STRYKER CORP
Form 10-K
February 20, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 2008

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____to _____

Commission file number: 000-09165

STRYKER CORPORATION

(Exact name of registrant as specified in its charter)

Michigan	**38-1239739**
(State or other jurisdiction of	(I.R.S. Employer Identification No.)

incorporation or organization)

2825 Airview Boulevard, Kalamazoo, Michigan **49002**
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: **(269) 385-2600**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.10 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES [X] NO [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

YES [ ] NO [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES [X] NO [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [X] Accelerated filer [ ]

Non-accelerated filer [ ] Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

YES [ ] NO [X]

Based on the closing sales price of June 30, 2008, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $18,925,346,797.

The number of shares outstanding of the registrant's Common Stock, $.10 par value, was 396,531,769 at January 31, 2009.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement to be filed with the Securities and Exchange Commission relating to the 2009 Annual Meeting of Shareholders (the "2009 proxy statement") are incorporated by reference into Part III.

FORWARD LOOKING STATEMENTS

This report contains information that includes or is based on forward-looking statements within the meaning of the federal securities law that are subject to various risks and uncertainties that could cause the Company's actual results to differ materially from those expressed or implied in such statements. Such factors include, but are not limited to: further weakening of economic conditions that could adversely affect the level of demand for the Company's products; pricing pressures generally, including cost-containment measures that could adversely affect the price of or demand for the Company's products; changes in foreign exchange markets; regulatory actions; unanticipated issues arising in connection with clinical studies and otherwise that affect U.S. Food and Drug Administration approval of new products; changes in reimbursement levels from third-party payors; a significant increase in product liability claims; changes in financial markets; and changes in the competitive environment.

While the Company believes the assumptions underlying such forward-looking statements are reasonable, there can be no assurance that future events or developments will not cause such statements to be inaccurate. All forward-looking statements contained in this report are qualified in their entirety by this cautionary statement.

REGISTERED TRADEMARKS AND TRADEMARKS

Stryker Corporation or its subsidiaries own the registered trademarks 3-Chip, Accolade, Apex, Avon, AVS, Big Wheel, BixCut, BoneSave, BoneSource, Calstrux, CerviCore, Chaperone, Dall-Miles, DEKOMPRESSOR, Discmonitor, Exeter, FlexiCore, Formula, Gamma, GMRS, Go Bed, Hoffmann, Howmedica, HydroSet, i-Suite, i*N*finitus, InTouch, Interpulse, Lock-Rite, Maestro, Mantis, Monotube, MX-PRO, Neptune, NRG, Numelock, OASYS, Omega, Omnifit, OP-1, OrthoLock, ORTHOMAP, Osteonics, PainPump, Pioneer, PlasmaSol, PneumoSure, PureFix, Radius, Reflex, Restoration, ReUnion, Revolution, Scorpio, Secur-Fit, Sightline, Silverglide, Simplex, Solar, SpeedSet, SpineCore, SpinePlex, STAIR-PRO, Steri-shield, Stryker, Stryker Orthopaedics, Stryker Precision, Sumex, SwitchPoint Infinity, Symmetry, T2, TissueMend, TMZF, Triathlon, Trident, Tritanium, Tru-Fit, Vision Elect, VLIFT, X3, X-Celerate, Xia and Zoom; and the trademarks AXSOS, BackSmart, Crossfire, InTouch, MITCH, S3, SpineMap, THOR. All other trademarks are trademarks of their respective owners or holders.

Not all products referenced in this report are approved or cleared for sale, distribution or use in the United States.

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PART I

ITEM 1. BUSINESS.

GENERAL

Stryker Corporation (the Company or Stryker) is one of the world's leading medical technology companies with the most broadly based range of products in orthopaedics and a significant presence in other medical specialties. Stryker works with respected medical professionals to help people lead more active and more satisfying lives. The Company's products include implants used in joint replacement, trauma, craniomaxillofacial and spinal surgeries; biologics; surgical, neurologic, ear, nose & throat and interventional pain equipment; endoscopic, surgical navigation, communications and digital imaging systems; as well as patient handling and emergency medical equipment. Stryker was incorporated in Michigan in 1946 as the successor company to a business founded in 1941 by Dr. Homer H. Stryker, a leading orthopaedic surgeon and the inventor of several orthopaedic products.

Stryker's filings with the U.S. Securities and Exchange Commission, including its annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, are accessible free of charge at www.stryker.com within the "Investor - SEC Filings & Ownership Reports" link.

In 2007 the Company completed the sale of its outpatient physical therapy business, Physiotherapy Associates, for $150 million in cash less certain indebtedness. Physiotherapy Associates' operating results are reported as discontinued operations for the years ended December 31, 2007 and 2006.

PRODUCT SALES

The Company segregates its operations into two reportable business segments: Orthopaedic Implants and MedSurg Equipment. The Orthopaedic Implants segment sells orthopaedic reconstructive (hip, knee and shoulder), trauma, craniomaxillofacial and spinal implant systems; bone cement; and the bone growth factor OP-1. The MedSurg Equipment segment sells surgical equipment; surgical navigation systems; endoscopic, communications and digital imaging systems; as well as patient handling and emergency medical equipment. The following amounts and percentages represent domestic/international and business segment net sales during each of the three years ended December 31 (dollars in millions):

	2008		2007		2006	
	$	%	$	%	$	%
Domestic/international sales:						
Domestic	$ 4,282.2	64%	$ 3,850.3	64%	$ 3,298.4	64%
International	2,436.0	36%	2,150.2	36%	1,848.8	36%
Total net sales	$ 6,718.2	100%	$ 6,000.5	100%	$ 5,147.2	100%
Business segment sales:						
Orthopaedic Implants	$ 3,967.5	59%	$ 3,587.3	60%	$ 3,122.8	61%
MedSurg Equipment	2,750.7	41%	2,413.2	40%	2,024.4	39%
Total net sales	$ 6,718.2	100%	$ 6,000.5	100%	$ 5,147.2	100%

Additional financial information regarding the Company's operating segments and geographic areas can be found under the captions "Results of Operations" on pages 30 through 37 and "Note 13 - Segment and Geographic Data" on pages 67 through 69 of this report.

