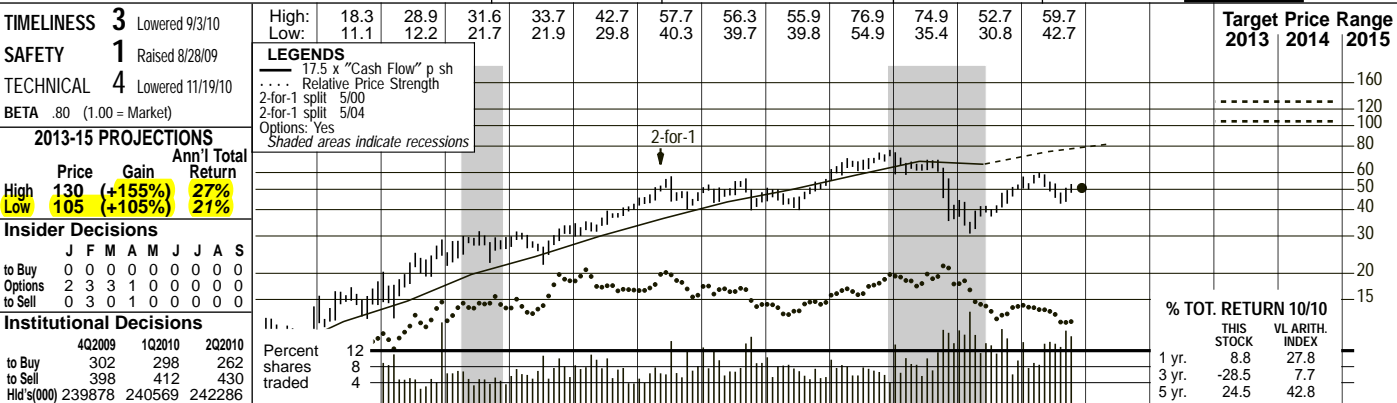


# STRYKER CORP. NYSE-SYK

RECENT PRICE **50.70** P/E RATIO **14.6** (Trailing: 15.8; Median: 30.0) RELATIVE P/E RATIO **0.96** DIV'D YLD **1.2%** VALUE LINE



Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC.	13-15
Price	1.76	2.24	2.35	2.55	2.86	5.41	5.84	6.61	7.60	9.08	10.59	12.02	13.25	14.60	16.95	16.90	18.10	19.70	Sales per sh	26.05
Gain	.24	.30	.33	.41	.49	.67	.84	1.13	1.37	1.71	2.08	2.49	2.85	3.33	3.87	3.75	4.30	4.70	"Cash Flow" per sh	6.45
Return	.19	.23	.26	.32	.38	.41	.55	.67	.88	1.12	1.43	1.75	2.02	2.40	2.78	2.77	3.30	3.65	Earnings per sh A	5.35
Options to Buy	.01	.01	.03	.03	.03	.03	.04	.04	.05	.06	.09	.11	.22	.33	.40	.25	.60	.64	Div'ds Decl'd per sh B	.84
Options to Sell	.08	.09	.07	.09	.13	.20	.21	.41	.35	.47	.67	.53	.46	.39	.39	.33	.40	.40	Cap'l Spending per sh	.40
Institutional Decisions	.93	1.17	1.37	1.59	1.73	2.18	2.68	3.78	5.40	6.84	8.03	10.27	13.09	13.64	16.57	19.00	21.45	19.00	Book Value per sh C	32.75
to Buy	386.95	388.43	387.15	384.24	386.16	388.80	391.80	393.40	396.20	399.40	402.50	405.20	407.90	411.00	396.40	397.90	397.50	393.50	Common Shs Outst'g D	390.00
to Sell	21.2	24.6	25.0	27.5	26.7	35.5	37.1	40.3	33.0	32.4	33.0	27.7	23.6	27.9	21.8	15.1	15.1	15.1	Avg Ann'l P/E Ratio	22.0
Hld's(000)	1.39	1.65	1.57	1.59	1.39	2.02	2.41	2.07	1.80	1.85	1.74	1.47	1.27	1.48	1.31	1.01	1.01	1.01	Relative P/E Ratio	1.45
	.3%	.2%	.4%	.3%	.3%	.2%	.2%	.1%	.2%	.2%	.2%	.2%	.5%	.5%	.7%	.6%	.6%	.6%	Avg Ann'l Div'd Yield	.7%

Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC.	13-15
Total Debt	2289.4	2602.3	3011.6	3625.3	4262.3	4871.5	5405.6	6000.5	6718.2	6723.1	7200	7750	7750	7750	7750	7750	7750	7750	Sales (\$mill)	10150
LT Debt	23.7%	24.7%	24.9%	24.9%	25.6%	26.8%	27.0%	28.2%	28.9%	31.0%	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%	Operating Margin	33.0%
Leases	109.4	172.0	186.1	229.7	250.9	289.9	331.8	366.6	387.6	385.3	400	408	408	408	408	408	408	408	Depreciation (\$mill)	425
Pension Assets	221.0	271.8	357.1	453.5	586.5	719.1	830.4	1000.7	1147.8	1107.4	1315	1440	1440	1440	1440	1440	1440	1440	Net Profit (\$mill)	2090
Pfd Stock	34.0%	33.0%	31.8%	30.5%	30.0%	29.4%	28.2%	28.0%	27.4%	31.8%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	Income Tax Rate	28.0%
Common Stock	9.7%	10.4%	11.9%	12.5%	13.8%	14.8%	15.4%	16.7%	17.1%	16.5%	18.3%	18.6%	18.6%	18.6%	18.6%	18.6%	18.6%	18.6%	Net Profit Margin	20.6%
MARKET CAP	379.6	459.7	443.8	547.1	1029.1	1621.3	2182.8	3571.9	3517.2	4410.2	6610	7755	7755	7755	7755	7755	7755	7755	Working Cap'l (\$mill)	12905
CURRENT POSITION	876.5	720.9	491.0	18.8	.7	184.2	--	--	--	--	995	995	995	995	995	995	995	995	Long-Term Debt (\$mill)	995
2008	854.9	1056.2	1498.2	2154.8	2752.0	3251.8	4191.0	5378.5	5406.7	6595.1	7550	8440	8440	8440	8440	8440	8440	8440	Shr. Equity (\$mill)	12775
2009	15.2%	17.0%	19.0%	21.4%	21.4%	20.9%	19.8%	18.6%	21.2%	16.8%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	Return on Total Cap'l	15.5%
2010	25.9%	25.7%	23.8%	21.0%	21.3%	22.1%	19.8%	18.6%	21.2%	16.8%	17.5%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	Return on Shr. Equity	16.5%
2011	24.4%	24.2%	22.5%	19.9%	20.3%	21.0%	18.7%	16.9%	18.7%	13.8%	14.5%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	Retained to Com Eq	14.0%
2008	6%	6%	6%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	All Div'ds to Net Prof	16%

**CAPITAL STRUCTURE as of 9/30/10**  
 Total Debt \$1015.5 mill. Due in 5 Yrs \$19.1 mill.  
 LT Debt \$996.4 mill. Interest \$35 mill.  
 (12% of Capital)  
 Leases, Uncapitalized Annual rentals \$49.0 mill.  
 Pension Assets-12/09 \$177.3 mill. Oblig. \$262.4 mill.  
 Pfd Stock None  
 Common Stock 397,120,134 shares as of 10/31/10  
 MARKET CAP: \$20.1 billion (Large Cap)

Year	2007	2008	2009	9/30/10	Full Year
Cash Assets	2195.6	2954.8	4514.6	4514.6	4514.6
Receivables	1129.5	1147.1	1158.6	1158.6	1158.6
Inventory (LIFO)	952.7	943.0	1035.3	1035.3	1035.3
Other	701.5	806.3	835.2	835.2	835.2
Current Assets	4979.3	5851.2	7543.7	7543.7	7543.7
Accts Payable	274.3	200.2	247.8	247.8	247.8
Debt Due	20.5	18.0	19.1	19.1	19.1
Other	1167.3	1222.8	1139.1	1139.1	1139.1
Current Liab.	1462.1	1441.0	1406.0	1406.0	1406.0

Year	2007	2008	2009	2010	2011	Full Year
ANNUAL RATES of change (per sh)	10 Yrs	10 Yrs	5 Yrs	5 Yrs	5 Yrs	07-'09 to '13-'15
Sales	16.0%	12.0%	8.5%	10.0%	10.0%	8.5%
"Cash Flow"	21.5%	16.0%	10.0%	12.5%	12.5%	10.0%
Earnings	22.0%	18.5%	12.5%	17.0%	17.0%	14.5%
Dividends	27.0%	37.5%	17.0%	14.5%	14.5%	14.5%
Book Value	24.0%	22.0%	14.5%	14.5%	14.5%	14.5%

