Stryker Corporate (NYSE: SYK)

Location: New York

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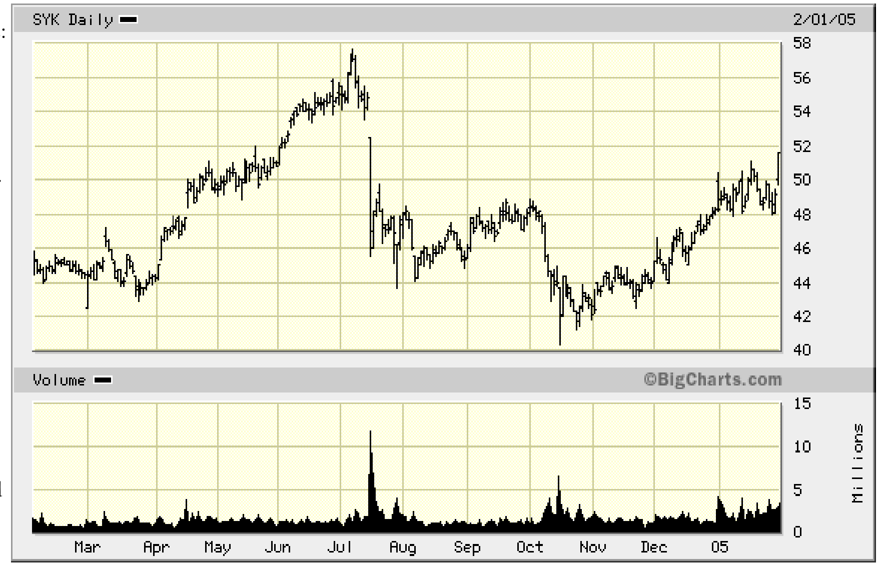
BUSINESS DESCRIPTION

Stryker Corporation develops, manufactures and markets specialty surgical and medical products that are sold primarily to hospitals throughout the world. The Company segregates its operations into two business segments: Orthopaedic Implants and MedSurg Equipment. The Orthopaedic Implants segment consists of products such as hip, knee, shoulder and spinal implants, associated implant instrumentation, trauma-related products, bone cement and the bone growth factor osteogenic protein-1. MedSurg Equipment products include powered surgical instruments, endoscopic products, hospital beds and stretchers and micro implant and surgical navigation systems. In addition, the Company provides outpatient physical therapy services in the United States.

STOCK PRICE PERFORMANCE



INVESTMENT THESIS

Stryker Corporation continues to be a market inovator in the medical technology industry. Over the past 25 years management has consistantly delivered on its promise of 20% EPS growth. In fact few, if any, publically traded companies today could claim such an accomplishment. Stryker is one of the best industry operators, commanding superior margins to many of the competitors in the market. Over the past several years the firm has made several acquisitions that have added to Styker's success. In the next few years the company will bring to the market a number of new product lines in both Orthopedic and MedSurg segments that will enable it to outperform both its peers and the market as a whole. The company is also poised to benefit from both price inelasticity and a renewed effort to focus on efficiency. 2004 proved to be a very successful year for Styrker and we expect '05, '06 and beyond will also be lucrative.

FINANCIAL SUMMARY

Results of Operations	FY Ended Dec 31, **2004**	**2003**	**2002**	**2001**
Revenue	$4,262.3	$3,625.3	$3,011.6	$2,602.3
Growth	*17.6%*	*20.4%*	*16%*	*13.7%*
EBITDA	1,100.3	946.4	779.7	683.0
EBITDA Margin	*25.8%*	*26.1%*	*25.9%*	*26.2%*
EBIT	849.4	671.3	564.7	472.6
EBIT Margin	*19.9%*	*18.5%*	*18.8%*	*18.2%*
D&A	250.9	229.7	186.1	172.0
CapEx	144.7	10.8	173.6	43.0
Interest Expense	6.8	22.6	40.3	67.9

Balance Sheet Data	
Total Debt	$7.3
Cash & Equivalents	349.4
Net Debt	7.3

Credit Stats	**2004**
EBIT	849400
Interest	6800
EBIT/Interest	124.9x

Share Price	$51.56
Shares Outstanding	410.0
52 Week High	57.66
52 Week Low	40.30
Equity Market Value	20,930.5
Net Debt, Preferred & Minority In	7.3
Enterprise Value (EV)	$20,588.4

Valuation Multiples	**2004**	**2003**	**2002**	**2001**
EV/Revenue	4.8x	5.7x	6.8x	7.9x
EV/EBITDA	6.7x	6.3x	7.8x	7.4x
EV/EBIT	10.1x	9.1x	11.9x	10.8x

(1) Figures as of 12/31/04