Approximately 70% of the Company's sales in 2008 and 2007 and 71% in 2006 consisted of products with short lives, such as reconstructive, trauma, craniomaxillofacial and spinal implant systems (while implants have a long useful life to the patient, they have a one-time use to the hospital); disposables and expendable tools; and parts and service revenues, including service and repair charges. The balance of sales in each of the years came from products that could be considered capital equipment, having useful lives in excess of one year.

The Company's backlog of firm orders is not considered material to an understanding of its business.

Orthopaedic Implants

Orthopaedic Implants are designed and manufactured by Stryker Orthopaedics, Stryker Osteosynthesis, Stryker Spine and Stryker Biotech and consist of such products as implants used in joint replacement, trauma, craniomaxillofacial and spinal surgeries; bone cement; and the bone growth factor OP-1. Artificial joints are made of cobalt chromium, titanium alloys, ceramics or ultrahigh molecular weight polyethylene and are implanted in patients whose natural joints have been damaged by arthritis, osteoporosis, other diseases or injury. The Company's OP-1 bone growth factor, which induces the formation of new bone when implanted into bone, is composed of recombinant human OP-1 and a bioresorbable collagen matrix.

Minimally Invasive Surgery

Many of Stryker's technologically advanced reconstructive implants are suited to minimally invasive surgery (MIS) procedures that are intended to reduce soft-tissue damage and pain while hastening return to function. The Company supports surgeons with technology, procedural development and specialized instrumentation as they develop new MIS techniques. In order to facilitate emerging procedural approaches, the Company has also developed instrumentation for MIS total joint procedures. The Company's surgical navigation systems are frequently used in MIS procedures to improve the accuracy of measurements and to position the implant.

The Company's Triathlon Total Knee Minimally Invasive Instrumentation is designed to complement the unique, minimally invasive total knee procedure pioneered by a leading orthopaedic surgeon. The Triathlon Partial Knee Resurfacing (PKR) unicompartmental knee system and the Avon Patellofemoral Joint are resurfacing, bone-conserving designs that are used to treat disease isolated to one compartment of the knee. These pre-total knee treatment options can also be implanted using minimally invasive techniques.

Stryker Osteosynthesis has a market leadership position in the Intramedullary (IM) Hip Screw market due to the minimally invasive nature of the Gamma Nail, which can be implanted through a smaller incision than other competing products. In addition, surgeons are testing the use of the Company's surgical navigation systems for this procedure as well as in surgery for pelvic fractures.

Orthobiologics

Stryker participates in the fast-growing field of orthobiologics with products that combine both natural and synthetic technologies. The Company's innovative product portfolio includes such products as OP-1, a proprietary, recombinant version of a signaling protein with multiple tissue regeneration properties; TissueMend, a single-layer acellular collagen matrix that is easy to handle and delivers both unrivaled strength and documented remodeling capability; HydroSet, the next generation in bone substitute technology, which is injectible, sculptable and fast setting;

BoneSource BVF, an effective osteoconductive bone substitute with excellent biocompatibility and mechanical stability; and BoneSave, a granules-based alternative to conventional bone grafting.

Hip Implant Systems

Through Stryker Orthopaedics, the Company offers a variety of hip implant systems for the global reconstructive market including primary (or first-time) and revision (to repair or enhance a previous replacement) hip systems as well as less invasive hip systems.

In 2007 the Company began selling the Cormet Hip Resurfacing System in the United States pursuant to an exclusive 10-year marketing and distribution agreement with Corin Group PLC. In 2006 the Company began the launch of the MITCH TRH System in certain international markets. These products represent a less invasive, joint preserving hip resurfacing option for younger patients with the potential for enhanced stability and range of motion. In hip resurfacing procedures, very little bone is removed from the femoral head, the femoral neck is preserved and the femoral canal is spared. MIS approaches combined with hip resurfacing products and related surgical instrumentation offer the promise of less soft tissue trauma, reduced pain and improved recovery times.

The Company offers a comprehensive system of cementless stems, cemented stems and acetabular cups for each of its primary hip implant technologies, including ABG, Partnership, Secur-Fit, Omnifit, Accolade, Exeter and Trident hip systems. These systems, along with associated surgical instrumentation, are designed to provide personalized solutions based on the patient's unique anatomy while streamlining the implant procedure to improve surgical efficiencies. Each of these systems includes a portfolio of primary stem options based on multiple fixation philosophies including anatomic, fit/fill, taper wedge and double-tapered designs. In addition, acetabular systems including the Trident and ABG Acetabular systems provide a variety of options for achieving initial and long term fixation. In 2008 the Company introduced the Tritanium Primary acetabular system. This system provides an advanced fixation technology offering a pure titanium matrix designed to improve bone ingrowth.

Following the clinical success of its Crossfire technology, a highly crosslinked polyethylene designed to reduce wear, Stryker introduced X3 polyethylene. X3 polyethylene is the Company's next-generation highly crosslinked polyethylene, which features a higher level of strength and wear reduction in both hip and knee replacements. Building on the strength of the X3 product offering, the Company introduced Low Friction Ion Treatment (LFIT) and Delta Anatomic Femoral Heads with X3 polyethylene liners. These bearing combinations represent an advancement in hip-bearing technology that in combination are anatomically sized for more natural hip performance while offering even greater options to reduce wear and potentially increase implant longevity. The Company received premarket approval (PMA) from the U.S. Food and Drug Administration (FDA) in 2003 for its ceramic-on-ceramic hip replacement system, the Trident Ceramic Acetabular Insert, for patients in the United States. Stryker Orthopaedics has successfully launched the Trident ceramic insert in the United States, Europe, Australia and Canada. The Trident insert is wear resistant, and it is protected and strengthened by a patented titanium sleeve.

The Company offers a number of products designed to meet the needs of revision hip procedures including Restoration, Restoration Modular, Trident Tritanium Revision, and Dall-Miles each of which provides surgeons with the options necessary to address revision surgery challenges. The Restoration Modular Revision Hip System offers surgeons performing revision surgeries flexibility in treating complex hip stem revisions and restoring patient biomechanics. The Restoration Modular Revision Hip System also takes advantage of Stryker's long clinical history with hydroxylapatite (HA), a naturally occurring calcium phosphate material that demonstrates a high level of

biocompatibility due to its resemblance to bone, by incorporating PureFix HA coating on many components. The Restoration Modular Revision Hip System enhances the Company's existing Restoration HA and Restoration plasma spray (PS) monolithic revision systems. The Restoration System is complemented by the Trident Tritanium Acetabular Cup, a biologically inspired, commercially pure titanium ingrowth surface designed to provide solid initial fixation and promote bone ingrowth. Coupled with the availability of the Dall-Miles System for trochanteric reattachment and cerclage fixation, Stryker's revision portfolio offers comprehensive solutions to address challenges encountered in revision surgery.