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2007	1426	1464	1453	1658	6001
2008	1634	1713	1653	1718	6718
2009	1602	1634	1653	1834	6723
2010	1799	1758	1768	1875	7200
2011	1895	1925	1950	1980	7750

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2007	.58	.61	.55	.66	2.40
2008	.70	.73	.66	.69	2.78
2009	.71	.73	.57	.76	2.77
2010	.80	.80	.85	.85	3.30
2011	.87	.90	.92	.96	3.65

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	.11	--	--	--	.11
2007	.22	--	--	--	.22
2008	.33	--	--	--	.33
2009	.40	--	--	.10	.50
2010	.15	.15	.15	.15	.15

**Business:** Stryker Corp. develops, manufactures, and markets Orthopaedic Implants (61% of '09 sales), and MedSurg Equipment (39%). Orthopaedic products include hip, knee, trauma, spinal, and craniomaxillofacial implants. MedSurg includes powered instruments, endoscopic systems, other operating room devices, specialty stretchers, and maternity beds. Physical Therapy Services business sold '07. About 36% of '09 sales were foreign. R&D: 5.0% of '09 sales. '09 depr. rate: 19.6%. Has 18,582 employees. Off. and dir. (incl. Stryker family trust) own 30.7% of stock (3/10 proxy), 3 others aggregate 15.7%. Chairman, President, & CEO: Stephen MacMillan, Inc.: MI. Addr.: 2825 Airview Blvd, Kalamazoo, MI 49002. Telephone: 269-385-2600. Internet: www.stryker.com.

**Stryker is actively pursuing acquisitions, once more.** The medical device manufacturing giant has signed a definitive agreement to purchase the Neurovascular division of Boston Scientific for \$1.4 billion. The all-cash transaction, with an additional \$100 million pending in potential milestone payments, is expected to close in the fourth quarter. The deal will likely be neutral to slightly accretive to earnings in 2011 and may well add about \$350 million to the top line. Boston Scientific's lineup of neurovascular devices ought to mesh well with Stryker's and widen customer offerings. As per Value Line convention, we will exclude the impact of this transaction in our financial presentation until it has been completed. Also of note, Stryker recently finalized the purchase of privately held Porex Surgical, which will boost head and face reconstructive offerings. And, with SYK sitting on a hearty cash balance, further strategic buys to flesh out portfolio gaps are likely. Stryker ought to post solid overall results this year. Although sales fell short of our estimate in the September quarter, the top line will likely finish the year with a healthy 7% advance, thanks to an improving economy, which, in turn, is boosting elective surgeries. Too, the Capital Equipment division, MedSurg, continues to post sales gains, owing to the loosening of hospital budgets and the inevitable need to update equipment. The bottom line is poised for a sharp recovery, with product mix and expense-reduction measures providing a close-to-20% lift this year. Too, a \$750 million stock-buyback program should lend support, as well. These shares will likely appeal to patient accounts. Although SYK stock has climbed about 10% in price since our August review, the current entry point still offers investors wide appreciation potential over the 3- to 5-year horizon. Furthermore, our 2013-2015 share-net estimates may prove conservative, thanks to several acquisitions coming under the Stryker umbrella in short order. What's more, the company will likely continue to add to its offerings through further business combinations. For now, this selection is ranked as an average performer for year-ahead returns. Mary Beth Wiedenkiller November 26, 2010

(A) Based on average shares through '96; diluted thereafter. Excludes extraordinary gains of \$0.03 in 1996. Excludes nonrecurring losses (gains): '98, \$0.57; '99, \$0.71; '01, \$0.01; '02, \$0.03; '04, \$0.29; '05, \$0.11; '06, 13¢; '07, 4¢; '08, 5¢. Next earnings rpt. due late January. (B) Dividends paid early January, April, July, and October. (C) Includes intangibles. At 9/30/10: \$1604.5 million, \$4.04/share. (D) In millions, adjusted for stock splits.

Company's Financial Strength	A++
Stock's Price Stability	90
Price Growth Persistence	75
Earnings Predictability	100

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