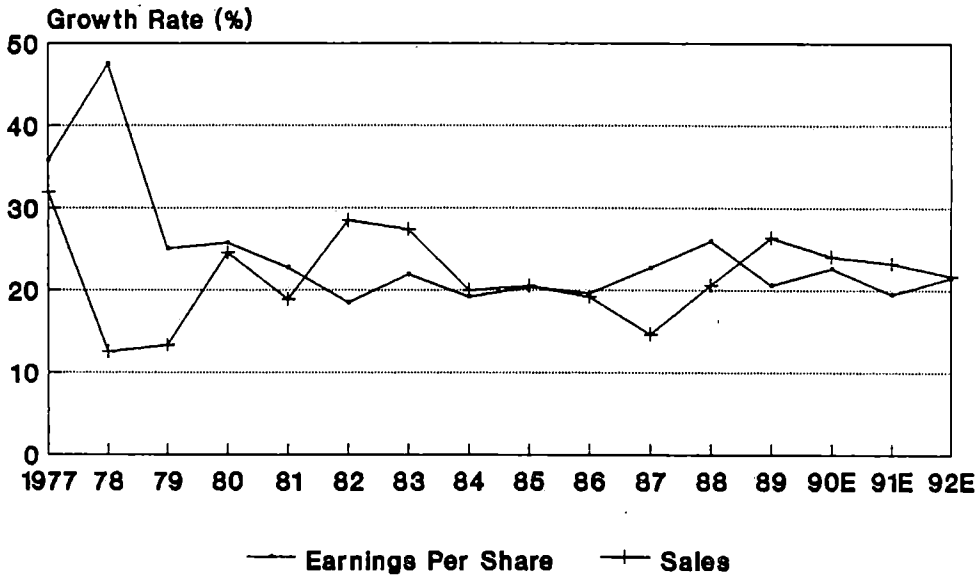
meaning a 25 times multiple. Applying this multiple to our 1991 and 1992 earnings per share projections of $1.20 and $1.45, respectively yields an 18–month price target of $32 per share, for total appreciation potential of about 25%.

CORPORATE OVERVIEW

In 1976, Stryker Corporation set itself a goal of at least 20% annual earnings growth. In that year, the company's sales totalled $17 million and earnings per share reached $0.05. As indicated on Chart 1, Stryker achieved its earnings growth goal in every year since 1977, and we project a continuation of this performance through 1992. Moreover, the Company's annual sales growth rate exceeded 20% in every year since 1980, except during 1987 (a difficult year for all hospital supply companies) when sales increased by about 15%.

We project 1992 sales and earnings per share of $420 million and $1.45, representing an average annual compounded growth rate since 1976 of sales and earnings per share of 22% and 23%, respectively.

Chart 1
EPS And Sales Growth Rates



Source: STRY published data and DWR estimates.

Stryker divides its business into two product groups: Surgical and Medical. Surgical (including Osteonics joint implants, endoscopy video imaging systems and cutting devices, and surgical instruments) accounted for 79% of total company sales and an estimated 92% of total company operating profits in 1989. Medical (consisting primarily of specialty stretchers and beds) accounted for 21% of total company sales and an estimated 8% of total company operating profits. The company operates on a worldwide basis, and international markets represented 28% of total sales in 1989.

Osteonics joint implants serve as a replacement for diseased joints, primarily hips and knees. Endoscopy video imaging systems are used primarily during arthroscopic surgery (less invasive orthopaedic

Table 3
Stryker Corporation
Major Markets

Current Products	1989 U.S. Sales ($) Stryker	1989 U.S. Sales ($) U.S. Market	Stryker U.S. Market Share	Stryker U.S. Market Position	Projected Annual Growth Rates, 1989-1992 Stryker	Projected Annual Growth Rates, 1989-1992 Market	Stryker Sales Force	Primary Customers	Key Notes
o Osteonics									
Hips (1)	$60	$440	18%	#3	10-15%	10-15%	35 Independent Distributors	Orthopaedic Surgeons	First Product Introduction 1977.
Knees (1)	17	300	6	5	25-30	10-15	Employing 250 Sales Reps.	Orthopaedic Surgeons	First Product Introduction 1987.
Other Joints (1)	3	60	5	6	35-40	10-15		Orthopaedic Surgeons	
o Endoscopy (Arthroscopy)									
Video Imaging	$16	$60	27%	#1	5-10%	10-15%		Orthopaedic Surgeons	Stryker only supplier of 3 chip camera.
Power Cutting Instruments	11	40	28	2	15-20	10-15	49 Direct Sales Reps.	Orthopaedic Surgeons	One Of Only Two Direct Sales Forces For Athroscopy.
Mechanical Instruments	6	30	20	4	10-15	10-15		Orthopaedic Surgeons	Can be leveraged into laparoscopic surgery.
o Surgical Instruments									
Powered Saws and Blades	$20	$70	29%	#2	5-10%	5-10%	60 Direct Sales Reps.	Orthopaedic/Oral Surgeons	Zimmer and 3M battery powered products entry a risk.
Autotransfusion	3	75	4	9	40-45	25-30		Orthopaedic/Oral Surgeons	Rapid growth due to concerns over nation's blood supply.
Dental Implants	2	70	3	6	55-60	10-15	10 Direct Sales Reps.	Orthopaedic/Oral Surgeons	Driskell dental implant line acquired June 1990.
o Beds/Stretchers									
Intensive Care	3	45	7%	#2	50-55%	5-10%			Electronic ICU Beds Reintroduced In 1989.
Emergency Room	10	16	63	1	5-10	0-5			
Recovery Room	10	16	63	1	5-10	0-5	60 Direct Sales Reps.	Hospital Administrators	
Maternity	9	25	36	1	5-10	0-5			
Stretchers	3	5	60	1	30-35	0-5			Transfer Board Feature Should Expand Market and Sell Well.
Future Products									
o Endoscopy (Laparoscopy)	$0	---------- Market Under Development ----------					Endoscopy (Arthroscopy) Sales Force	General Surgeons	
o Beds/Stretchers									
Baby Warmer	$0	10	NA	NA	NA	NA			
Service Contracts	0	15	NA	NA	NA	NA	Beds/Stretchers Sales Force	Hospital Administrators	

(1) Osteonics sales based on hospital list prices, which equal Stryker's price to distributors plus an estimated markup of 35%.

Source: Dean Witter Reynolds' analysis.

surgery) to view inside joints, and are now beginning to be used during laparoscopic surgery (less invasive abdominal and gynecological surgery) to view inside the abdomen and pelvis. Endoscopy cutting devices include powered and mechanical instruments for arthroscopy. Surgical instruments include a variety of surgical saws and blades used by orthopaedic and oral surgeons to cut through bone.

Stryker tends to achieve leadership positions within market segments the company choses to compete. Table 3 indicates Stryker holds the #1, #2, or #3 market position on products representing 82% of total 1989 domestic sales. An additional 10% of total 1989 sales are based on products introduced since 1987 whose annual sales growth rates exceed those of their respective markets but which have yet to achieve market leadership positions.

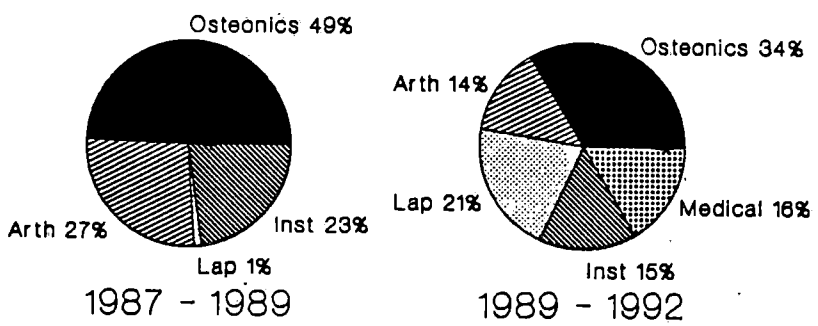
We project annual sales growth rates of about 22% during 1991 and 1992, however, as indicated on Chart 2, we believe components of the company's sales growth will change. Osteonics joint implants, endoscopy devices for arthroscopy, and surgical instruments accounted for nearly all the company's incremental sales growth during 1987–1989, by our estimates. During 1989–92, endoscopy devices for laparoscopy and medical products (primarily specialty stretchers and beds) will, in our judgment, represent over one–third of the company's incremental sales growth. Incremental sales growth contributions from Osteonics, endoscopy devices for arthroscopy, and surgical instruments will each still be significant during 1989–92, but less so than during 1987–89.

Overall corporate operating margins will likely decline by 100 basis points, to about 13% in 1990–92, down from 14% in 1989, despite a more than 300 basis point improvement in Medical Group's operating margin. Two product groups account for the decline: (1) Osteonics joint implants and (2) laparoscopy equipment.

Osteonics joint implant operating margins will drop, in our judgment, to 21% in 1992, down from 24% in 1989. Two reasons account for the decline: (1) a product mix shift towards lower gross margin knee implants and (2) higher marketing expenses to increase knee implant market share. Surgical Group (excluding Osteonics joint implants) operating margins will also drop, by our estimates, to 12% in 1992, down from 14% in 1989, primarily due to laparoscopy equipment marketing investments.

Chart 2
Sales Growth Contributions

Percent Of Incremental Sales Growth During Period
By Major Product Group



Arth = endoscopy (arthroscopy), Lap = endoscopy (arthroscopy)
Inst = surgical instruments

Source: Dean Witter Reynolds' estimates

We believe investment attention should focus on Stryker's position in endoscopy products for laparoscopic surgery and on specialty stretchers and beds because :(1) these product groups will account for 37% of the company's incremental sales growth during 1989–1992, by our estimates, up from zero during 1987–1989; and (2) we believe investors have not fully appreciated the importance of these two groups for Stryker. Table 3 on page 8 more fully details the dynamics impacting all Stryker businesses.

1990–92 Earnings Outlook

Tables 4–10 on pages 13–20 detail our quarterly and annual sales, earnings, and cash flow projections.

For 1990, we project earnings per share of $1.00, a 23% increase over $0.82 in the prior year, on a 24% sales gain. Operating profits will rise, by our estimates, by a relatively modest 15% due to a 100 basis rise in the company's SG&A to sales ratio. The SG&A rise relates, in our judgement, to increased marketing expenses in the company's endoscopy product line. Nevertheless, we believe earnings before taxes will rise by 23% due to a positive $2.5 million swing in "other" non–operating income, primarily due to increased interest income.

For 1991 and 1992, we project earnings per share of $1.20 (20% gain) and $1.45 (22% gain) on sales growth rates of 23% and 22%, respectively. Operating margins should trickle up from 12.9% in 1990 to 13.2% in 1992 as the additional marketing expenses noted in 1990 are spread among higher sales levels relative to the company's new laparoscopic surgery product line.

Cash Flow And Financial Condition

Stryker has an excellent balance sheet with a long–term debt to capital ratio of only 2% estimated for 1990 and a projected 1990 return on equity of 19%. We expect the company will generate cash in 1990 and 1991 (about $0.30 per share), with the proceeds used to raise cash levels.

Surgical Group

This group accounted for 79% of total company sales and an estimated 92% of operating profits in 1989. The group includes: (1) Osteonics joint implants, such as artificial hips and knees, which represented an estimated 52% of total Surgical Group sales and 65% of total surgical group operating profits in 1989; (2) endoscopy products, such as video imaging systems and cutting devices for arthroscopy and laparoscopic surgery, which represented an estimated 25% of the group's sales and 10% of its operating profits; and (3) a variety of mechanical surgical instruments, such as saws and blades, which represented an estimated 23% of the group's sales and 25% of its operating profits.

During 1987–89, the Surgical Group sales increased at a compounded average annual growth rate of 34%, with 75% of the sales growth relating to, by our estimates, Osteonics joint implants and endoscopy devices for arthroscopy. Operating margins fell from over 20% in 1987 to 17% in 1989, by our estimates, due to the company's arthroscopy marketing investments and the company's 1987 knee implant market introduction (which initially, due to a lack of economies of scale, carried lower gross margins than the company's traditional hip implant line).

During 1989–92, we project a compounded average annual growth rate for the Surgical Group of 24%. Osteonics and endoscopy devices for arthroscopy will still be major contributors to sales growth, representing, by our estimates, 55–60% of the sales growth during the period. However, endoscopy

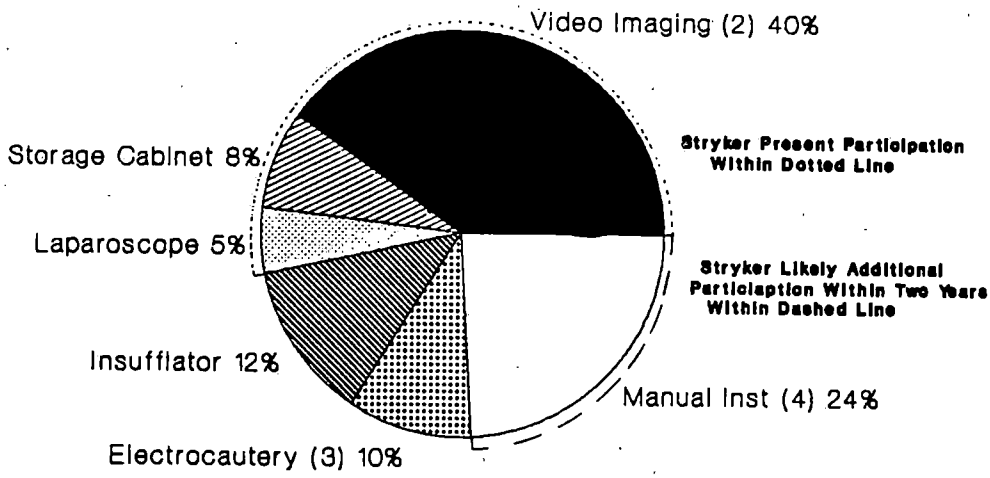
devices for laparoscopy will become increasingly important, representing nearly 25% of the surgical sales growth during the period, in our judgment. Moreover, we project a decline in operating margins, to 16–17% in 1992, down from an estimated 19% in 1989 due to: (1) an Osteonics product mix shift towards lower gross margin knee implants; (2) higher marketing expenses to increase knee implant market share; and (3) laparoscopy equipment marketing investments.

Laparoscopic surgery presents a major growth opportunity. Laparoscopic surgery refers to surgical procedures performed through thin diameter tubes. The procedure is being quickly adopted as a substitute for traditional gallbladder removal (cholecystectomy) since it reduces patient trauma, recovery time, and cost. Laparoscopic surgery techniques are just now beginning to be used as a substitute for traditional appendectomies, abdominal hysterectomies, hernia repair, bowel resection, and lung biopsies. The potential for this procedure is enormous, as several million of the traditional procedures just noted are performed worldwide every year.

Surgeons use several types of devices to perform laparoscopic surgery, including reusable equipment and disposable devices. Chart 3 details the reusable equipment necessary to perform laparoscopic surgery. Necessary equipment includes a video imaging system, to view the surgical procedure on a monitor within the surgical suite, laparoscopes, to view the abdominal cavity, an insufflator, to inflate the patient's abdomen, manual instruments, such as graspers and forceps to manipulate organs and other tissue within the abdominal cavity, and an electrocautery, to cut and coagulate (a laser system would add about $100,000 to the total cost.)