Stryker was the first company to receive clearance from the FDA to commercially release for sale in the United States a hip implant with HA surface treatment. The Company's global clinical experience with HA-coated hip stems now extends over 20 years, and reported clinical performance continues to equal or exceed that of comparable hip stems reported in the scientific literature.

The Company's CentPillar Hip System offers an increased range of motion and a minimally invasive technique preferred by Japanese surgeons for their patients. In 2007 the Company introduced CentPillar TMZF to the Japanese market. This is the first product introduced in Japan that utilizes Stryker's patented TMZF material along with the Company's PureFix HA. The TMZF material allows for implant stiffness more closely matched to a patient's own bone to enhance fixation.

The Company entered 2009 with more than 30 years of clinical history with the Exeter Hip System, more than 20 years of clinical history with the Omnifit cemented stem and more than 20 years of clinical history with the Omnifit HA stem. Long-term clinical results are an important factor in the Company's ability to market hip implants.

Knee Implant Systems

Knee replacement surgery is a procedure typically intended to replace damaged articular bone surfaces in the knee joint, most often due to arthritis. The components used most frequently are a femoral component, a tibial tray, a tibial bearing insert, and a patella bearing. Knee replacement surgeries also include primary procedures and revision procedures. Primary procedures tend to focus more on the knee's articular surfaces, whereas revision procedures can include simple replacement of one or more previously implanted devices, implantation of different devices to accommodate certain instabilities in the joint or larger reconstruction of the joint in severe cases.

The Company offers three major knee implant systems: Triathlon, Scorpio, and Global Modular Replacement System (GMRS) systems. These implant systems were complemented in 2008 with the introduction of the Triathlon PKR unicompartmental knee system and the continued rollout of the Triathlon Total Stabilizer (TS) revision knee system and the Company's X3 advanced bearing technology for both Triathlon and Scorpio. The Triathlon PKR unicompartmental knee system was designed to resurface specific areas of the knee while leaving other healthy areas intact. It combines simple, efficient surgical instrumentation specifically designed for minimally invasive surgery with the single radius articular design and X3 advanced bearing material.

The Triathlon Knee System represents the Company's evolutionary design that has been developed to more closely reproduce natural knee motion and is designed to provide mobility with stability through more than 150 degrees of flexion. Triathlon is based on the clinical track record of Stryker's predecessor designs and leverages the unique single radius design philosophy to enhance post-operative recovery and optimize patient performance. The Triathlon system of implants provides the surgeon with options to treat a wide range of knee diseases. In 2008 Stryker continued

the launch of Triathlon in Europe and Canada and began its release in the Japanese market.

The Triathlon Primary Knee system gives surgeons versatile instrumentation options that provide both accuracy and efficiency in a minimally-invasive approach as well as options for treating varying degrees of instability in the knee. In 2007 the Company introduced the Triathlon condylar stabilizing (CS) version designed to provide extra stability where the posterior cruciate ligament is either weak or missing. The Triathlon cruciate-retaining (CR) version allows for retention of a functioning posterior cruciate ligament. The Triathlon posteriorly stabilized (PS) version provides a mechanical substitution for the posterior cruciate ligament, for an even greater degree of stability. The instrumentation for Triathlon is designed to improve operating room efficiency through a streamlined, integrated system providing options and flexibility to meet surgeons' varying preferences and multiple surgical techniques. In 2007 Stryker introduced the Precision instrument kit, specifically designed to increase surgical efficiencies through a sterile-packed disposable set of instruments, complimenting the existing Triathlon kits.

In 2007 the Company released the Triathlon TS revision knee system consisting of a comprehensive line of implants and instrumentation. Triathlon TS is designed to provide the surgeon options to deal with varying

degrees of instability and bone loss in the knee, caused by either severe disease or revision of previous implants. It is also designed to provide the patient the ability to achieve the performance of a primary knee replacement in a revision application, again leveraging Stryker's single radius design philosophy. Triathlon TS can be used with the X3 tibial insert, making it the only revision knee system on the market that offers a highly cross-linked bearing material.

The Scorpio knee implant system is based on the Company's design philosophy of a single articular radius based on the epicondylar axis of the knee. This patented approach addresses significant clinical issues, such as improved patient rehabilitation and mid-flexion stability, through an increase in the patella-femoral moment arm and a unique single anterior-posterior radius. The Scorpio system provides a wide range of options for the surgeon and patient in treatment of knee arthritis and stability. The Scorpio NRG provides an evolution in kinematic benefits, including increased rotational allowance and an articulating design enabling deeper flexion. In 2007 the Scorpio NRG with X3 advanced bearing technology was launched. This new version of the Scorpio NRG is designed to lower wear rates compared with standard inserts. The Scorpio System is supported by the X-Celerate instrumentation system, which was designed to provide intraoperative flexibility and precision as well as a simple, cost-effective approach to total knee replacement surgery. Additionally, the Scorpio TS knee revision system provides surgeons the ability to address greater degrees of instability and bone loss in both primary and revision knee scenarios.

The GMRS knee implant system offers a comprehensive solution for severe bone loss in oncology, trauma and revision surgery patients. GMRS has tibial and femoral components, including a total femur, and a modular rotating hinge knee. The system utilizes both titanium and cobalt chrome alloys for strength and lightness of weight, together with the superior flexibility of the hinge. The MRS, the predecessor to the GMRS, was the first modular segmental replacement system when it was introduced in 1988. These system components have maintained a leadership position in this market segment since their introduction.

