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Stock Selection Guide ®

The most widely used aid to good investment judgment

Company: Stryker Corp,Q4FY2007c Date: 03/16/08

Prepared by: CRMIC Data taken from: Value Lin

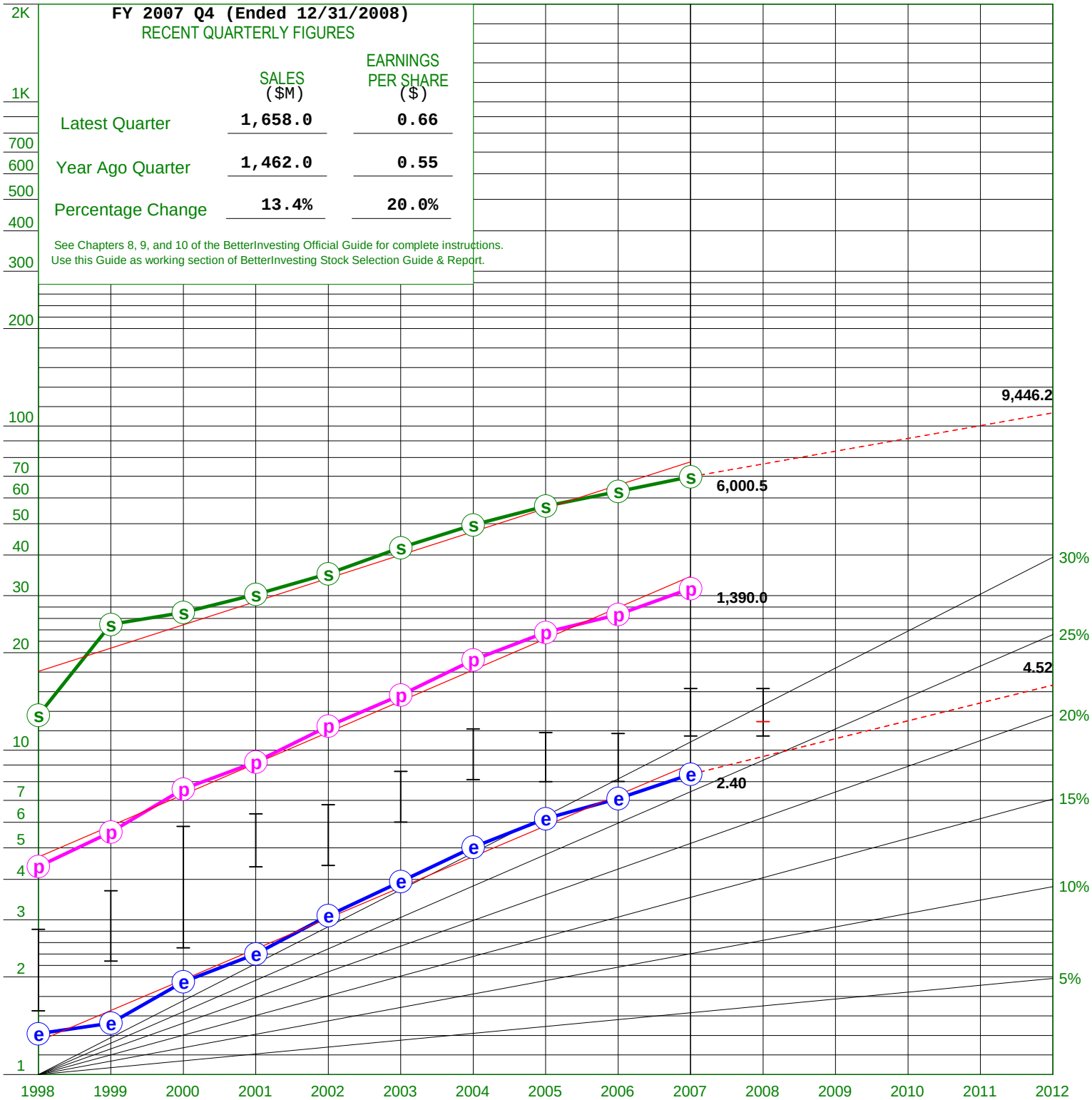
Where traded: NYSE Major product/service: Medical Sup

CAPITALIZATION --- Outstanding Amounts Reference:

Preferred($M)	0.0	% Insiders		% Institution	
Common(M Shares)	410.5		26.5		50.7
Debt($M)	17.4	% to Tot.Cap.	0.3	% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

SYK4C



(1) Historical Sales Growth: 18.0 % (3) Historical Earnings Per Share Growth: 24.4 %

(2) Estimated Future Sales Growth: 9.5 % (4) Estimated Future Earnings Per Share Growth: 13.5 %

2 EVALUATING MANAGEMENT

Company: Stryker Corp,Q4FY2007c (SYK4C) 03/16/08

		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	LAST 5 YEAR AVG.	TREND UP	TREND DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	17.5	11.7	14.6	15.6	17.4	18.0	19.7	20.9	21.4	23.2	20.6	UP	
B	% Earned on Equity (E/S ÷ Book Value)	22.5	23.7	25.2	25.0	23.3	20.7	20.9	21.8	19.7	18.3	20.3		DOWN

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE 60.780 HIGH THIS YEAR 76.890 LOW THIS YEAR 54.900

	Year	A PRICE HIGH	B PRICE LOW	C Earnings Per Share	D Price Earnings Ratio HIGH A ÷ C	E Price Earnings Ratio LOW B ÷ C	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
1	2003	42.7	29.8	1.12	38.1	26.6	0.060	5.4	0.2
2	2004	57.7	40.3	1.43	40.3	28.2	0.070	4.9	0.2
3	2005	56.3	39.7	1.75	32.2	22.7	0.090	5.1	0.2
4	2006	55.9	39.8	2.02	27.7	19.7	0.110	5.4	0.3
5	2007	76.9	54.9	2.40	32.0	22.9	0.220	9.2	0.4
6	TOTAL		204.5		170.3	120.1		30.0	
7	AVERAGE		40.9		34.1	24.0		6.0	

8 AVERAGE PRICE EARNINGS RATIO 29.0 9 CURRENT PRICE EARNINGS RATIO 25.3

Proj. P/E [22.31] Based on Next 4 qtr. EPS [2.72] Current P/E Based on Last 4 qtr. EPS [2.40]

PEG=165

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~34.1~~ 27.0 (3D7 as adj.) X Estimate High Earnings/Share 4.52 = Forecast High Price $ 122.0 (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~24.0~~ 22.0 (3E7 as adj.) X Estimated Low Earnings/Share 2.40 = $ 52.8

(b) Avg. Low Price of Last 5 Years = 40.9 (3B7)

(c) Recent Severe Market Low Price = 39.8

(d) Price Dividend Will Support Present Divd. / High Yield (H) = 0.220 / 0.004 = 54.9

Selected Estimate Low Price = $ 42.0 (4B1)

C ZONING

122.0 (4A1) High Forecast Price Minus 42.0 (4B1) Low Forecast Price Equals 80.0 (C) Range. 1/3 of Range = 20.0 (4CD)

(4C2) Lower 1/3 = (4B1) 42.0 to 62.0 (Buy) **Note: Ranges changed to 25%/50%/25%**

(4C3) Middle 1/3 = 62.0 to 102.0 (Maybe)

(4C4) Upper 1/3 = 102.0 to 122.0 (4A1) (Sell)

Present Market Price of 60.780 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 122.0 Minus Present Price 60.780 / Present Price 60.780 Minus Low Price (4B1) 42.0 = 61.2 / 18.8 = 3.3 (4D) To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 122.0 / Present Market Price 60.780 = (2.007) X 100 = (200.7) - 100 = 100.7 (4E) % Appreciation

Relative Value: 87.2% Proj. Relative Value: 76.9%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

A Present Full Year's Dividend $ 0.220 / Present Price of Stock $ 60.780 = 0.004 X 100 = 0.4 (5A) Present Yield or % Returned on Purchase Price

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years 3.51 X Avg. % Payout (3G7) ~~6.0~~ 5.4 = 19.0 = 0.3 (5B) %

Present Price $ 60.780

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

5 Year Appreciation Potential (4E) 100.7 / 5 = 20.1 %

Average Yield (5B) 0.3 %

Average Total Annual Return Over the Next 5 Years (5C) 20.4 %

	P.A.R.	Tot. Ret.
Average Yield	0.2%	0.2%
Annual Appreciation	12.7%	15.0%
% Compd Ann Rate of Ret	13.0%	15.2%

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