Chart 3

Laparoscopic Surgery Equipment Prices (1)
And Stryker Participation



Total = $50,000

(1) Includes non-disposable products only
(2) Includes camera, monitor, recorder, light source, and accessories
(3) Laser is 20x the price of an electrocautery
(4) Includes manual instruments, clip device, electrocautery tips, and trocars
Source: Dean Witter Reynolds' estimates

Stryker (see Chart 3) now manufactures and markets products representing over 50% of the laparoscopic surgery equipment market. These are the same video imaging products used during arthroscopy. Moreover, the company's mechanical endoscopy instruments for arthroscopy could be adapted, in our judgment, to serve the manual instrument segment of the laparoscopic surgery equipment market. Within the next two to three years, therefore, we believe Stryker will manufacture and market products representing three quarters of the laparoscopic surgery equipment market.

We believe Stryker will effectively leverage off its leading market share position with video imaging sytems to penetrate the laparoscopic surgery equipment market (after all, the products are virtually the same). The company now uses its 49 direct endoscopy sales representatives to market its endoscopy products both to orthopaedic surgeons (for arthroscopy) and to general surgeons (for laparoscopic surgery). Indeed, Stryker estimates on any given day, three of five of its endoscopy sales representatives are witnessing a laparoscopic cholecystectomy, up from probably zero this time last year. We believe Stryker must and will need to aggressively increase marketing expenses related to the laparoscopic surgery market, especially since the customer (general surgeon) is a relatively new one for the company.

Medical Group

The Medical Group accounted for 21% of total company sales and an estimated 8% of total company operating profits in 1989. The Medical Group consists primarily of specialty stretchers and beds, which represent over 95% of total medical sales and operating profits.

We believe the Medical Group is poised for a significant turnaround. In late 1987, Stryker brought in new management to run the specialty stretchers and beds division. During the 1988 to mid–1989 period, the new management team recalled the company's electronic ICU bed (which was viewed as an inferior product), turned over 50% of the division's direct sales force, and grew the division's product management team from one to five persons. The new management team also set a goal to introduce a new major product every three to four months. During 1987–89, Medical Group sales declined moderately, primarily due to the ICU bed recall. Operating margins, depressed in 1987 and 1988 due to the ICU bed recall, declined moderately in 1989, to an estimated 6–7%, as Stryker increased its Medical Group product development efforts.

Stryker to benefit from new product strategy adopted by new management team. During 1989, the company reintroduced its electronic ICU bed and also introduced a newborn infant warmer. During 1990, the company introduced a new line of stretchers with a built in transfer board (January) and a new line of emergency room and recovery room beds (July).

Based on the new product flow, we project annual Medical Group sales growth of about 20% during 1989–92. Operating margins in 1990 will, by our estimates, climb to 10% in 1992 as Stryker reaps the benefits of product development efforts made since 1989.

RMG

(m) Dean Witter Reynolds Inc. makes a market in this over–the–counter security STRY. (o) Listed options on this issue are available: MDT, USS.

The prices of the common stocks of other public companies mentioned in this report are:

Biomet, Inc. (BMET, Not Rated): $31
Medtronic, Inc. (MDT, HOLD, o): $84 3/4
St. Jude Medical (STJM, Not Rated): $31 3/4
U.S. Surgical Corporation (USS, HOLD, o): $63

Table 4
Sales By Product Line
1987 - 1992
Domestic ($ million)

	Sales ($ million)						Percent Change From Prior Year (%)				
SURGICAL GROUP	1987	1988	1989	1990	1991	1992	1988	1989	1990	1991	1992
o Osteonics											
- Hips	$37	$44	$52	59	66	74	18.9%	18.2%	13.5%	11.9%	12.1%
- Knees	1	6	11	13	17	22	500.0	83.3	18.2	30.8	29.4
- Other Joints	1	1	2	3	4	5	—	100.0	50.0	33.3	25.0
- Fixation Materials	1	1	2	2	3	4	—	100.0	—	50.0	33.3
- Total Osteonics	40	52	67	77	90	105	30.0	28.8	14.9	16.9	16.7
o Endoscopy											
- Video Imaging											
- Arthroscopy	11	13	16	19	19	21	18.2	23.1	18.8	0.0	10.5
- Laparoscopy Ex. Arthroscopy	—	—	—	5	15	20	—	—	400.0	200.0	33.3
- Total Video Imaging	11	13	17	24	34	41	18.2	30.8	41.2	41.7	20.6
- Power Cutting Instruments											
- Hand Pieces	3	4	5	6	6	7	33.3	25.0	20.0	0.0	16.7
- Disposable Blades	1	2	4	5	7	9	100.0	100.0	25.0	40.0	28.6
- Battery Pack	1	1	2	3	3	3	—	100.0	—	0.0	—
- Total Power Cutting Instruments	5	7	11	14	16	19	40.0	57.1	27.3	14.3	18.8
- Mechanical Instruments											
- Arthroscopy	4	5	6	8	8	9	25.0	20.0	33.3	0.0	12.5
- Laparoscopy Ex. Arthroscopy	—	—	—	—	4	11	—	—	—	—	175.0
- Total Mechanical Instruments	4	5	6	8	12	20	25.0	20.0	33.3	50.0	66.7
- Total Endoscopy	20	25	34	46	62	80	25.0	36.0	35.3	34.8	29.0
o Instruments											
- Powered Saws and Blades											
- Hand Pieces	8	10	11	12	13	9	25.0	--	—	8.3	—
- Disposable Blades	4	5	6	9	11	13	25.0	20.0	50.0	22.2	18.2
- Battery Pack	2	2	3	3	3	4	—	50.0	—	—	33.3
- Total Powered Saws and Blades	14	17	20	24	27	26	21.4	17.6	20.0	12.5	(3.7)
- Dental Implants	1	2	2	2	3	8	100.0	0.0	0.0	50.0	166.7
- Autotransfusion	—	1	3	4	6	9	—	200.0	33.3	50.0	50.0
- Total Instruments	15	20	25	30	36	43	33.3	25.0	20.0	20.0	19.4
Total Surgical Group	75	97	126	153	188	228	29.3	29.9	21.4	22.9	21.3
MEDICAL GROUP											
o Beds and Stretchers											
- Intensive Care Unit Beds	7	4	3	7	9	11	(42.9)	(25.0)	133.3	28.6	22.2
- Emergency Room Beds	9	9	10	10	11	12	—	11.1	—	10.0	9.1
- Recovery Room Beds	9	9	10	10	11	12	—	11.1	—	10.0	9.1
- Maternity Beds	8	8	9	10	10	11	—	12.5	11.1	0.0	10.0
- Stretchers	2	3	3	3	5	7	50.0	—	—	66.7	40.0
- Baby Warmer	—	—	—	1	2	3	—	—	—	100.0	50.0
- Service Contracts	—	—	—	—	1	2	—	—	—	—	100.0
- Other	—	—	—	—	—	1	—	—	—	—	—
- Total Beds and Stretchers	35	33	35	41	49	59	(5.7)	6.1	17.1	19.5	20.4
o Physiotherapy Associates	1	1	2	4	5	6	—	100.0	100.0	25.0	20.0
Total Medical Group	36	34	37	45	54	65	(5.6)	8.8	21.6	20.0	20.4
TOTAL DOMESTIC SALES	$111	$131	$163	$198	$242	$293	18.0	24.4	21.5	22.2	21.1

Source: Total domestic sales through 1989 provided by the company. All else are Dean Witter Reynolds' estimates.

Table 5
Sales By Product Line
1987 - 1992
International ($ million)

	Sales ($ million)						Percent Change From Prior Year (%				
SURGICAL GROUP	1987	1988	1989	1990	1991	1992	1988	1989	1990	1991	1992
o Osteonics											
- *Hips*	$10	$15	$20	$25	$29	$33	50.0%	33.3%	25.0%	16.0%	13.8%
- *Knees*	2	2	3	5	9	12	--	50.0	66.7	80.0	33.3
- *Other Joints*	1	1	2	3	5	6	--	100.0	50.0	66.7	20.0
- *Fixation Materials*	1	1	1	1	1	2	--	--	--	--	100.0
- *Total Osteonics*	14	19	26	34	44	53	35.7	36.8	30.8	29.4	20.5
o Endoscopy											
- *Video Imaging*											
- *Arthroscopy*	1	3	5	6	7	8	200.0	66.7	20.0	16.7	14.3
- *Laparoscopy Ex. Arthroscopy*	--	--	--	--	3	5	--	--	--	--	66.7
- *Total Video Imaging*	1	3	5	6	10	13	200.0	66.7	20.0	66.7	30.0
- *Power Cutting Instruments*											
- *Hand Pieces*	1	1	2	3	4	5	--	100.0	50.0	33.3	25.0
- *Disposable Blades*	-	--	-	-	1	2	--	--	--	--	100.0
- *Battery Pack*	--	1	2	2	2	2	--	100.0	--	--	0.0
- *Total Power Cutting Instruments*	1	2	4	5	7	9	100.0	100.0	25.0	40.0	28.6
- *Mechanical Instruments*											
- *Arthroscopy*	1	1	2	3	4	5	--	100.0	50.0	33.3	25.0
- *Laparoscopy Ex. Arthroscopy*	--	--	--	--	1	5	--	--	--	--	400.0
- *Total Mechanical Instruments*	1	1	2	3	5	10	--	100.0	50.0	66.7	100.0
- *Total Endoscopy*	3	6	11	14	22	32	100.0	83.3	27.3	57.1	45.5
o Instruments											
- *Powered Saws and Blades*											
- *Hand Pieces*	3	4	6	6	6	5	33.3	50.0	--	--	--
- *Disposable Blades*	3	5	6	7	8	9	66.7	20.0	16.7	14.3	12.5
- *Battery Pack*	1	1	1	1	1	1	--	--	--	--	--
- *Total Powered Saws and Blades*	7	10	13	14	15	15	42.9	30.0	7.7	7.1	0.0
- *Dental Implants*	--	1	1	2	2	4	--	0.0	100.0	--	100.0
- *Autotransfusion*	1	1	2	5	7	9	--	100.0	150.0	40.0	28.6
- *Total Instruments*	8	12	16	21	24	28	50.0	33.3	31.3	14.3	16.7
Total Surgical Group	25	37	53	69	90	113	48.0	43.2	30.2	30.4	25.6
MEDICAL GROUP											
o Beds and Stretchers											
- *Intensive Care Unit Beds*	3	1	--	2	3	4	(66.7)	(100.0)	--	50.0	33.3
- *Emergency Room Beds*	2	3	3	3	3	3	50.0	--	--	--	--
- *Recovery Room Beds*	2	2	2	2	2	2	--	--	--	--	--
- *Maternity Beds*	2	2	2	2	2	2	--	--	--	--	--
- *Stretchers*	3	3	3	3	3	3	--	--	--	--	--
- *Baby Warmer*	--	--	--	--	--	--	--	--	--	--	--
- *Service Contracts*	--	--	--	--	--	--	--	--	--	--	--
- *Other*	--	--	--	--	--	--	--	--	--	--	--
- *Total Beds and Stretchers*	12	11	10	12	13	14	(8.3)	(9.1)	20.0	8.3	7.7
o Physiotherapy Associates	--	--	--	--	--	--	--	--	--	--	--
Total Medical Group	12	11	10	12	13	14	(8.3)	(9.1)	20.0	8.3	7.7
TOTAL INTERNATIONAL SALES	$37	$48	$63	$81	$103	$127	29.7	31.3	28.6	27.2	23.3

Source: Total international sales through 1989 provided by the company.
All else are Dean Witter Reynolds'

Table 6
Sales By Product Line
1987 - 1992
Worldwide ($ million)

	Sales ($ million)						Percent Change From Prior Year (%)				
SURGICAL GROUP	1987	1988	1989	1990	1991	1992	1988	1989	1990	1991	1992
o Osteonics											
- *Hips*	$47	$59	$72	$84	$95	$107	25.5%	22.0%	16.7%	13.1%	12.6%
- *Knees*	3	8	14	18	26	34	166.7	75.0	28.6	44.4	30.8
- *Other Joints*	2	2	4	6	9	11	—	100.0	50.0	50.0	22.2
- *Fixation Materials*	2	2	3	3	4	6	—	50.0	—	33.3	50.0
- *Total Osteonics*	54	71	93	111	134	158	31.5	31.0	19.4	20.7	17.9
o Endoscopy											
- *Video Imaging*											
- *Arthroscopy*	12	16	21	25	26	29	33.3	31.3	19.0	4.0	11.5
- *Laparoscopy Ex. Arthroscopy*	—	—	1	5	18	25	—	—	400.0	260.0	38.9
- *Total Video Imaging*	12	16	22	30	44	54	33.3	37.5	36.4	46.7	22.7
- *Power Cutting Instruments*											
- *Hand Pieces*	4	5	7	9	10	12	25.0	40.0	28.6	11.1	20.0
- *Disposable Blades*	1	2	4	5	8	11	100.0	100.0	25.0	60.0	37.5
- *Battery Pack*	1	2	4	5	5	5	100.0	100.0	—	0.0	—
- *Total Power Cutting Instruments*	6	9	15	19	23	28	50.0	66.7	26.7	21.1	21.7
- *Mechanical Instruments*											
- *Arthroscopy*	5	6	8	11	12	14	20.0	33.3	37.5	9.1	16.7
- *Laparoscopy Ex. Arthroscopy*	—	—	—	—	5	16	—	—	—	—	220.0
- *Total Mechanical Instruments*	5	6	8	11	17	30	20.0	33.3	37.5	54.5	76.5
- *Total Endoscopy*	23	31	45	60	84	112	34.8	45.2	33.3	40.0	33.3
o Instruments											
- *Powered Saws and Blades*											
- *Hand Pieces*	11	14	17	18	19	14	27.3	21.4	—	5.6	—
- *Disposable Blades*	7	10	12	16	19	22	42.9	20.0	33.3	18.8	15.8
- *Battery Pack*	3	3	4	4	4	5	—	33.3	—	—	25.0
- *Total Powered Saws and Blades*	21	27	33	38	42	41	28.6	22.2	15.2	10.5	(2.4)
- *Dental Implants*	1	3	3	4	5	12	200.0	0.0	33.3	25.0	140.0
- *Autotransfusion*	1	2	5	9	13	18	100.0	150.0	80.0	44.4	38.5
- *Total Instruments*	23	32	41	51	60	71	39.1	28.1	24.4	17.6	18.3
Total Surgical Group	100	134	179	222	278	341	34.0	33.6	24.0	25.2	22.7
MEDICAL GROUP											
o Beds and Stretchers											
- *Intensive Care Unit Beds*	10	5	3	9	12	15	(50.0)	(40.0)	200.0	33.3	25.0
- *Emergency Room Beds*	11	12	13	13	14	15	9.1	8.3	—	7.7	7.1
- *Recovery Room Beds*	11	11	12	12	13	14	—	9.1	—	8.3	7.7
- *Maternity Beds*	10	10	11	12	12	13	-	10.0	9.1	-	8.3
- *Stretchers*	5	6	6	6	8	10	20.0	—	—	33.3	25.0
- *Baby Warmer*	—	—	—	1	2	3	—	—	—	100.0	50.0
- *Service Contracts*	—	—	—	—	1	2	—	—	—	—	100.0
- *Other*	—	—	—	—	—	1	—	—	—	—	--
- *Total Beds and Stretchers*	47	44	45	53	62	73	(6.4)	2.3	17.8	17.0	17.7
o Physiotherapy Associates	1	1	2	4	5	6	—	100.0	100.0	25.0	20.0
Total Medical Group	48	45	47	57	67	79	(6.3)	4.4	21.3	17.5	17.9
TOTAL WORLDWIDE SALES	$148	$179	$226	$279	$345	$420	20.9	26.3	23.5	23.7	21.7

Source: Total surgical and medical group sales through 1989 provided by the company.
All else are Dean Witter Reynolds' estimates.