Other Joint Replacement Products

The Company markets other joint replacement products, principally shoulder and elbow implants and related instruments, under the Stryker brand name. The Solar Total Shoulder System was designed to address the most common arthritic disorders affecting the shoulder such as rheumatoid arthritis, osteoarthritis, posttraumatic arthritis

and avascular necrosis. In most cases of disease involving both the humeral head and the glenoid cavity with an intact rotator cuff, optimal pain relief and function may be achieved with total shoulder arthroplasty. In cases of cuff arthropathy, the Solar Bipolar, which incorporates the patented bipolar locking mechanism that is also used in the Company's hip implants, was designed to fill the joint space and provide two articulating surfaces for better joint mechanics and pain relief. In 2007 the Company introduced the ReUnion Shoulder fracture system of implants and instrumentation. The ReUnion System utilizes an innovative trial system to simplify the reconstruction of the shoulder during fracture surgery. The ReUnion's low profile body and fenestration enable the surgeon to use a variety of suture techniques and enhances healing. The Solar Total Elbow complements products offered for upper extremity procedures. The semiconstrained design and modular components address varying types of patient anatomy.

Bone Cement

Simplex bone cement, a material used in cemented joint replacements, is the most widely used bone cement in the world. The Company manufactures and provides several variations of Simplex bone cement to meet specific patient and clinical needs including non-antibiotic and antibiotic versions. For improved operating room efficiency, a faster setting version of Simplex called SpeedSet was introduced in recent years. SpeedSet demonstrates statistical equivalency to Simplex for its well regarded mechanical properties such as fatigue, compressive, tensile, and shear strength. Simplex has 50 years of clinical history, the longest of any bone cement, with more than 400 published clinical papers.

Trauma Implant Systems

Through Stryker Osteosynthesis, the Company develops, manufactures and markets its trauma extremities and deformities systems. These systems, including nailing, plating, hip fracture, external fixation systems and bone substitutes, are used primarily in deformity corrections and in the fixation of fractures resulting from sudden injury. These products consist of internal fixation devices marketed under such names as Gamma, Omega, Asnis, AxSOS, VariAx, HydroSet, BixCut, T2 and S2, along with external fixation devices marketed under the Apex, Hoffmann II, TenXor and Monotube Triax names.

The Company's internal fixation product portfolio includes a full array of IM nails, hip fracture devices and plates and screws in both titanium and stainless steel. These products complement the total hip and knee replacement offerings mentioned above by offering a restorative option in addition to total joint replacement.

To address the hip trauma and fracture segment, the Company markets several products, including the IM nail portfolio, led by the T2 Nailing System; the Gamma Nail, a unique IM nail for trochanteric fractures; the Omega hip screw system; the Asnis Cannulated Screw System; and the Hansson pin system, providing a complete offering of surgical solutions for the hip trauma patient. These hip fracture systems offer orthopaedic surgeons multiple options depending on their preferences and patient needs.

The T2 Nailing System includes femoral and tibial components with a common instrumentation platform for accuracy and ease of use. The Company has also recently introduced the T2 Ankle Arthrodesis Nail to provide the option for tibiotalocalcaneal fusion with a retrograde IM nail to repair limited soft tissue damage in the ankle area. Building on the success of the T2 titanium nail system, the Company introduced the stainless steel S2 tibial and

femoral nails. The Gamma3 is based on 20 years of Gamma Nail experience and is the third generation of IM short and long Gamma fixation nails. The Gamma3 System is designed to facilitate minimally invasive surgery (MIS) and reduce surgery time through the use of newly designed implants and instrumentation. The Asnis Cannulated Screw System can help simplify the operative procedure through features that allow surgeons to place, insert and remove locking screws easily. This system was recently expanded to include smaller diameters of 2.0mm and 3.0mm for foot surgery to complement the VariAx foot and ankle plating system.

In 2007 the Company introduced the Omega3 Compression Hip Screw System, a unique and innovative product that reflects Stryker's extensive experience in the treatment of hip fractures of the proximal femur. The Omega3 system offers surgeons a wide choice of low-profile hip plates plus the option to lock screws with diverging fixation. The Omega3 allows surgeons to decide preoperatively or even intraoperatively to add axial stabilizing screws to lock the hip plate to the femoral shaft. Axial stability with 5.0mm locking inserts and corresponding locking screws allows for increased stability. This may be advantageous for early mobilization and when the bone density or bone quality is limited.

To address the knee trauma segment, Stryker offers the Hoffmann II Modular Fixation System, the T2 SCN Nailing System and the SPS and AXSOS plating solutions. The Hoffmann II knee-bridging frame is used to stabilize injuries to the knee until definitive treatment with a plate or nail occurs or reconstruction takes place. In addition, Stryker offers the T2 SCN Nail, which can be used for the treatment of supracondylar femur fractures just above the knee joint. This nail can also be used for periprosthetic fracture fixation for traumatic fractures in patients who have already had a joint replacement.

Stryker has several product lines for extremity trauma. The Universal Distal Radius System complements the stainless steel Numelock II with a titanium option in distal radius plates and screws. The Universal Distal Radius System offers a wide array of precontoured, variable-sized plates for volar, distal and column approaches and both open reduction and internal fixation techniques. In 2008 the Company extended its VariAx technology to both hand and foot applications. Both systems offer a comprehensive plating system to treat multiple small bone fractures. The second-generation VariAx Universal Distal Radius System, which is thinner than the original and features polyaxial locking, was launched in 2006. The AXSOS Locking Plate System, also introduced in 2006, is designed to treat metaphyseal and diaphyseal fractures with low-profile anatomically contoured plates, a unique screw design and a simple instrument platform.

The Company's external fixation products also include the Hoffmann II Compact and MicroFix, the Monotube Triax monolateral system, the TenXor circular fixation system for complex fractures and a complete range of pins and wires for attaching the devices to fractured bones. The Hoffmann II Compact for upper extremity fractures includes a patented snap-fit mechanism that makes it easy for surgeons to construct the fixation device to fit the patient and align the fractured bones. It also has a full selection of lightweight radiolucent connection bars that allow for quick intraoperative fracture repair. The Monotube Triax System is available in three sizes and includes an adjustable feature that enables surgeons not only to stabilize fractures but also to lengthen the bone in cases where bone has been removed due to damage. The TenXor hybrid frame enables surgeons to treat complex fractures around the joints with both pins and long transfixing wires. This attribute is especially useful for patients with multipart fractures near the ankle and knee. The system features advanced composite materials and is compatible with the Hoffmann II snap-fit connection devices.

Spinal Implant Systems

Through Stryker Spine, the Company develops, manufactures and markets spinal implant products including cervical, thoracolumbar and interbody systems used in spine injury, deformity and degenerative therapies. Spinal implant products include plates, rods, screws, connectors, spacers and cages, along with proprietary implant instrumentation.