Table 7a
Quarterly Sales By Product Group and Geography
1987 – 1991E

	Surgical	Medical	Total	Domestic	International	Total
1Q	$24,274	$12,876	$37,150	$29,016	$8,134	$37,150
2Q	24,389	12,461	36,850	26,780	10,070	36,850
3Q	26,108	10,819	36,927	27,932	8,995	36,927
4Q	25,229	11,844	37,073	27,272	9,801	37,073
1987	100,000	48,000	148,000	111,000	37,000	148,000
1Q	31,771	10,908	42,679	31,129	11,550	42,679
2Q	31,697	12,156	43,853	32,417	11,436	43,853
3Q	33,182	11,234	44,416	32,946	11,470	44,416
4Q	37,350	10,702	48,052	34,508	13,544	48,052
1988	134,000	45,000	179,000	131,000	48,000	179,000
1Q	43,054	10,892	53,946	37,068	16,878	53,946
2Q	45,524	11,234	56,758	40,077	16,681	56,758
3Q	42,579	12,089	54,668	40,917	13,751	54,668
4Q	47,843	12,785	60,628	45,938	14,690	60,628
1989	179,000	47,000	226,000	164,000	62,000	226,000
1Q	54,795	12,787	67,582	45,405	22,177	67,582
2Q	53,984	13,767	67,751	48,501	19,250	67,751
3Q	55,913	11,723	67,636	49,179	18,457	67,636
4Q E	58,308	18,723	77,031	57,000	20,031	77,031
1990 E	223,000	57,000	280,000	200,085	79,915	280,000
1Q E	67,400	14,860	82,260	54 960	27,300	82,260
2Q E	68,180	15,400	83,580	59,000	24,580	83,580
3Q E	68,900	15,240	84,140	59,500	24,640	84,140
4Q E	73,520	21,500	95,020	68,540	26,480	95,020
1991 E	278,000	67,000	345,000	242,000	103,000	345,000

Table 7b
Year-To-Year Percent Change (%)
1987 - 1991E

	Surgical	Medical	Total	Domestic	International	Total
1Q	30.9%	(15.3)	14.9%	7.3%	42.0%	14.9%
2Q	30.0	(2.4)	19.0	21.0	13.6	19.0
3Q	27.1	3.8%	20.3	18.0	27.5	20.3
4Q	48.0	(9.6)	29.6	26.5	38.2	29.6
1988	34.0	(6.3)	20.9	18.0	29.7	20.9
1Q	35.5	(0.1)	26.4	19.1	46.1	26.4
2Q	43.6	(7.6)	29.4	23.6	45.9	29.4
3Q	28.3	7.6	23.1	24.2	19.9	23.1
4Q	28.1	19.5	26.2	33.1	8.5	26.2
1989	33.6	4.4	26.3	25.2	29.2	26.3
1Q	27.3	17.4	25.3	22.5	31.4	25.3
2Q	18.6	22.5	19.4	21.0	15.4	19.4
3Q	31.3	(3.0)	23.7	20.2	34.2	23.7
4Q E	21.9	46.4	27.1	24.1	36.4	27.1
1990 E	24.6	21.3	23.9	22.0	28.9	23.9
1Q E	23.0	16.2	21.7	21.0	23.1	21.7
2Q E	26.3	11.9	23.4	21.6	27.7	23.4
3Q E	23.2	30.0	24.4	21.0	33.5	24.4
4Q E	26.1	14.8	23.4	20.2	32.2	23.4
1991 E	24.7	17.5	23.2	20.9	28.9	23.2

Source: Stryker Corporation, except for 4Q 1990 and on which are Dean Witter Reynolds' estimates.

Table 8
Quarterly Income Statement
1988 - 1992E
(millions, except per share and percent data)

	Sales	Gross Profit $	Gross Profit % Sales	SG&A Expenses $	SG&A Expenses % Sales	R&D Expenses $	R&D Expenses % Sales	Operating Income $	Operating Income % Sales	Other Income (Expense)	Income Before Taxes $	Income Before Taxes % Sales	Tax Rate	Net Income $	Net Income % Sales	E.P.S.	Av. Shrs Out (1)
1988																	
1Q	$42.679	$22.580	52.9%	$12.878	30.2%	$2.642	6.2%	$7.060	16.5%	($0.140)	$6.920	16.2	39.0%	$4.220	9.9%	$0.18	23.423
2Q	43.853	23.197	52.9	13.524	30.8	3.115	7.1	6.558	15.0	(0.278)	6.280	14.3	39.0	3.830	8.7	0.16	23.430
3Q	44.416	22.772	51.3	13.495	30.4	2.759	6.2	6.518	14.7	(0.118)	6.400	14.4	38.9	3.910	8.8	0.17	23.437
4Q	47.688	25.050	52.5	15.149	31.8	3.677	7.7	6.224	13.1	0.176	6.400	13.4	39.1	3.900	8.2	0.17	23.438
Total	178.636	93.599	52.4	55.046	30.8	12.193	6.8	26.360	14.8	(0.360)	26.000	14.6	39.0	15.860	8.9	0.68	23.432
1989																	
1Q	53.946	29.498	54.7	17.005	31.5	3.741	6.9	8.752	16.2	(0.447)	8.305	15.4	39.0	5.065	9.4	0.22	23.528
2Q	56.758	29.437	51.9	17.735	31.2	3.985	7.0	7.717	13.6	(0.437)	7.280	12.8	36.8	4.600	8.1	0.20	23.560
3Q	54.668	28.570	52.3	17.490	32.0	3.713	6.8	7.367	13.5	0.208	7.575	13.9	38.0	4.695	8.6	0.20	23.616
4Q	60.488	31.456	52.0	19.531	32.3	4.133	6.8	7.792	12.9	0.078	7.870	13.0	38.1	4.870	8.1	0.21	23.652
Total	225.860	118.961	52.7	71.761	31.8	15.972	6.9	31.628	14.0	(0.598)	31.030	13.7	38.0	19.230	8.5	0.82	23.589
1990																	
1Q	67.582	36.556	54.1	21.936	32.5	4.558	6.7	10.062	14.9	0.118	10.180	15.1	38.0	6.310	9.3	0.27	23.690
2Q	67.751	35.637	52.6	22.287	32.9	4.864	7.2	8.486	12.5	0.424	8.910	13.2	38.0	5.525	8.2	0.23	23.698
3Q (2)	67.636	35.364	52.3	22.264	32.9	5.040	7.5	8.060	11.9	1.055	9.115	13.5	38.0	5.650	8.4	0.24	23.699
4Q E	77.031	40.056	52.0	25.343	32.9	5.084	6.6	9.629	12.5	0.400	10.029	13.0	38.0	6.218	8.1	0.26	23.750
Total E	280.000	147.613	52.7	91.830	32.8	19.546	7.0	36.237	12.9	1.997	38.234	13.7	38.0	23.703	8.5	1.00	23.709
1991																	
1Q E	82.260	44.050	53.5	26.899	32.7	5.511	6.7	11.640	14.2	0.500	12.140	14.8	38.0	7.527	9.2	0.32	23.750
2Q E	83.580	43.462	52.0	27.400	32.8	5.800	6.9	10.262	12.3	0.400	10.662	12.8	38.0	6.610	7.9	0.28	23.750
3Q E	84.140	44.005	52.3	27.700	32.9	5.900	7.0	10.405	12.4	0.600	11.005	13.1	38.0	6.823	8.1	0.29	23.850
4Q E	95.020	49.410	52.0	31.250	32.9	6.271	6.6	11.889	12.5	0.200	12.089	12.7	38.0	7.495	7.9	0.31	23.950
Total E	345.000	180.927	52.4	113.249	32.8	23.482	6.8	44.196	12.8	1.700	45.896	13.3	38.0	28.456	8.2	1.20	23.825
Percent Change from Prior Year (%)																	
1989																	
1Q	26.4%	30.6%		32.0%		41.6%		24.0%			20.0%			20.0%		19.5%	0.4%
2Q	29.4	26.9		31.1		27.9		17.7			15.9			20.1		19.4	0.6
3Q	23.1	25.5		29.6		34.6		13.0			18.4			20.1		19.2	0.8
4Q	26.8	25.6		28.9		12.4		25.2			23.0			24.9		23.7	0.9
Total	26.4	27.1		30.4		27.7		20.0			19.3			21.2		20.4	0.7
1990																	
1Q	25.3	23.9		29.0		21.8		15.0			22.6			24.6		23.7	0.7
2Q	19.4	21.1		25.7		22.1		10.0			22.4			20.1		19.4	0.6
3Q	23.7	23.8		27.3		35.7		9.4			20.3			20.3		19.9	0.4
4QE	27.3	27.3		29.8		23.0		23.6			27.4			27.7		27.2	0.4
Total E	24.0	24.1		28.0		25.5		14.6			23.2			23.3		22.6	0.5
1991																	
1Q E	21.7	20.5		22.6		20.9		15.7			19.3			19.3		19.0	0.3
2Q E	23.4	22.0		22.9		19.2		20.9			19.7			19.6		19.4	0.2
3Q E	24.4	24.4		24.4		17.1		29.1			20.7			20.8		20.0	0.6
4Q E	23.4	23.4		23.3		23.3		23.5			20.5			20.5		19.5	0.8
Total E	23.2	22.6		23.3		20.1		22.0			20.0			20.1		19.9	0.5

(1) Three for two stock split May 19, 1989.
(2) Excludes an extraordinary gain of $10 million ($0.42 per share) relating to a patent litigation suit award.

Source: Stryker Corp. and Dean Witter Reynolds' estimates.

Table 9
Annual Income Statement
1980 - 1992E
(millions, except per share and percent data)

	Sales	Gross Profit $	Gross Profit % Sales	SG&A Expenses $	SG&A Expenses % Sales	R&D Expenses $	R&D Expenses % Sales	Operating Income $	Operating Income % Sales	Other Income (Expense)	Income Before Taxes $	Income Before Taxes % Sales	Tax Rate	Net Income $	Net Income % Sales	E.P.S.	Av Shrs Out (1)	R.O.E
1980	$36.229	17.485	48.3%	$11.199	30.9%	$1.116	3.1%	$5.170	14.3%	$0.462	$5.632	15.5%	44.7%	$3.117	8.6%	$0.14	22.326	21.7%
1981	43.724	21.300	48.7	13.291	30.4	1.567	3.6	6.442	14.7	0.547	6.989	16.0	44.0	3.913	8.9	0.18	22.344	21.7
1982	57.155	28.731	50.3	18.448	32.3	2.339	4.1	7.944	13.9	0.384	8.328	14.6	42.4	4.795	8.4	0.21	22.608	20.6
1983	74.522	37.085	49.8	24.071	32.3	3.172	4.3	9.842	13.2	0.683	10.525	14.1	43.7	5.927	8.0	0.26	22.881	20.0
1984	89.779	44.947	50.1	28.966	32.3	3.809	4.2	12.172	13.6	0.700	12.872	14.3	44.7	7.123	7.9	0.31	22.986	19.6
1985	108.377	54.348	50.1	33.778	31.2	5.706	5.3	14.864	13.7	0.473	15.337	14.2	44.1	8.567	7.9	0.37	23.073	19.2
1986	129.183	65.093	50.4	39.946	30.9	6.509	5.0	18.638	14.4	0.077	18.715	14.5	45.4	10.213	7.9	0.44	23.205	18.6
1987	148.095	76.675	51.8	45.776	30.9	8.888	6.0	22.011	14.9	0.014	22.025	14.9	42.2	12.725	8.6	0.54	23.367	18.8
1988	178.636	93.599	52.4	55.046	30.8	12.193	6.8	26.360	14.8	(0.360)	26.000	14.6	39.0	15.860	8.9	0.68	23.432	19.1
1989	225.860	118.961	52.7	71.761	31.8	15.572	6.9	31.628	14.0	(0.598)	31.030	13.7	38.0	19.230	8.5	0.82	23.589	18.9
1990 E	280.000	147.613	52.7	91.83	32.8	19.546	7.0	36.237	12.9	1.997	38.234	13.7	38.0	23.705	8.5	1.00	23.709	19.0
1991 E	345.000	180.927	52.4	113.249	32.8	23.482	6.8	44.196	12.8	1.700	45.896	13.3	38.0	28.433	8.2	1.20	23.825	18.7
1992 E	420.000	222.000	52.9	138.180	32.9	28.560	6.8	55.260	13.2	1.000	56.260	13.4	38.0	34.909	8.3	1.45	24.000	19.0
Percent Change From Prior Year (%)																		
1981	20.7%	21.8%		18.7%		40.4%		24.6%			24.1%			25.5%		25.4%	0.1%	
1982	30.7	34.9		38.8		49.3		23.3			19.2			22.5		21.1	1.2	
1983	30.4	29.1		30.5		35.6		23.9			26.4			23.6		22.1	1.2	
1984	20.5	21.2		20.3		20.1		23.7			22.3			20.2		19.6	0.5	
1985	20.7	20.9		16.6		49.8		22.1			19.2			20.3		19.8	0.4	
1986	19.2	19.8		18.3		14.1		25.4			22.0			19.2		18.5	0.6	
1987	14.6	17.8		14.6		36.5		18.1			17.7			24.6		23.7	0.7	
1988	20.6	22.1		20.3		37.2		19.8			18.0			24.6		24.3	0.3	
1989	26.4	27.1		30.4		27.7		20.0			19.3			21.2		20.4	0.7	
1990 E	24.0	24.1		28.0		25.5		14.6			23.2			23.3		22.6	0.5	
1991 E	23.2	22.6		23.3		20.1		22.0			20.0			19.9		19.5	0.5	
1992 E	21.7	22.7		22.0		21.6		25.0			22.6			22.8		21.5	0.7	

(1) Three for two stock splits October 10, 1980, October 12, 1982, August 16, 1985, and May 19, 1989.
Two for one stock split May 11, 1987.

Source: Stryker Corporation published data and Dean Witter Reynolds' estimates.