In 2008 the Company introduced the Radius Thoracolumbar Spinal Implant System. The Radius system provides a non-threaded wedgelock locking mechanism designed to reduce the potential for false locking and cross-threading and to increase the speed, ease and reliability of connecting rods to screws. Also in 2008, the Company launched Xia III, the next generation of its thoracolumbar spinal implant system and THOR, its anterior lumbar plating system that incorporates a proprietary screw locking technology. In 2007 the Company introduced the Mantis minimally invasive access system for posterior instrumented spinal fusion and the Reflex Zero Profile anterior cervical plating system. In 2006 the Company introduced the VLIFT vertebral body replacement system consisting of a preassembled, cylindrically shaped titanium cage with a distractible or retractable center. The hollow core of the cage allows for packing bone graft. Also in 2006 Stryker launched the AVS AS and AL Spacers which are used as vertebral body support devices in anterior procedures. Other product lines include the OASYS fixation system that serves the posterior cervical fusion market, the Reflex Hybrid anterior cervical plate and the AVS PL and TL vertebral spacer systems.

Craniomaxillofacial Implant Systems

Through Stryker Osteosynthesis, the Company develops, manufactures and markets plating systems and related implants, and products for craniomaxillofacial surgery. The Universal Fixation System is a comprehensive plating system focused on specific anatomical regions of the face. The system offers a variety of plates, screws, mesh and instrumentation for cranial and maxillofacial applications. The system is based on a universal concept that includes the SmartLoad screw field, the SmartLock locking system, and universal screwdriver blades and handles, each of which provides reliable results and helps reduce surgical time. The Universal Trauma, Universal Mandible, and Universal Orthognathic modules provide comprehensive sets for the surgeon. In 2007 the Company extended its Universal Fixation Portfolio with the addition of a neuro plating module. The Universal Neuro II System provides neurosurgeons with a variety of low profile and easy to use plates.

In 2008 the Company launched DuraMatrix Onlay, an onlay specific dura substitute graft with enhanced conformability and handling characteristics. In 2006 the Company launched DuraMatrix, a second-generation dura substitute technology that is a conformable and resorbable membrane matrix engineered from highly purified Type 1 collagen. These two dura substitute products are indicated for use as dural substitutes for the repair of dura mater. Also in 2006 Stryker introduced HydroSet, a self-setting calcium phosphate bone substitute that is indicated to fill certain bone voids or gaps of the skeletal system.

In 2007 the Company also launched an array of instrumentation used in oral, maxiollofacial and plastic surgery. The instruments are handmade in Germany and provide surgeons with optimal instrumentation for all of their surgical procedures. Four unique sets are available for specific specialties including facial fracture, plastic, oral and neurosurgery. Surgeons also have the option of customizing their own sets to satisfy surgeon preference.

OP-1/BMP-7

Stryker's therapeutic product, OP-1 Implant, is composed of recombinant human OP-1 and a bioresorbable collagen matrix. OP-1 is a natural protein that the human body makes to induce bone formation. In preclinical studies,

OP-1 induced the formation of new bone when implanted into bony defect sites. Clinical studies for bone formation have been performed in two challenging clinical indications, nonunion fractures of long bones and posterolateral spine fusions.

Based on clinical data from a large, controlled human study, Stryker received approval for a Humanitarian Device Exemption (HDE) from the FDA in 2001 for the use of OP-1 Implant as an alternative to autograft in recalcitrant long-bone nonunions where use of autograft is not feasible and alternative treatments have failed. An HDE, as defined by the FDA, is for a product intended to benefit patients by treating or diagnosing a disease or condition that affects fewer than 4,000 individuals per year in the United States. The Company received market approvals from regulators in Europe and in Australia during 2001 as well as in Canada during 2002 for the indication of nonunion fractures of the tibia that failed prior autograft treatment or when autograft treatment is not feasible; for the treatment of long-bone nonunions secondary to trauma for the purpose of initiating new bone formation; or for the clinical indication of long-bone nonunions, respectively. In the United States, Stryker received a further HDE in 2004 for revision posterolateral spine fusion following the completion of a pilot clinical study that indicated possible benefit of a new formulation of OP-1 known as OP-1 Putty.

Stryker is committed to the further development of OP-1 as an alternative to iliac crest bone graft for patients requiring spinal fusion using a variety of surgical techniques. Spinal fusion is used to stabilize the spine and improve patient outcomes postoperatively. The Company conducted a multicenter pivotal trial in the United States and Canada using OP-1 Putty in posterolateral lumbar spine fusion in the setting of degenerative spondylolisthesis. In 2003 the Company completed enrollment in this trial, and the final 2-year follow-up evaluation was completed at the end of 2005. The results were analyzed and submitted to the FDA in 2006 as part of a PMA application for the use of OP-1 Putty in posterolateral lumbar spine fusion surgeries. The primary end points of the trial included a combination of clinical success, as measured by the Oswestry Disability Index, neurological events, device-related serious adverse events and retreatment, as well as radiological success, as measured by the presence of bone, angulation and translation. Based on the results of one of the components of the primary end points from the trial, and subsequent to the filing of the PMA, the Company decided to collect additional prospective clinical and radiographic data. In 2008 the additional data was filed with the FDA for review and the Company was informed by the FDA that the PMA submission, including the additional prospective data, will be reviewed by the FDA Orthopaedic and Rehabilitation Devices Panel on March 31, 2009. Stryker also filed a Marketing Authorization Application (MAA) with the European Medicines Evaluation Agency (EMEA) for the posterolateral lumbar spine fusion indication in 2006. In 2008 the Committee for Medicinal Products for Human Use in Europe recommended this indication for approval.

In 2006 Stryker filed an investigational device exemption (IDE) application with the FDA to start a pilot clinical study in transforaminal lumbar interbody fusions using OP-1 Putty. The IDE was approved and patient recruitment was completed in 2008.

Stryker is also interested in exploring the cartilage regeneration properties of OP-1 and has successfully completed preclinical studies showing that OP-1 can stimulate new cartilage formation and increase disc height in animal models of degenerative disc disease. In 2005 Stryker filed its first Investigational New Drug (IND) application with the FDA to treat degenerative disc disease with a new injectable form of OP-1 in a dose-ranging study in humans. In 2008 the Company completed enrollment in this dose-ranging clinical safety study for the first time use of BMP-7 to regenerate cartilage tissue.

In 2006 Stryker filed an IND application with the FDA to treat osteoarthritis in the knee with the injectable form of OP-1. Following FDA concurrence in 2007, the Company proceeded with patient enrollment in the clinical study which was completed in 2008.

MedSurg Equipment

MedSurg Equipment products include surgical equipment; surgical navigation systems; endoscopic, communications and digital imaging systems; and patient handling and emergency medical equipment. These products are designed and manufactured by Stryker Instruments, Stryker Endoscopy and Stryker Medical.

The Stryker Instruments and Stryker Endoscopy product portfolios include micro powered tools and instruments that are used in orthopaedics, functional endoscopic sinus surgery, neurosurgery, spinal surgery and plastic surgery. The Total Performance System (TPS) is a universal surgical system that can be utilized in several medical specialties. The TPS U2 Drill and TPS Burs are designed for use by spine surgeons and neurosurgeons, while the TPS MicroDriver and TPS Sagittal Saw are designed for use by sports medicine physicians and plastic surgeons. The Elite attachment line with a proprietary extendable bur system and Saber Drill for ENT surgery further extend the TPS System into spine, neurosurgery and ENT applications. The TPS System also powers Stryker Endoscopy Shaver Systems.

Surgical Equipment

Through Stryker Instruments, the Company offers a broad line of surgical, neurologic, ENT and interventional spine equipment that is used in surgical specialties for drilling, burring, rasping or cutting bone in small-bone orthopaedics, neurosurgical, spine and ENT procedures; wiring or pinning bone fractures; and preparing hip or knee surfaces for the placement of artificial implants. Stryker Instruments also manufactures an array of different attachments and cutting accessories for use by orthopaedic, neurologic and small-bone specialists.

In 2007 Stryker introduced the CORE Sumex drill, designed for use in ENT procedures, to further leverage the Company's Consolidated Operating Room Equipment (CORE) platform. The Sumex drill utilizes electronic torque feedback to increase RPM's when the drill is engaged in more demanding tasks. In addition, the Sumex drill incorporates a tapered front end to allow for better surgeon line of sight.

In 2006 the Company introduced the Stryker Precision Oscillating Tip Saw. In contrast to standard surgical saws with oscillating blades, this innovative saw has a stationary blade shaft with an oscillating tip. This feature gives surgeons the opportunity for greater accuracy while simplifying cuts and reducing the potential for soft tissue damage and facilitating less invasive procedures. This saw represents an advance in procedural simplification, offering customers the potential for time and cost savings by reducing the number of steps in the surgical process.

In 2006 the System 6 heavy duty, large-bone power system was released. This next-generation system, which includes several new attachments, is more powerful and has a longer battery life than its predecessor. The System 6 Rotary Handpieces provide more options to surgeons by allowing both high-speed drilling and high-torque reaming in one handpiece. System 6 Heavy Duty Saws provide increased torque for a faster and more efficient cut.

In 2006 the Company launched the Silverglide Non-Stick bipolar forceps. These forceps rapidly diffuse heat, which eliminates localized sticking of tissue to the instrument and thus reduces bleeding in neurosurgery procedures.

The Maestro drill represents Stryker's line of micro powered instruments for spine, neurology and ENT applications. Employing the pneumatic technology that is the preference of many surgeons in these specialties, the Maestro drill leverages the Company's TPS and CORE platforms by using the same cutting attachments. The CORE platform console is a technological advancement of the precision and versatility offered by the TPS console platform and offers integrated irrigation, multihandpiece functionality and a standardized user interface.

Stryker Instruments also produces products that are utilized in conjunction with joint replacement surgery. These products include the Revolution Cement Mixing System, designed to provide one solution for mixing all surgical cements, in addition to offering mixing efficacy, safety and ease of use; the Interpulse, a disposable, self-contained pulsed lavage system used by physicians to cleanse the surgical site during total joint arthroplasty; and the ConstaVac CBC II Blood Conservation System, a postoperative wound drainage and blood reinfusion device that enables joint replacement patients to receive their own blood rather than donor blood.

To serve the postsurgical technology market, the Company offers the PainPump2, a disposable system that offers electronically controlled flow rates of pain medication directly to the surgical site to help manage a patient's postoperative discomfort. This innovative design allows the physician to program the pump and provides a patient-controlled analgesia (PCA) option of non-narcotic medication, previously unavailable to the market in a disposable pump. The Company also markets the BlockAid PainPump designed for continuous nerve block applications that enables the delivery of a local anesthetic to specific neurologic anatomy with a reprogrammable technology.

To promote safety for patients and medical staff, Stryker works closely with hospitals and other healthcare organizations to develop a broad product portfolio. Stryker offers the Steri-shield T5 Personal Protection System, which provides a market-leading helmet, hood and gown to help protect operating room personnel from infection, cross-contamination and harmful microorganisms. This system employs advanced user-cooling features and provides the option for integrated communication and lighting systems. The Neptune Waste Management System represents Stryker's leading product for waste management in the operating room. The self-contained device, first introduced in 2000 and consistently improved, collects and disposes of fluid and smoke waste from surgical procedures, minimizing the need for operator intervention and therefore the risk of exposure to these waste products. In 2008 Stryker introduced the Neptune 2 Waste Management platform. This next-generation system allows for increased fluid collection capacity while enhancing end user system preferences based on surgical procedures.

Through Stryker Instruments, the Company offers SpinePlex, a variation of its surgical Simplex bone cement for applications in the treatment of vertebral compression fractures. In 2006 the Company introduced the Discmonitor Discography System, a disposable device used to inject fluid into the intervertebral disc nucleus during discography procedures. This system features a digital display and allows physicians to save key data points for each disc. Stryker's radiofrequency generator system for chronic pain management, originally introduced in 2004, was enhanced in 2006 with improved user interfaces, a simplified operating system and the expansion of the cannula and electrode offerings, including the industry's first monopolar nitinol electrode. Stryker also offers the Dekompressor, a single-use disposable device indicated for the percutaneous removal of disc nucleus material, which offers an early, less invasive approach to mitigating back and leg pain associated with contained lumbar herniations. This product, along with Stryker's offerings in percutaneous cement delivery, discography and radiofrequency denervation, allows Stryker to focus on the interventional spine marketplace.