Table 10
Cash Flow and Financial Ratio Analysis
1987 - 1992E
($ million)

	1987	1988	1989	1990E	1991E	1992E
Funds Provided By Operations						
Net Income	$12.725	$15.860	$19.230	$23.705	$28.433	$34.909
Depreciation and amortization	5.402	5.999	6.222	6.600	7.000	7.500
Noncurrent Deferred Income Taxes	0.012	0.460	0.182	0.300	0.300	0.300
Provision For Losses On Accounts Receivable	--	0.100	0.025	0.025	0.025	0.025
	18.139	22.419	25.659	30.630	35.758	42.734
Funds Used For Operating Working Capital						
Accounts Receivable	(7.472)	(4.805)	(8.390)	(12.000)	(12.000)	(16.000)
Inventories	(5.713)	(13.847)	(1.628)	(5.000)	(10.000)	(10.000)
Accounts payable	0.630	2.842	2.562	3.000	3.000	3.000
Income taxes payable	0.687	(0.851)	0.350	0.500	0.500	0.500
Other	(0.003)	(2.393)	2.857	--	--	--
	(11.871)	(19.054)	(4.249)	(13.500)	(18.500)	(22.500)
Funds Provided By Operating Cycle	6.268	3.365	21.410	17.130	17.258	20.234
Capital Expenditures	(3.895)	(7.987)	(7.106)	(10.000)	(11.000)	(12.000)
Acquisitions	(2.640)	--	--	--	--	--
	(6.535)	(7.987)	(7.106)	(10.000)	(11.000)	(12.000)
Funds Provided By Operations Less Exchange Rate Effects	(0.267)	(4.622)	14.304	7.130	6.258	8.234
Exchange Rate Effects	(0.608)	0.212	(0.149)	--	--	--
Funds Provided Before Financing Activities	(0.875)	(4.410)	14.155	7.130	6.258	8.234
Financing activities:						
Debt	(3.059)	2.752	(0.673)	(2.877)	--	--
Exercise Of Stock Options	1.543	0.261	1.511	1.500	0.500	--
Other	--	--	(0.403)	--	--	--
	(1.516)	3.013	0.435	(1.377)	0.500	--
Net Cash Flow	(2.391)	(1.397)	14.590	5.753	6.758	8.234
Year-End Balances and Ratios						
Cash and Short Term Investments	$5.999	$4.602	$19.282	$25.035	$31.793	$40.027
Short-Term Debt	--	3.068	2.877	--	--	--
Long-Term Debt	3.704	3.121	2.655	2.655	2.655	2.655
Accounts Receivable	34.587	38.734	47.366	59.366	71.366	87.366
Inventory	36.306	49.701	51.517	56.517	66.517	76.517
Equity	75.216	91.019	112.029	137.234	166.167	201.076
Sales	148.095	178.636	225.860	280.000	345.000	420.000
Cost Of Goods Sold	71.420	85.037	106.899	132.387	164.073	198.000
Long-Term Debt To Capital (%)	5.3%	3.9%	2.7%	2.1%	1.7%	1.4%
Days Receivable (Days)	74.7	74.9	69.6	69.6	69.2	69.0
Inventory Turnover (x)	2.2	2.0	2.1	2.5	2.7	2.8

Source: Stryker Corporation published data and Dean Witter Reynolds' estimates.

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Export figures

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The Renaissance Series is an **evolution** of your ideas
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Move into a future of unequalled selection, intelligence, innovation and quality.

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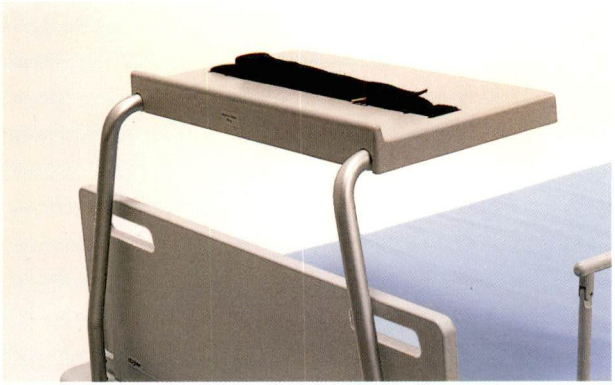
STEERING SYSTEM

The Stryker Critical Care Bed is equipped with directional caster steering. The system allows for truer tracking down long corridors, and enhanced maneuverability around corners. It can be activated at both the head or foot ends of the bed.



DEFIBRILLATOR TRAY

An important feature for transport or in the patient room, Stryker's Defibrillator Tray provides sturdy support for monitors. Holds up to 40lbs., and gives sufficient clearance for patients' feet. It is interchangeable between beds, and also provides ample surface for writing.

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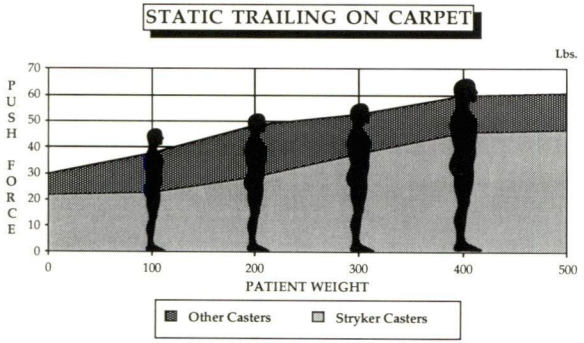
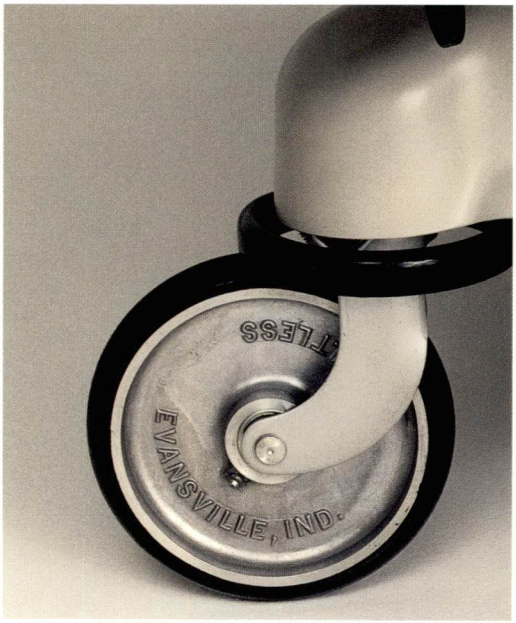
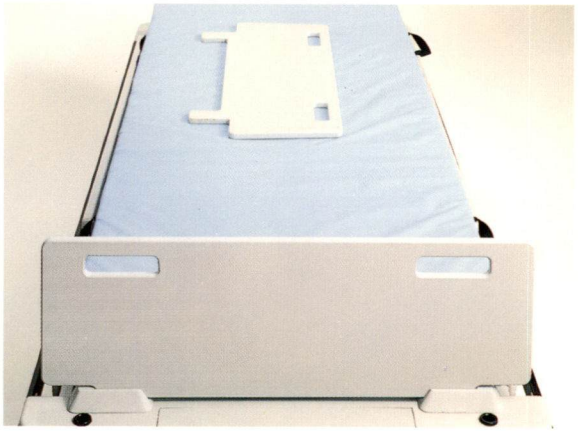
8" diameter casters roll easily over uneven surfaces, and our special polyurethane high durometer material reduces friction, allowing the bed to glide over concrete, tile, terrazzo, even carpet. The Omni Surface™ caster is exclusive to Stryker and Stryker customers. Combined with a full bed weight of 35lbs. less than comparably equipped models, you will soon realize no one else can move their bed with such ease.







HEAD & FOOTBOARDS

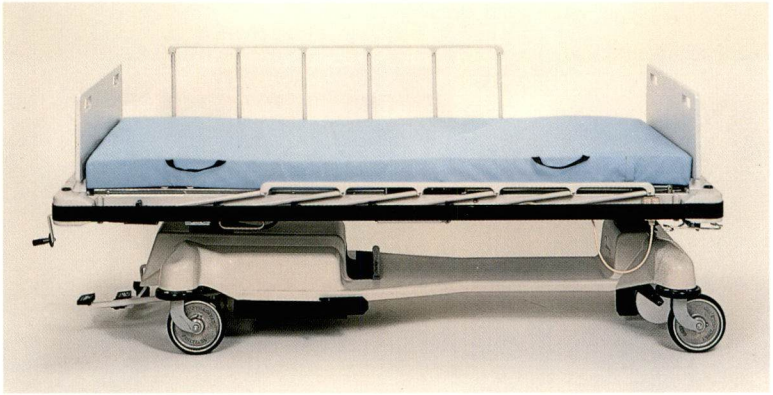
The Stryker Critical Care Bed is equipped with features designed for dual purposes. Head and Foot boards remove to serve as strong, durable CPR aids. In addition, hand cut outs are provided for ease of steering during patient transport.

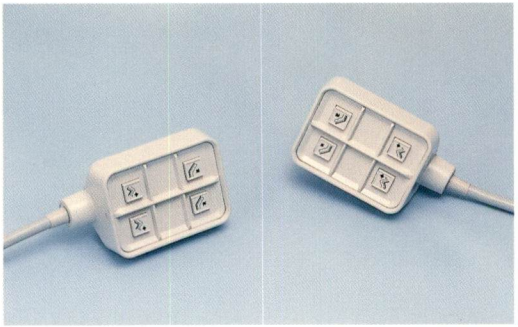
BED ACCOMMODATIONS

The Stryker Critical Care Bed has been designed to handle the largest of patients, and the smallest of elevators or hallways. It's 32" x 80" mattress surface will comfortably fit patients up to 6' 8", 500 pounds, with no need for bed extenders.

LOW HEIGHT

At 22.5" from floor to litter top, the Stryker Renaissance Series Critical Care Bed offers easy access and egress for acute or aged patients.

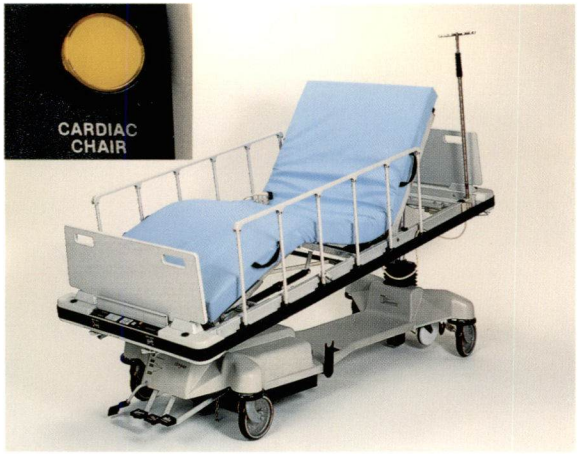




PATIENT CONTROLS

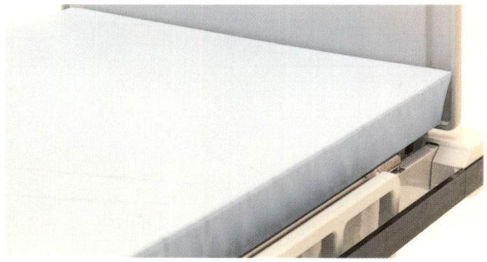
Convenient controls on each side allows the patient to control their own positioning of head or knees. If preferred, the controls may be electrically locked out, or removed from view.

UNPRECEDENTED COMFORT



AUTOMATIC CARDIAC CHAIR

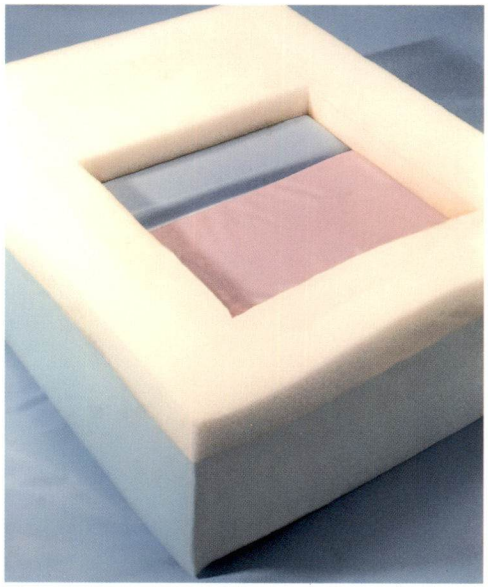
Now Critical Care patients can experience versatile positioning without straining the care giver. Full Cardiac Chair can be done right in the room, right on the bed. All with simple, push button ease.



MATTRESS CHOICES

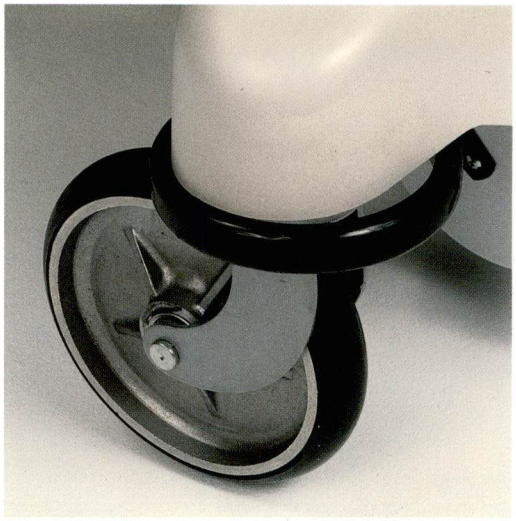
Discomfort from pressure points...and eventually pressure sores...distracts from healing.
Stryker offers the care giver and the Critical Care Patient a distinctive advantage in patient surfaces. Our standard mattress is 4" of soft, but durable foam. An optional 4" mattress with a cut foam design is also available.

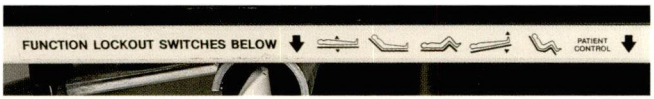
For ultimate care, you may select the unique Akros DFD® mattress now available from Stryker. This 5 1/2" thick mattress is comprised of cells filled with gel. This simulates the properties of a water mattress for pressure disbursement, but allows the mattress to maintain its shape with the movement of the litter. The Akros DFD® mattress has been clinically proven to reduce incidence of pressure ulcers . As an added benefit, it reduces cost to your unit by eliminating the need for overlays and other prevention devices.



FOUR WHEEL BRAKES

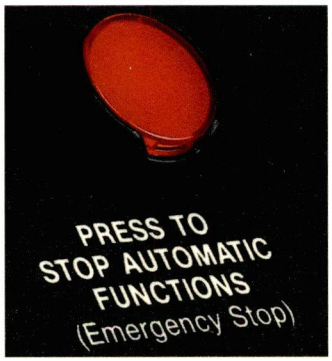
Stryker's braking system is truly the standard of the industry. One lever, accessible at both head and foot end, engages and disengages all four wheels. The coated solid steel rings secure the wheels with the firmest of control.





FUNCTION LOCK OUT SYSTEM

Each electric function of the bed can be activated or deactivated at the care giver's discretion. The Function Lock Out System prohibits unauthorized or inadvertent use of controls.