Surgical Navigation Systems

Through Stryker Instruments, the Company offers a broad line of surgical navigation systems that give surgeons in several specialties the ability to use electronic imaging to see more clearly, better align instruments and more accurately track where the instruments are relative to a patient's anatomy during surgical procedures. In 2006 Stryker released two navigation applications for the joint replacement and craniomaxillofacial implant markets. The eNdtrac ASM software and instrumentation give orthopaedic surgeons the option of navigating their cuts while eliminating the need to place additional pins in the femur and tibia outside of the surgical incision. The iNtellect software packages provide neurologic and ENT surgeons with enhanced graphics, a significantly

simplified image import process, customizable procedure-specific workflows and user-friendly advanced tools for comprehensive planning and navigation.

To further serve the reconstructive and spine implant markets, the Company offers the OrthoLock Anchoring System, which allows for less invasive procedures and provides surgeons a choice of two- or three-pin tracker anchoring. In 2008 the Company released ORTHOMAP 1.3 software, its third generation of hip implant navigation software. This technology uses patient table motion and easily accessible landmarks to remove the need for complicated pelvic registration. ORTHOMAP 1.3 software also contains a complete database of Stryker hip implant systems that the surgeon may utilize intraoperatively to assist in sizing and positioning. In 2007 the Company introduced i*N*finitus Resurfacing 1.0 software designed to assist the surgeon with navigated guide wire placement during hip implant procedures.

To assist in imaged based orthopaedic procedures including surgical oncology, Stryker offers ORTHOMAP 3D 1.0 software. This software platform utilizes single or multiple image data sets allowing the surgeon to pre-plan resections, facilitate a more MIS bone sparing procedure and gather necessary information intraoperatively such as leg length and component rotation.

In 2007 the Company released precisioN Knee 4.0 software to serve the knee implant market. This new software system represents an upgrade from earlier offerings and is designed to further simplify the procedure via reactive workflow by leveraging Stryker's Smart instrumentation and camera technology. This unique technology promotes greater surgical efficiency because the software automatically reacts to a surgeon's individualized procedural workflow and instrument position in space. The precisioN Knee 4.0 software also houses an integrated implant database with all of Stryker's knee implant offerings, which automatically sizes and positions the component for the surgeon. The Company also offers unicondylar navigation software for surgeons that only need to repair one side of a damaged, arthritic knee.

In craniomaxillofacial navigation, Stryker offers iNtellect Cranial and iNtellect ENT software. Both iNtellect packages are enhancements released in 2007 and are based on the original Neuro 2.0 and ENT 2.0 software packages. These packages provide surgeons the option of utilizing the Company's Mask technology to register the patient without traditional fiducial markers and increases surgical efficiency by significantly reducing intraoperative patient registration time.

In 2008 the Company released SpineMap3D 1.0 software, its next generation product offering for spine navigation. SpineMap3D 1.0 software supports complex spine procedures, such as multiple-level scoliosis repair and less invasive cases, requiring intraoperative three dimensional (3D) CT data and is compatible with the latest intraoperative 3D C-arms for automatic registration which reduces registration time and effort.

The Company offers the Navigation System II Cart, the eNlite suitcase system, which creates a smaller footprint in the operating room while retaining the full functionality of all software programs offered on the Navigation System II Cart, and the Navigation iSuite, a fully integrated navigation system housed in the ceiling and walls of an existing operating room. All of these product offerings are either image based or imageless platforms, incorporating intuitive Smart hardware and software functionality, and a highly accurate digital infrared camera that result in greater ease of use, less invasive procedures, and reduced surgical time.

Endoscopic, Communications and Digital Imaging Systems

Stryker Endoscopy develops, manufactures and markets medical video-imaging and communications equipment and instruments for arthroscopy, general surgery and urology. Stryker Endoscopy has established a position of leadership in the production of medical video-imaging technology and accessories for minimally invasive surgery, as well as communications equipment to facilitate local and worldwide sharing of medical information among operating rooms, doctors' offices and teaching institutions. Products include medical video cameras, digital documentation equipment, digital image and viewing software, arthroscopes, laparoscopes, powered surgical instruments, sports medicine instrumentation, radio frequency ablation systems, irrigation fluid management systems, i-Suite operating room solutions and state-of-the-art equipment for telemedicine and enterprise-wide connectivity. Stryker's line of rigid scopes, which range in diameter from 1.9 millimeters to 10

millimeters, contains a series of precision lenses as well as fiber optics that, when combined with Stryker's high-definition (HD) camera systems, allow the physician to view internal anatomy with a high degree of clarity.

In 2008 Stryker introduced the High Definition Digital Radiography (HDDR) 3000, a space efficient and multifunctional direct digital radiography system designed to accommodate the demanding requirements of modern orthopaedic practices. The HDDR 3000 features a Q-arm design with the x-ray tube always centered to the detector for fast, precise and convenient patient positioning. The system efficiently performs all general radiographic procedures with a single detector.

In 2007 the Company launched the Stryker Digital Capture (SDC) Ultra, an all-in-one medical imaging information management system allowing for patient scheduling, video capture and storage, DVD burning and more. The SDC Ultra archives surgical images and videos on its 250-gigabyte internal hard drive. This system also allows for the recording of all surgical footage in high-definition video. Through dual-channel input support, the SDC Ultra can capture images and video independently on two separate video channels, in synchronized mode or in picture-in-picture format.

Also in 2007 Stryker introduced the 45L PneumoSure insufflator which provides exceptional performance with enhanced safety and reliability. This new insufflator is designed to handle the needs of today's dynamic surgical environment and includes two additional modes for bariatric and vessel harvesting. The 45L PneumoSure insufflator offers real-time pressure sensing for increased accuracy during a procedure. Its ability to maintain pneumoperitoneum under the most extreme conditions, coupled with a fully integrated color touch screen, allows for increased ease of use.

In 2006 the Company introduced the 1188 HD Camera, the next generation of Stryker 3-Chip HD Cameras. The 1188 HD offers superior picture quality, enhanced clarity and more intuitive user controls. This product provides surgical teams with improved visibility during endoscopic procedures, which can improve overall surgical and patient outcomes. In conjunction with the launch of the 1188 HD Camera, the Company also introduced complementary products, such as the X8000 Lightsource and Vision Elect Monitor, that feature improvements over earlier offerings. To accommodate the recording of HD images, the Company introduced the SDC HD digital documentation system. The Company also offers its Formula shaver system, which is small, light and equipped with radio frequency identification (RFID), facilitating communication between the blade and console.