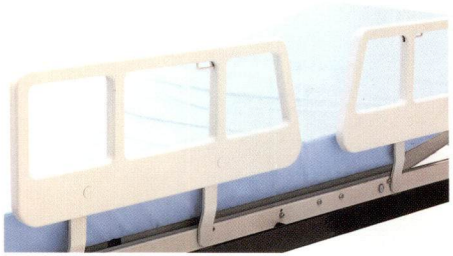
EMERGENCY STOP/SAFETY STRIPS

The Stryker Critical Care Bed is designed to meet UL 544 standards. Other important features exceed your expectations for safety. A keyboard button at the head end of the bed will immediately stop all motion of the bed. Built in Safety Strips in the Fowler and Knee Gatch areas detect any obstruction of eight ounces or more.

UNCOMPROMISING SAFETY

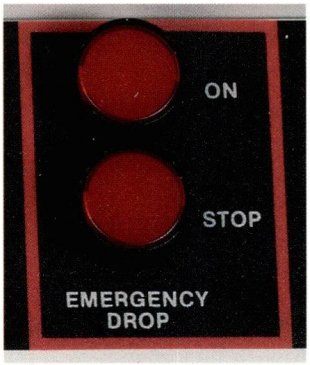
SAFETY SIDERAILS

Choice is an underlying theme of the Renaissance Series of beds, and siderail offerings are no exception. Select between a Fold Down style or Split Siderail. Both offer excellent protection for your patient.

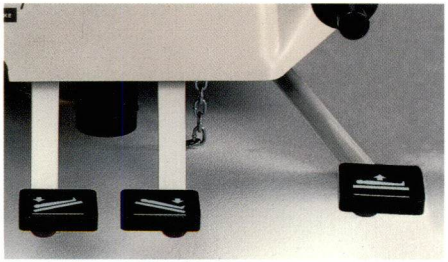


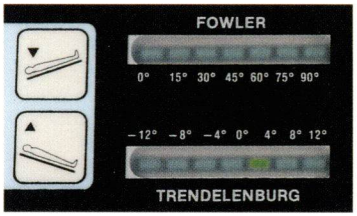
EMERGENCY DROP FUNCTION

The Stryker Renaissance Series Critical Care Bed responds in critical situations. Push a button, the entire litter surface flattens. Fowler and knee sections lower, bed height lowers. For extra security, Code Blue Function locks out all other electric bed functions (except scale) until reset.



A choice of folding direction is available with the Fold Down Style Siderails. Select between a folding direction toward the foot end, which provides maximum coverage of the head section, or a folding direction toward the head end, which provides a clear access to the patient's head. They are built with strong steel and are designed with a special interim position that allows access to the patient with ample protection.



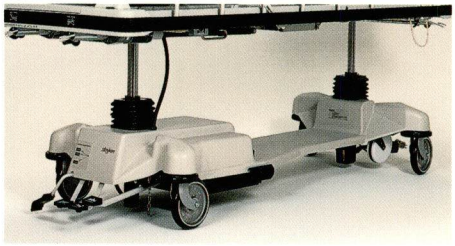


DUAL CONTROL TRENDELENBURG

Stryker's Renaissance Series Critical Care Bed is equipped with two different methods to achieve Trendelenburg. Electric or manual. Both are rapid, one-step procedures. Manual operation is hands free - just the press of a pedal. Electric operation is simply the push of a button. No minimum bed height is required for the electric operation.

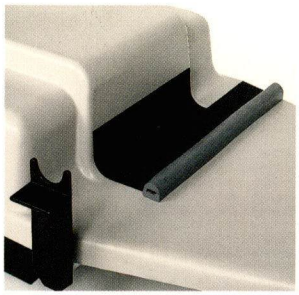
Fluoro / X-ray Capable Litter

X-ray and Fluoroscopy are a fact of life in any Critical Care, but neither have ever been easy on the patient or the care giver. Now, Stryker helps reduce the amount of movement from surface to surface with its radiolucent litter top that allows full coverage from *chest to pelvic* region. The Stryker Critical Care Bed is designed for compatibility to most C-arms in the marketplace today. Its 29" x 39" window, with 25" clearance under the litter, provides ample room for camera exposure, while C-arm pedestals slide easily under its 6.5" floor clearance. An optional X-ray cassette holder accepts film cassettes up to 14" x 17" and is accessible from either side or the head of the bed.



Retractable Electric Cord

The electric cord winds mechanically into its own storage area, thus it prevents tripping over loose lines.

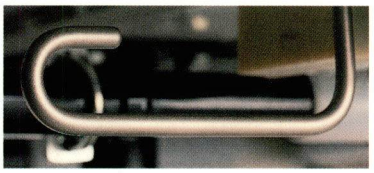


O_2 Bottle Holder

The oxygen tank holder is self-storing and allows easy access from either side of the bed.

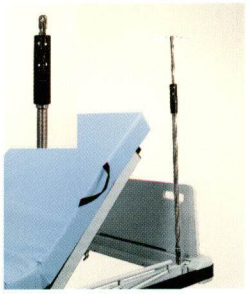
Easy Cleaning Surface

The smooth, molded hood reduces cleaning effort. No nooks or crannies.



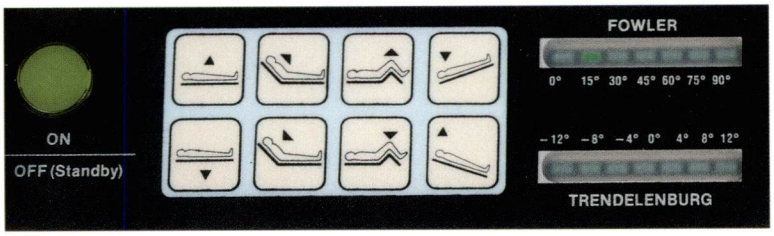
Drainage Bag Holders

This feature provides convenient areas to hang Foley Bags on either side of the bed. They are independent of the patient surface and do not interfere with the operation of the scale system.



IV Poles

You'll have confidence in either design. The Permanently Attached Folding IV Pole is constructed of stainless steel, extends to a full 51" from the litter, holds up to 40lbs., and can be situated at any corner of the bed. Stryker's Removable IV pole fits in any one of four receptacles on the litter, stores conveniently on the bed, telescopes to 57" and holds up to 30 lbs.



Electric / Hydraulic Operation

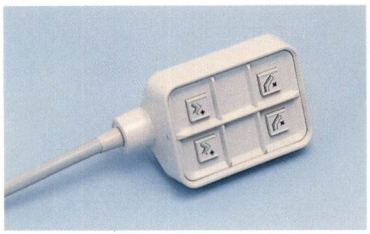
Stryker's Critical Care Bed offers you an extension of your resourcefulness, with built in features you can trust.

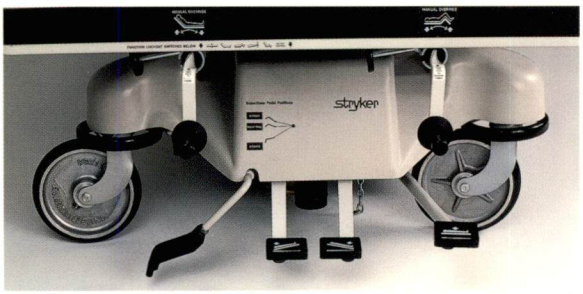
Electric

Electric operation that reduces the extra effort. One button positioning. Trendelenburg. Cardiac Chair. Fowler. Bed Height. Knee Gatch. And it is smooth motion. Gentler for your patient.

Electric control panels are available at all four sides of the bed....even an exclusive control panel at the head section of the bed.

Clearly marked with international graphics, control buttons are easy to operate. No guessing. No doubt.





The foot end control panel displays additional information for even more assurance. LED indicators inform you of degrees for Fowler and Trendelenburg.

Hydraulic

The traditional, dependable hydraulics of Stryker offer you another method of operation for full positioning during patient transport. Foot pedals and cranks at the foot end are easily accessible and always available. A manual/hydraulic override system provides the back up you need when you need it.

Integrated Electronic Scale System

A truly distinctive Patient Care innovation, Stryker's Renaissance Series Critical Care bed combines computer technology with astounding simplicity. The computer *tells* you what to do next , in clear simple terms. The scale system weighs the patient while the bed is in any position. And with attention to the details of your job, Stryker engineers have designed an exclusive Gain/Loss monitor within the system. This important feature measures and records patient weight gain or loss throughout the stay. The scale will weigh patients up to 500lbs, and will read in pounds or kilograms. Changing equipment poses no problem to the system, with the built in feature that allows you to add or subtract weight to the bed without effecting weight reading.

SPECIFICATIONS

Model 2020

Bed Width	
Overall	38"
Patient Surface (Mattress)	32"
Bed Length	
Overall	90"
Patient Surface (Mattress)	80"
Bed Weight	
Equipped with scale, IV poles, mattress	495 lb. (avg.)
Bed Height (to Litter top)	
High	35"
Low	22.5"
Caster Diameter	8"
Radiolucency	
Material	Lexan
Window Size	29" w. x 39" l.
Complies with DHHS 21 CFR Sub Chapter J:	YES

Fluoroscopy	
Underbed Clearance	6.5"
Window Size	29" w. x 39" l.
Base to Litter Clearance	25"
Siderails	
Fold	Height: 16" Length: 52.5"
Split (ea. section)	Height: 10" Length: 25"
Articulation	
Fowler	0° - 90°
Knee Gatch	0° - 35°
Trend/Rev. Trend	+12° /-12°
Electrical	
Volts	110 VAC
Ampere Rating	5.0
Watts	550 VA
Current Leakage	Less than 100 microamps
Hertz (Domestic)	60
Hospital Grade Plug:	YES
Meets or exceeds requirements of UL 544 standards for Medical & Dental Equipment:	YES

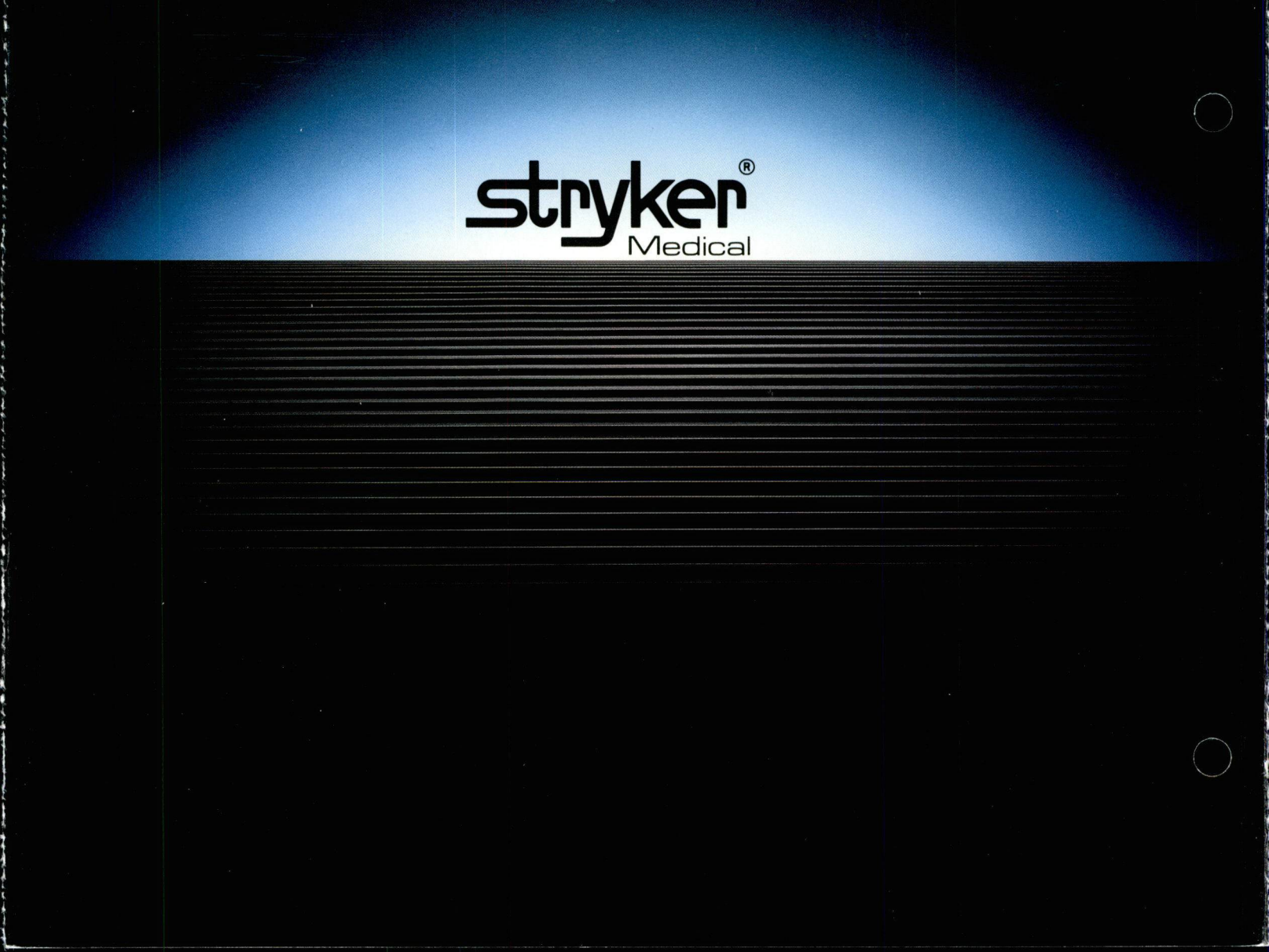
stryker Medical

6300 Sprinkle Road
Kalamazoo, Michigan 49001-9799
(616) 329-2100 (In Michigan)
(800) 327-0770 (Toll Free)
(616) 329-2213 (FAX)

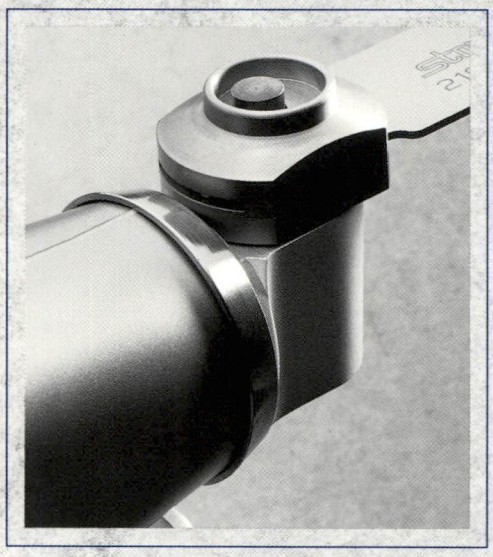
11/89

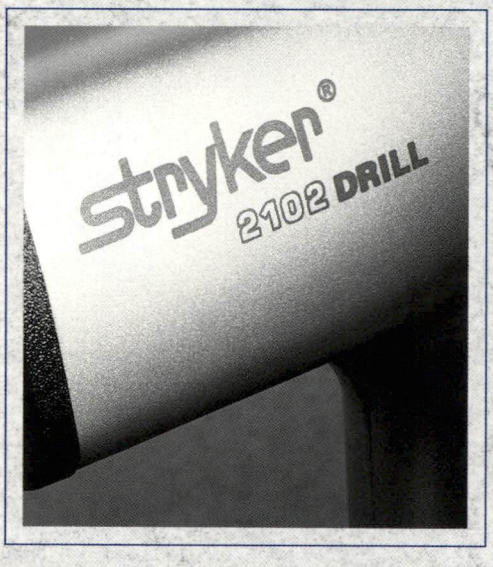
Dual Control

Critical Care Bed


stryker®
Medical

stryker®
INSTRUMENTS





SYSTEM 2000

HEAVY DUTY BATTERY POWERED INSTRUMENTS

BATTERY

POWER

HISTORY

Seven years of experience in cordless instruments packaged together in a new, advanced third generation system.

1983

Stryker introduces OrthoPower 90 High-Powered Battery Instruments. Putting unequaled power in a cordless instrument. Cut the cord, keep the power.

1986

OrthoPower 90 System II incorporated advances in motor and battery technology resulting in even greater power, reliability, and ease of use. The best powered instruments in the industry got even better.

1991

SYSTEM 2000, the culmination of seven years of battery power experience, delivers higher peak power and longer run time in a smaller, lighter package. Stryker, makers of the first high-performance, cordless instruments, raises the technology another level.

SYSTEM

2000

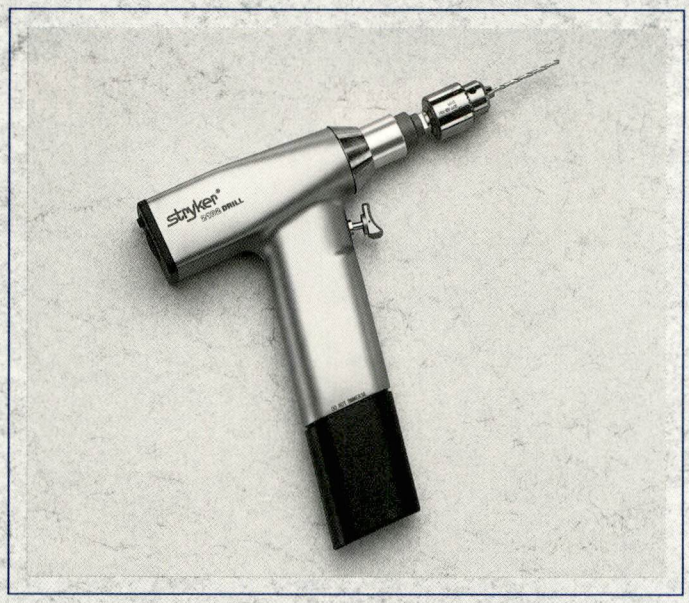
THE NEW STATE OF THE ART

DRILL

REAMER

RECIP

2102
DRILL



- Variable Speed Trigger allows for infinite speed selection: slow for screw insertions or fast for maximum power.
- 30 in/lbs of torque allows quick drilling through even the hardest cortical bone.
- Snap lock collar quickly connects drill accessories with trinkle fittings.
- Streamlined head design provides maximum visibility.
- Fully cannulated for use with pins and guide wires.
- Convenient forward/reverse switch allows rapid change in direction.

2104
REAMER

- Both Hudson and modified trinkle fittings snap quickly into lock collar.
- Fully cannulated for use with pins and guide wires.
- Variable speed trigger affords power and touch to reaming needs.

2106
RECIPROCATING SAW

- Twist lock blade mount requires no tools and allows for positioning blades in 90° intervals.
- Variable speed trigger delivers increased power and precision.
- Smooth, accurate cuts made with large variety of blade styles available.

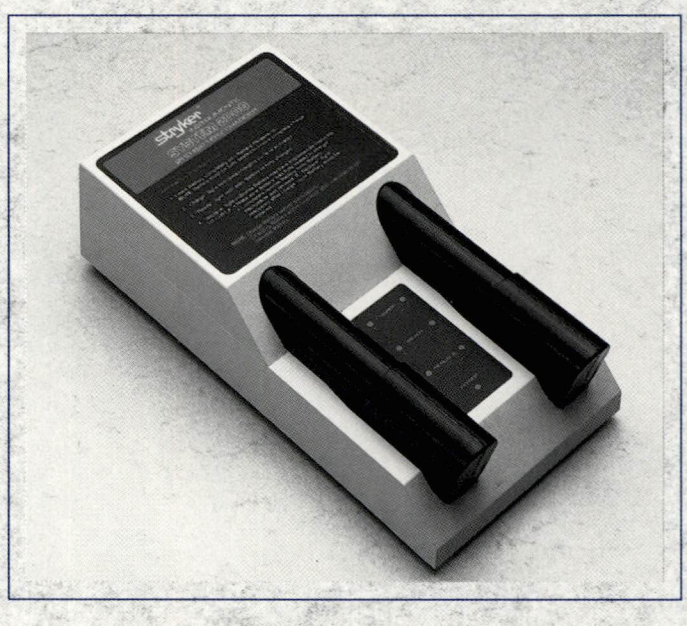
SAGITTAL

CHARGER

2108
SAGITTAL SAW

- New motor design delivers unequaled peak power to quickly and precisely cut even the hardest bone.
- Handpiece design virtually eliminates vibration.
- Unique variable speed trigger affords greater control when trimming or planing.
- Revised blade mount allows quick, easy changing of blades.
- Streamlined head gives greater vision of surgical site.

2110
BATTERY CHARGER



- Quickly charges batteries in 6-42 minutes.
- The modular design of SYSTEM 2000 Two Pocket Charger allows expansion to 4, 6, or 8 pockets.
- Indicator lights provide battery status feedback with "Charge," "Ready," and "Replace" indicators.

- The Modular Design of System 2000 Two Pocket Charger Allows Expansion to 4, 6, or 8 Pockets. Indicator Lights Monitor Battery Status.

BATTERY

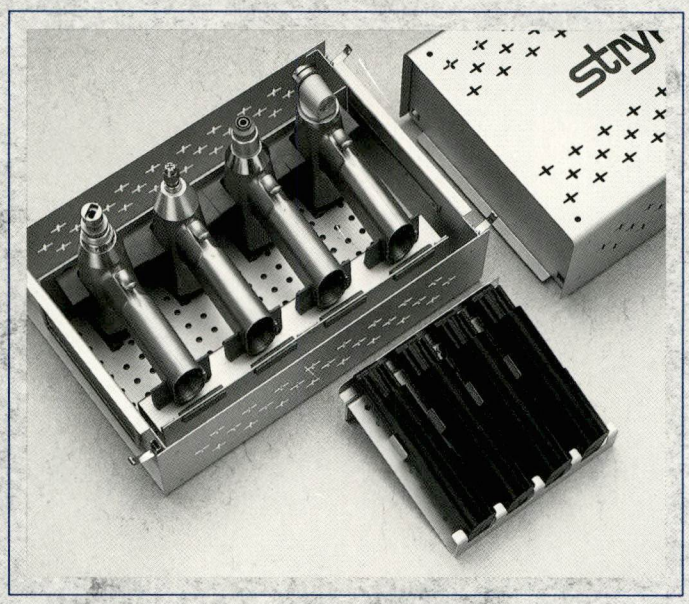
STERILIZATION

BLADES

2115 BATTERY

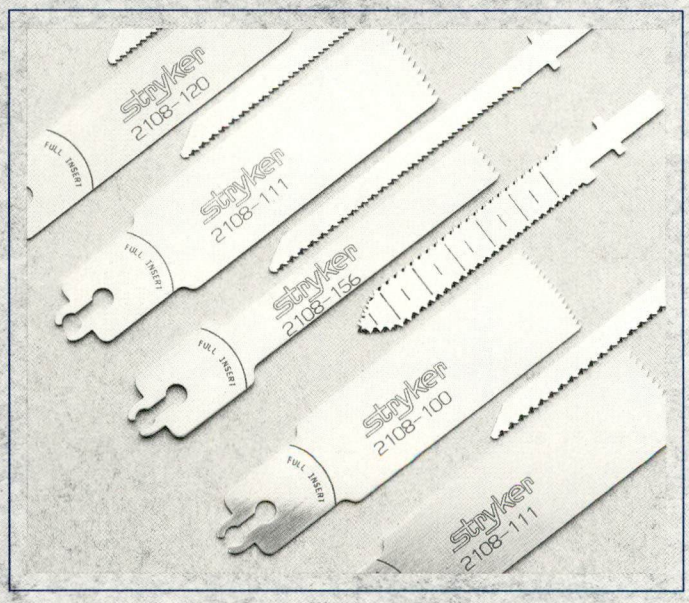
- Run time is twice that of previous generation.
- Flash autoclaveable in 3 minutes for fast turnaround.
- Good for a minimum of 100 sterilizations for maximum return on your battery investment.
- This 8 cell nickel cadmium battery delivers maximum power and is flash autoclaved in only 3 minutes without dry time.

STERILIZATION



System 2000 sterilization case holds all four handpieces and accessories for complete sterilization and convenient access (2106-151). Battery rack holds 4 batteries (2106-106).

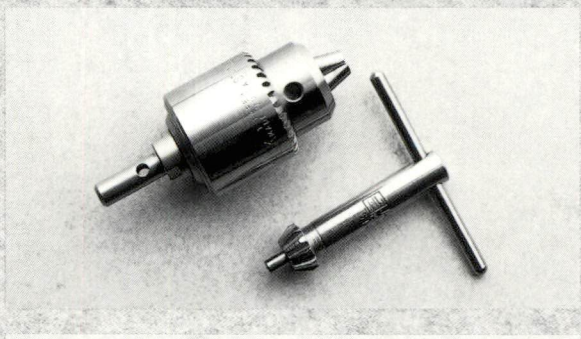
BLADES



With Stryker's unique quick blade mount. For the sharpest cutting edge every time. Only the hardest, highest quality stainless steel is used for Stryker's procedure-specific blades.

1/4" JACOBS CHUCK

277-82-131
Includes key 1331-1-1



WIRE and PIN CHUCK

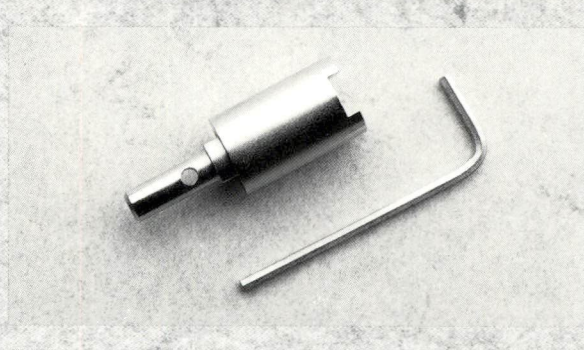
277-92-125
Automatically inserts wires and pins from .062" (1.6mm) to .125" (3.2mm).

ASIF/SYNTHES ADAPTER

277-82-200

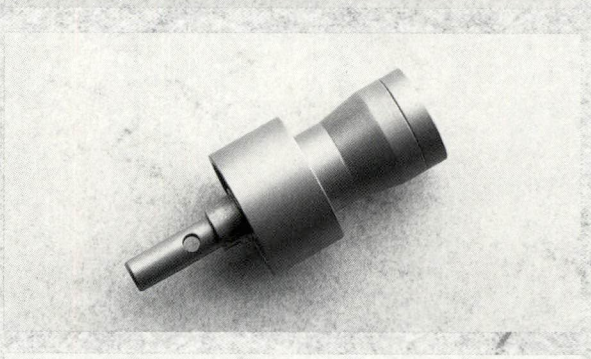
HUDSON ADAPTER

277-82-113



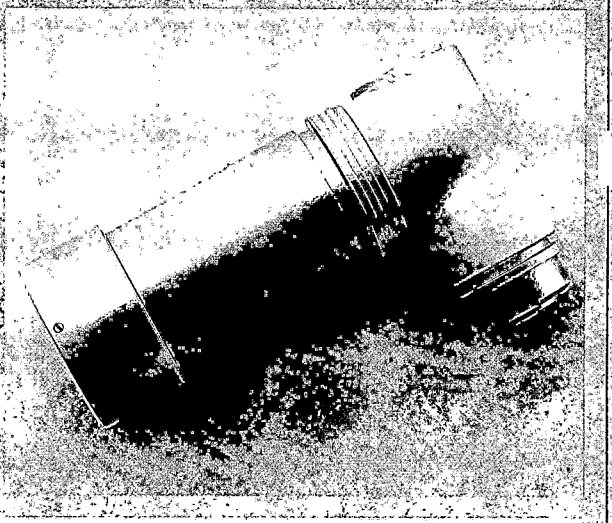
MODIFIED TRINKLE ADAPTER

2102-135



OSTEO ADAPTER

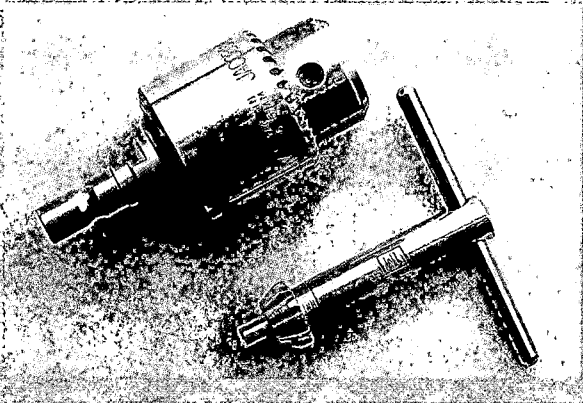
277-82-250



RIGHT ANGLE DRIVER

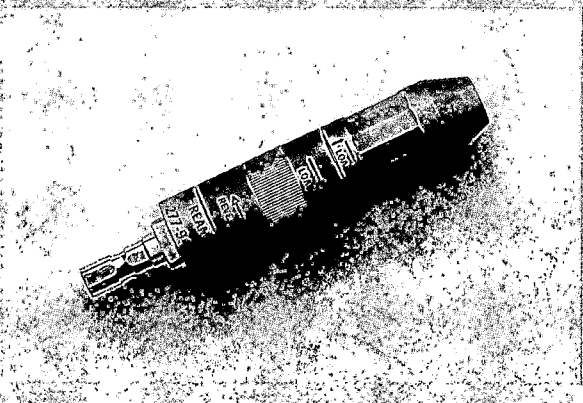
2104-100
2104-110

The Stryker Right Angle Driver is available with a modified trinkle fitting (2104-100) or a Synthes fitting (2104-110) to give you optimal access for intramedullary reaming.



JACOBS CHUCK and KEY

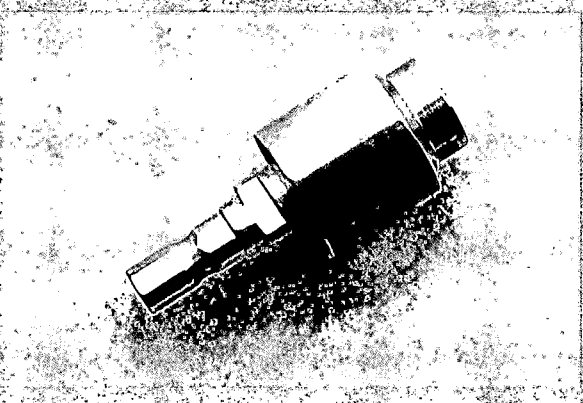
277-84-131
Includes key 1331-1-1



WIRE and PIN CHUCK

277-94-125

Automatically inserts wires and pins from .062" (1.6mm) to .156" (4.0mm).

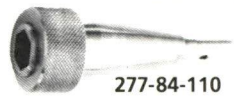


TRINKLE ADAPTER

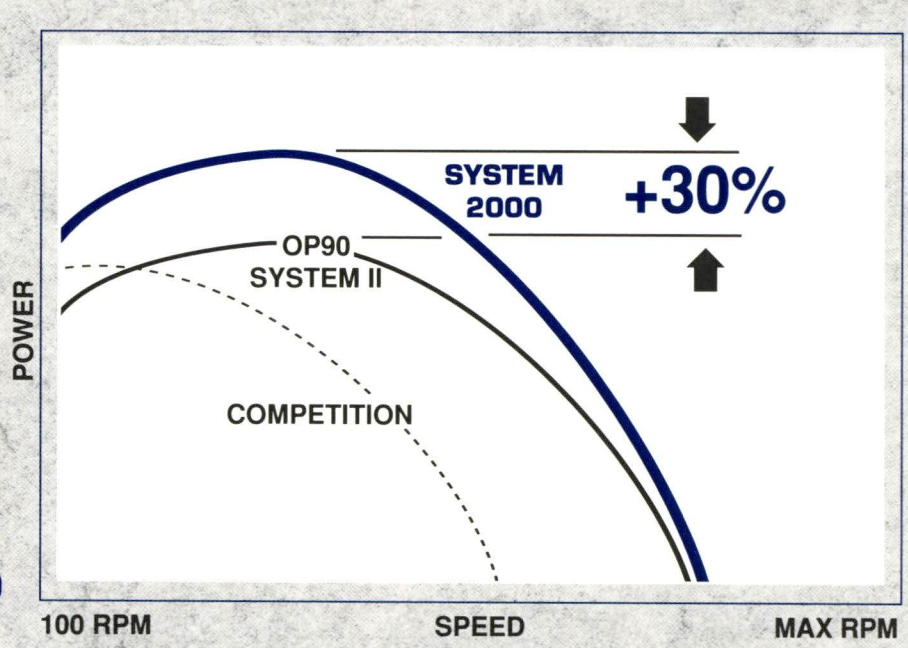
277-94-160

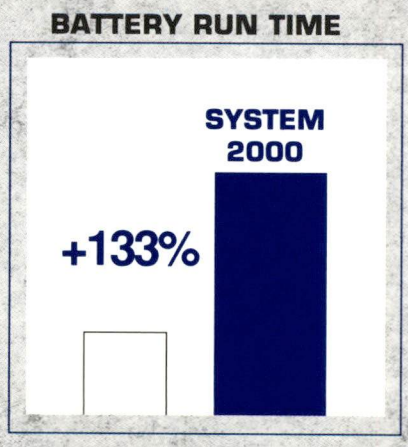
Accepts flexible intramedullary reamers, corticle step drills and other accessories with standard trinkle fittings.

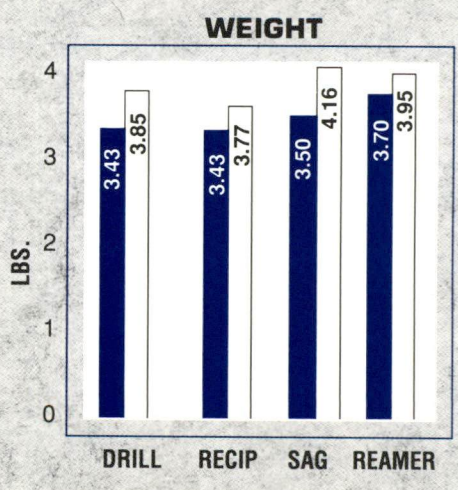
ADAPTERS

SHANK		STRYKER REAMER ADAPTER
Old Stryker	TO	277-84-114
Kuntscher	TO	277-84-116
Zimmer (modified trinkle)	TO	None required
Charnley	TO	277-84-117
Hudson	TO	None required
Harris (English)	TO	277-84-115
ASIF-Synthes	TO	 277-84-110

REAMER
POWER vs SPEED







BLADE PROFILES

2108-100

2108-102

2108-105

2108-109

2108-110

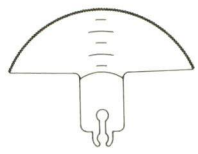
2108-111

2108-115

2108-118

2108-120

2108-125



2108-137

2108-140

2108-145

2108-148

2108-150

2108-151

2108-152

2108-155

2108-156

2108-158

2108-160

2108-175

2108-182

2108-183

2108-189

2108-192

For actual size drawings of System 2000 procedure-specific blades, please see your Stryker Cutting Accessories Guide.

WARRANTY

LOANER

ORDERING

Warranty

We support our technology with a one-year warranty on System 2000, parts and labor. The System 2000 batteries have a 90-day warranty.

Loaner Program

If your Stryker System 2000 instrument should ever need service, loaners are available until your instrument is returned. We will keep a working instrument in your hand at all times. The Stryker Service Line number is toll-free, (800) 253-3210.

How to Order

Call toll-free, (800) 253-3210 with the following information:

1. Model number you require.
2. A Purchase Order number.
3. Name and address.

Also, see your local Stryker Representative for full details.

System 2000

Product No.	Description
2102	Drill
2104	Reamer
2106	Reciprocating Saw
2108	Sagittal Saw
2110-120	Charger
2115	Battery
2106-151	Sterilization Case
2106-106	Battery Sterilization Rack

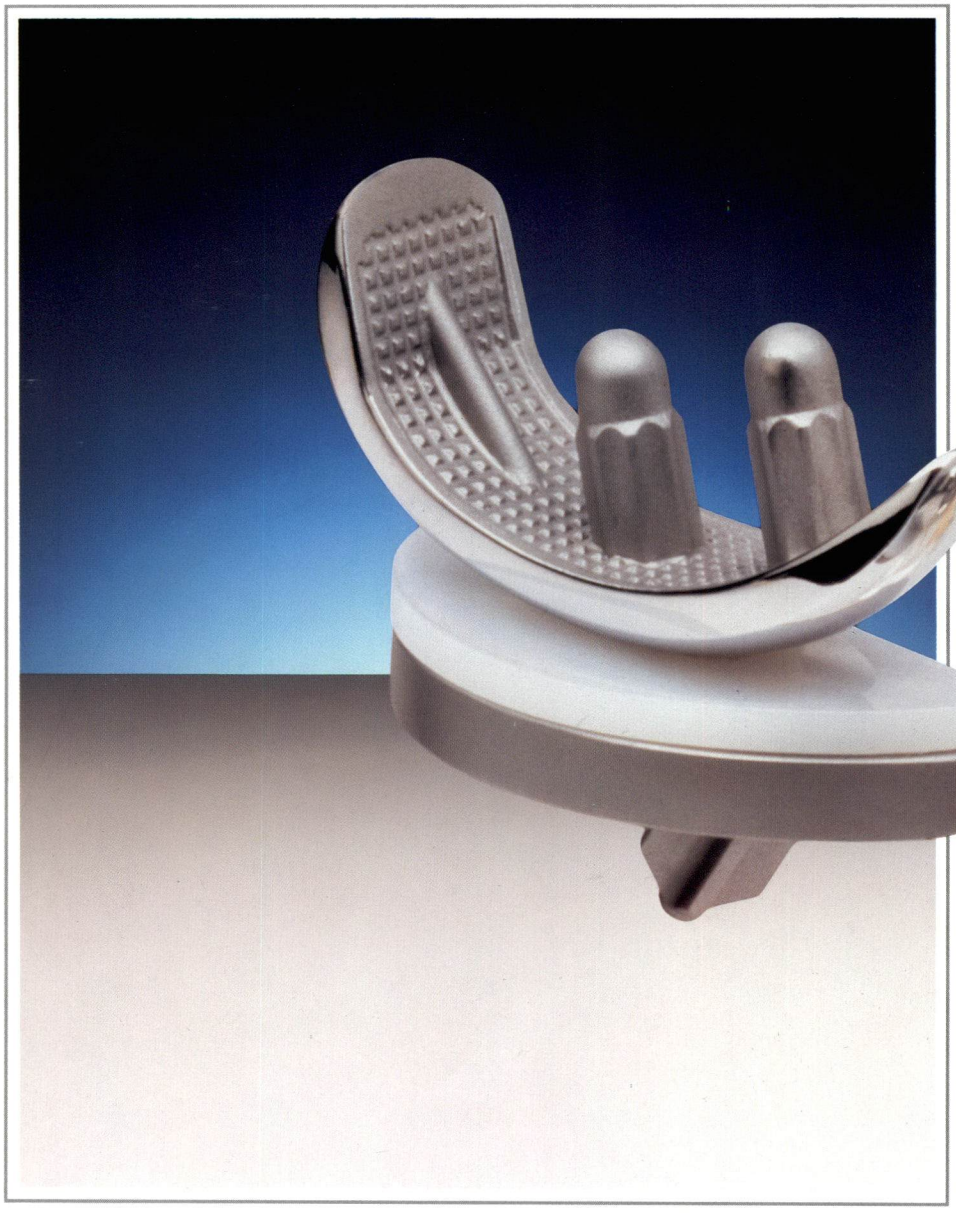
stryker®
INSTRUMENTS

stryker®
INSTRUMENTS
420 Alcott Street
Kalamazoo, Michigan 49001
Phone: (616) 381-3811
1-800-253-3210

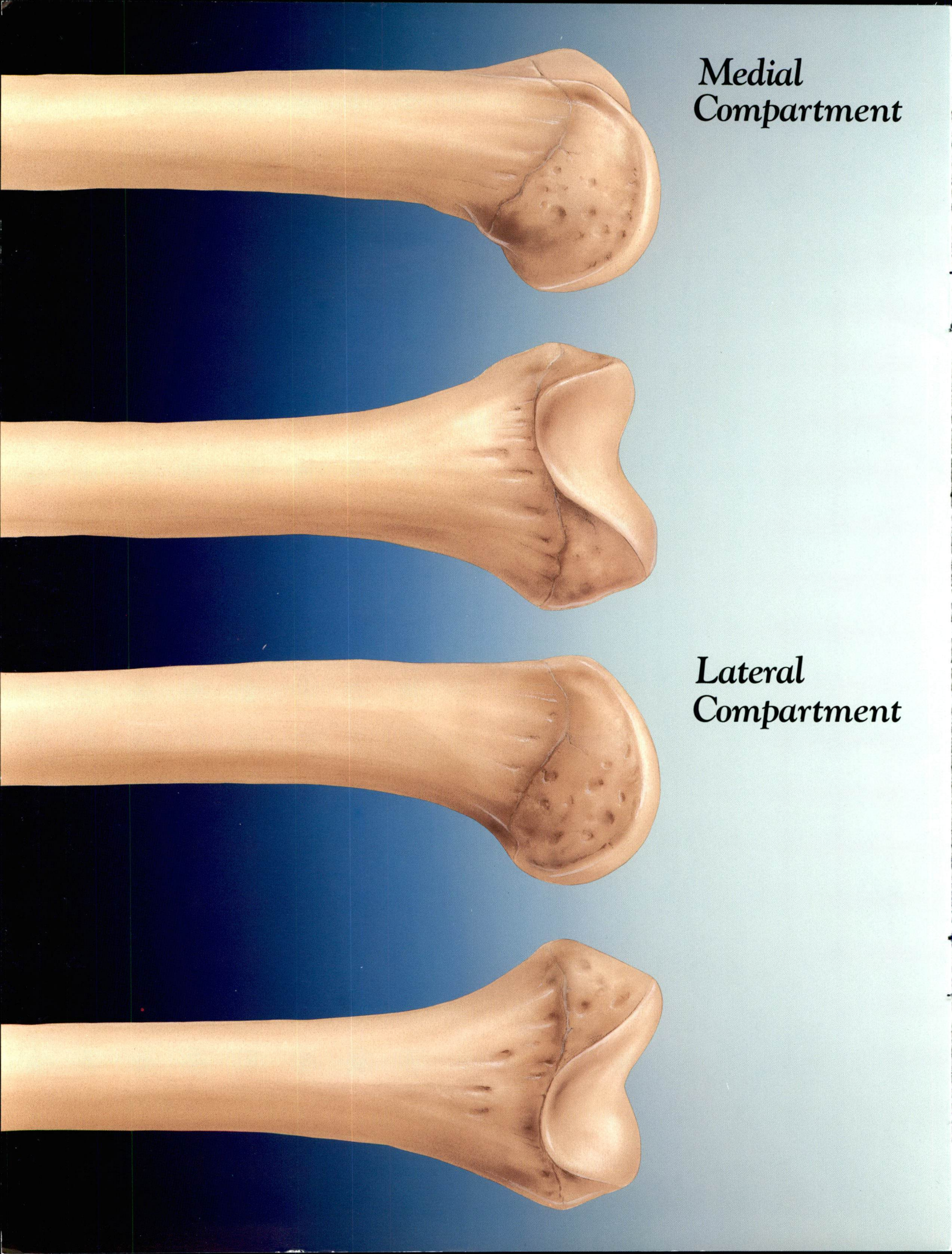
91-01-100

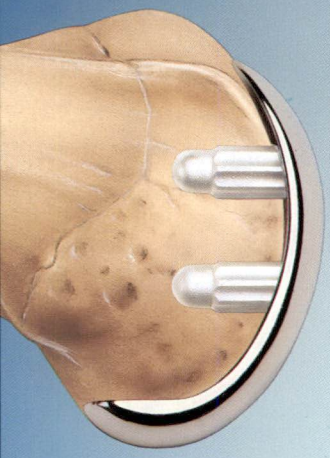
OMNI FIT® SCR™

Single Compartment Replacement Knee System

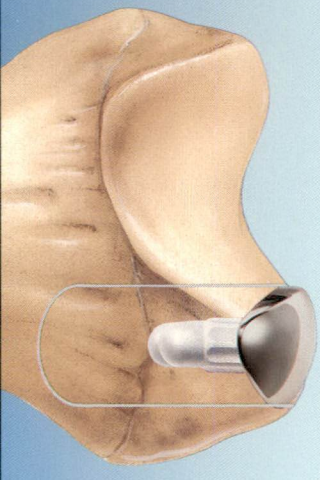


OSTEONICS

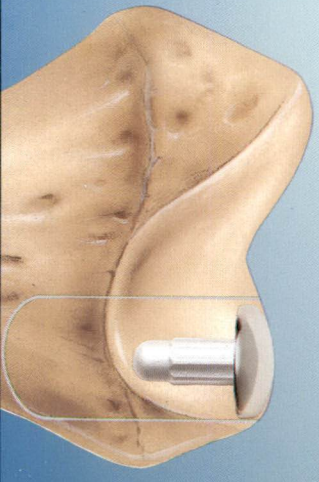

Medial
Compartment
Lateral
Compartment



Medial Compartment



Lateral Compartment

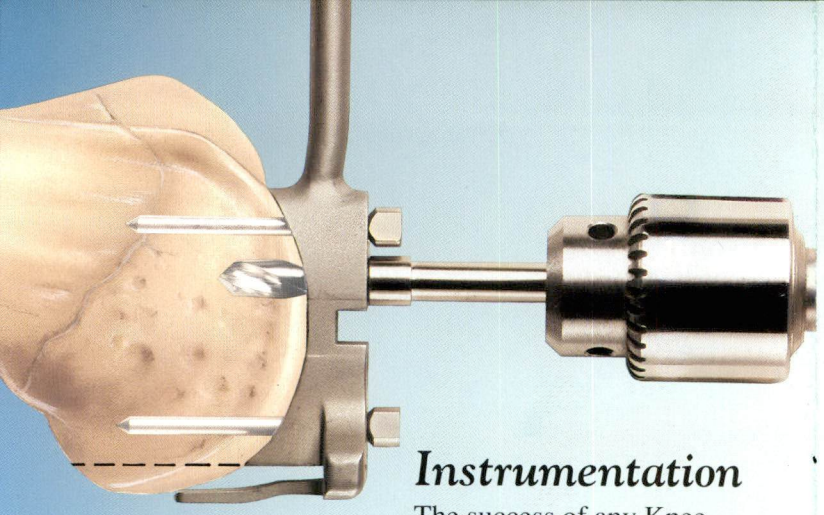


Now there are options...

OMNIFIT® SCR™

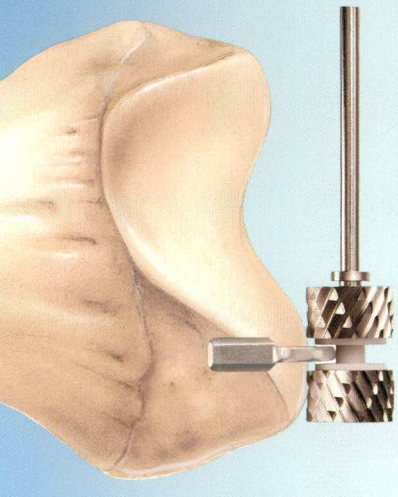
Single Compartment Replacement Knee System

The design of the OMNIFIT® SCR™ Single Compartment Replacement Knee System provides two separate and distinct femoral components that mimic the anatomic curvature of the respective medial and lateral condylar geometries in both the sagittal and coronal planes.



Instrumentation

The success of any Knee System should be judged only on its proven successful clinical results which are achieved through the merits of implant design, instrumentation and the surgeon. The OMNIFIT® SCR™ Single Compartment Replacement Knee System provides instrumentation that allows the surgeon to achieve accurate reproducible preparation for component implantation, while preserving good quality subchondral bone.

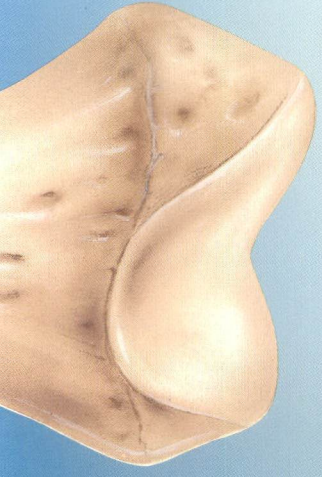


-Resection guide allows for accurate posterior condylar resection.

-Patented rail/burr system* prepares femoral condyle to exactly duplicate implant geometry.

-Tibial stylus and resection guide provide minimal resection of the affected plateau.

*US Patent No. 4,719,908



Because there are differences...

• We recognize that there are significant differences in the natural anatomic geometries of the medial and lateral femoral condyles. These differences affect the kinematics of the knee.

• A single compartment replacement knee system should be designed to address these differences.

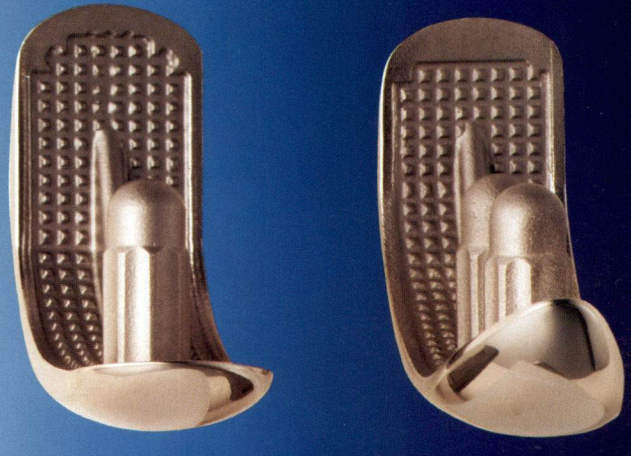
Design Features of the

OMNI FIT® SCR™

Single Compartment Replacement Knee System

Femoral Components

- Sagittal curve matches anatomic curvature of the medial and lateral femoral condyle in the A/P plane.
- Availability of anatomic medial *and* lateral femoral components allows biomechanical replacement of either femoral condyle.
- Size versatility - Available in left and right versions and four sizes.
- Contoured edges avoid patella impingement.
- Designed to conserve good quality subchondral bone.
- Cobalt/Chromium alloy.

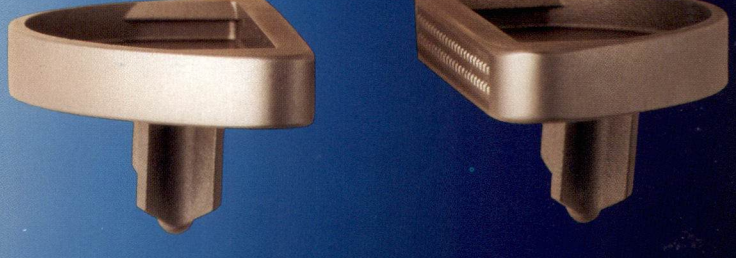


Bearing Inserts

- Articular geometry allows unconstrained ROM.
  - Maximal ROM up to 135°*

Tibial Components

- Minimal bone removal for resurfacing the medial or lateral tibial plateau.
- Geometry designed to maximize cortical bone coverage reducing potential for subsidence.
- Cruciform fixation posts provide:
  - Resistance to lift off
  - Ease of insertion
  - Superior torsional stability
- 30° waffle pattern provides stable implant interface.



* Unicompartmental Knee Arthroplasty:
Patient Selection Criteria, Vincent E. Eilers, MD; Donald T. Armstrong, OPA-C, St. Paul, MN. Presented at 1990 American Academy of Orthopaedic Surgeons, New Orleans, LA.

Lit. No. SCRB
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The Science of
Better Fit

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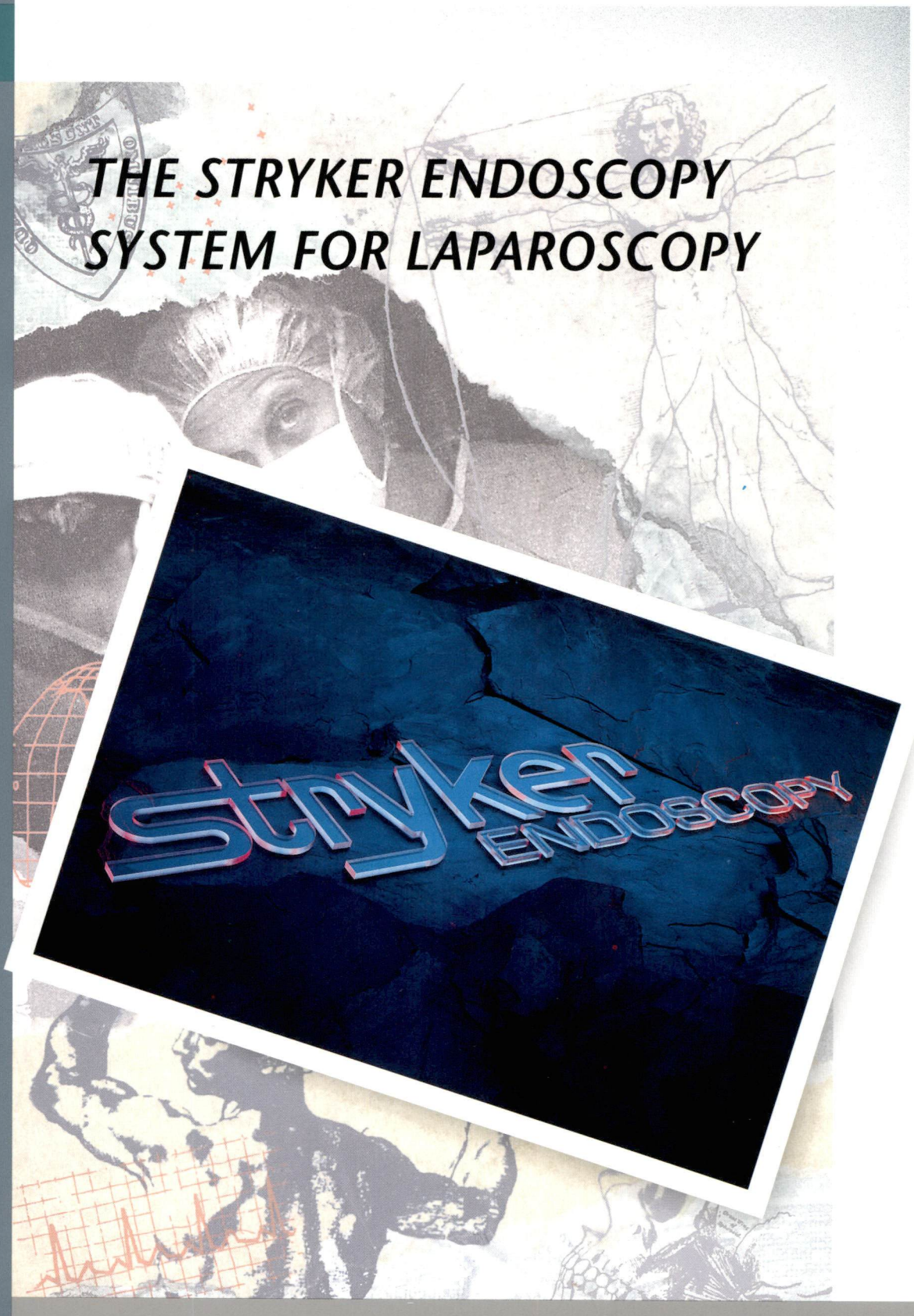
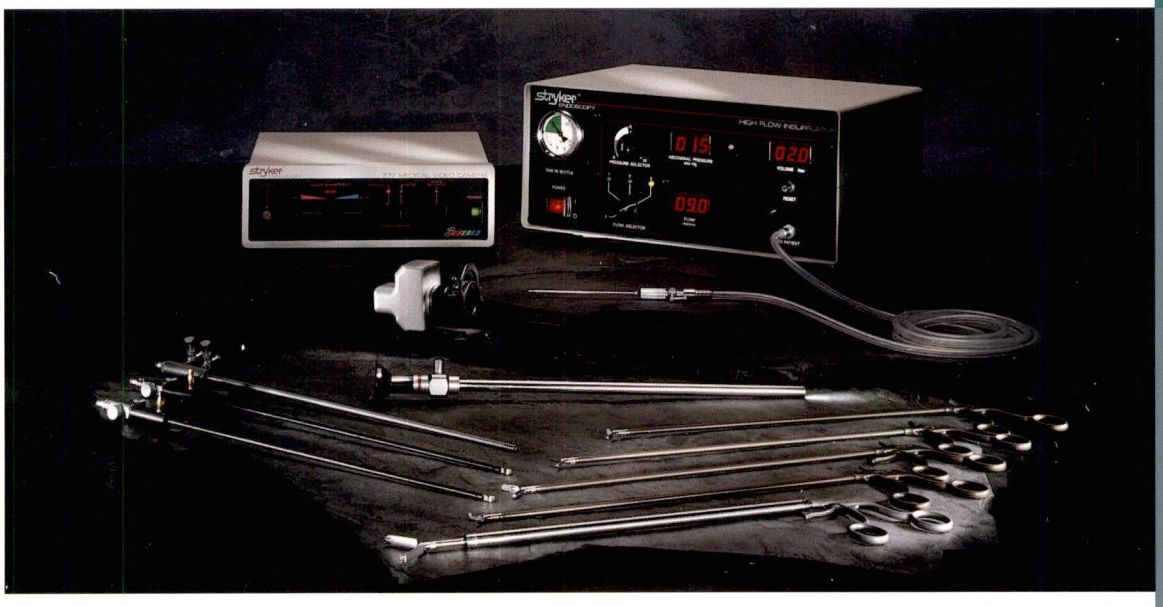
stryker®
ENDOSCOPY

THE STRYKER ENDOSCOPY SYSTEM FOR LAPAROSCOPY



THE COMPLETE LAPAROSCOPY SYSTEM



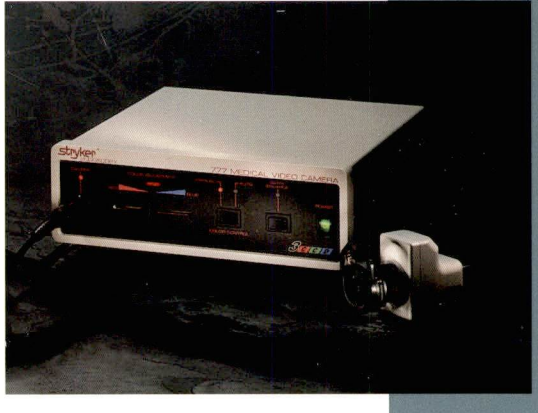
stryker®
ENDOSCOPY

THE STRYKER ENDOSCOPY SYSTEM IS THE COMPLETE PACKAGE FOR LAPAROSCOPIC SURGERY. WITH OUR CAMERAS, LAPAROSCOPES, INSTRUMENTS AND INSUFFLATOR, WE SUPPLY EVERYTHING YOU NEED FOR LAPAROSCOPY.

3-CHIP CAMERA

The Stryker 3-Chip Camera represents the latest in video technology. Three chips in the camera pick up the most subtle detail and allow quick identification of slight irregularities in tissue quality. The picture is "broadcast quality" and that will let you see more clearly than ever before.

True, natural color is produced by the three chips that are dedicated to separate colors: one for red, one for blue and one for green. Accurate identification of internal structures and diseased tissue during laparoscopic surgery is possible with the accurate, natural color of the 3-Chip Camera.



INSTRUMENT SET

The Laparoscopic Instrument Set includes instruments for general surgery procedures. The left curve dissector is perfect for dissecting around delicate structures. All instruments have double action jaws that spread wide for quick, efficient dissection of tissue.

LAPAROSCOPE

The 10mm laparoscope will give you a clear, detailed picture in any laparoscopic procedures. Its depth of field eliminates the need to re-focus during surgery.

INSUFFLATOR

The high flow insufflator quickly establishes pneumoperitoneum and maintains it throughout the procedure.

To learn more about
The Stryker Endoscopy System
and to trial the system,
call 800-624-4422 today.

Stryker Endoscopy
210 Baypointe Parkway
San Jose, CA 95134
408-435-0220
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