In 2006 Stryker launched the Infinity II Communication Platform, featuring an intuitive customer interface and an open architecture. This second-generation model allows customers to run multiple PC applications from a single touch screen and to route HD digital signals through the industry's first digital video-imaging (DVI) board.

Patient Handling and Emergency Medical Equipment

Stryker Medical is a leader in the patient handling equipment segment, offering a wide variety of stretchers customized to fit the needs of acute care and specialty surgical care facilities with a focus on providing a safe and comfortable surface for patients while reducing the risk of back injury for hospital staff. The Company offers the M-Series Stretcher which has become the standard in patient mobility. The M-Series Stretcher incorporates the Company's BackSmart side rail design elements, reducing the risk of back injury for caregivers; the Zoom Motorized Drive System, virtually eliminating push force; Big Wheel technology, reducing start-up force by up to 50 percent and increasing maneuverability; and a 700-pound weight capacity. The Company also offers the Pioneer Pressure Redistribution Surface for stretchers which incorporate self-adjusting air bladders to provide a preventative skin care solution and increase patient comfort. The Company's Glide Lateral Air Transfer System allows two caregivers to easily transfer even the largest patients while reducing the risk for caregiver back injury by lifting and floating the patient on a cushion of air. Stryker furniture offerings, such as the award-winning Tru-Fit overbed table and Symmetry Plus Recliners, create a healing environment while providing functional design, comfort and reliable support.

Stryker Medical also develops and manufactures beds and accessories that are designed to meet the unique needs of specialty departments within the acute care environment. In 2008 the Company introduced the redesigned S3 Med/Surg Hospital Bed, the first redesign since its original 1994 introduction combining a retractable frame with the Company's BackSmart ergonomically designed side rails and featuring an open architecture to accept any standard support surface. In 2007 the Company introduced the InTouch, the first high-acuity care bed to combine advanced

technology, intuitive operation and BackSmart ergonomics to the benefit of both patients and caregivers. The revolutionary touch screen interface provides the caregiver with new insights into patient metrics. Protocol Reminders such as patient turn schedules are customizable to encourage best practices that have been proven to help improve patient outcomes. Stryker's XPRT nonintegrated support surface with low air loss, percussion and rotational therapy aids in the prevention and treatment of certain skin ulcers and pulmonary care. Stryker also offers the LD304 birthing bed, which features a removable foot section with the unique Lock-Rite System, and the Go Bed II MedSurg bed, which features low bed-height for safe patient ingress and exit. The Go Bed II also offers the optional Chaperone center-of-gravity bed-exit system with Zone Control to help prevent patient falls. Zone Control is a feature that enables the caregiver to adjust the sensitivity of the bed-exit system to accommodate different patient needs. Stryker has a complete line of intensive care unit (ICU) beds for critical care and step-down units. The beds incorporate advanced features that facilitate patient care, such as in-bed scales that accurately weigh the patient regardless of bed position and a radiolucent surface that facilitates chest x-rays without moving the patient from the bed.

To serve the worldwide pre-hospital market, the Company offers a line of manually operated ambulance cots and cot-to-ambulance fastening systems. In addition, Stryker offers the STAIR-PRO stair chairs with STAIRTREAD track systems that facilitate patient transport up and down stairs. The Company's POWER-PRO ambulance cot incorporates an advanced battery-powered hydraulic lift system that enables emergency medical professionals to raise and lower the cot with the press of a button. The use of STAIR-PRO and the POWER-PRO helps prevent caregiver back injuries. Stryker expanded the POWER-PRO line in 2006 with a version customized to carry transport incubators on both inter-facility and intra-facility transports and in 2007 with a version customized for ambulances that use hydraulic tail lifts or ramps which are popular in the United Kingdom. To better serve the bariatric transport segment, the Company offers the MX-PRO BT ambulance cot with a weight capacity of 1,600 pounds. The Company also offers a customized Evacuation Chair with the STAIRTREAD system for emergency evacuation of immobile people from multi-story buildings.

PRODUCT DEVELOPMENT

Most of the Company's products and product improvements have been developed internally. The Company maintains close working relationships with physicians and medical personnel in hospitals and universities who assist in product research and development. New and improved products play a critical role in the Company's sales growth. The Company continues to place emphasis on the development of proprietary products and product improvements to complement and expand its existing product lines. The Company has a decentralized research and development focus, with manufacturing locations responsible for new product development and product improvements. Research, development and engineering personnel at the various manufacturing locations maintain relationships with staff at distribution locations and with customers to understand changes in the market and product needs.

Total expenditures for product research, development and engineering were $367.8 million in 2008, $375.3 million in 2007 and $324.6 million in 2006. Research, development and engineering expenses represented 5.5% of sales in 2008, compared with 6.3% in 2007 and 2006. As anticipated, the spending level in 2008 decreased as the Company implemented a more normalized level of spending for these costs compared to prior periods as well as the Company's focus of research and development resources on compliance initiatives, which has slowed down some research and development projects and reduced outside contractor spending on certain projects. Recent new product introductions in the Orthopaedic Implants and MedSurg Equipment segments are more fully described under the caption "Product Sales" on pages 5 through 17 of this report.

In addition to internally developed products, the Company invests in technologies developed by third parties that have the potential to expand the markets in which the Company operates. In 2006 the Company acquired Sightline Technologies Ltd. (Sightline), to enhance the Company's presence in the gastrointestinal and

other markets within its MedSurg Equipment segment. Unanticipated issues have arisen that continue to delay the regulatory approval and commercialization efforts of new products associated with the technologies acquired in the Sightline acquisition. During 2008 the Company substantially reduced the development efforts associated with these products, as more fully described in "Note 6 - Restructuring Charges" on page 58 of this report. However, the Company believes that the technology acquired in the Sightline acquisition may result in the introduction of new products and additional sales in future periods.

In 2005 the Company acquired PlasmaSol Corp. (PlasmaSol), a developer of a technology that should allow Stryker to provide sterilization equipment for use with certain of its MedSurg Equipment products. In 2004 the Company acquired SpineCore, Inc. (SpineCore), a developer of artificial lumbar and cervical discs. The Company believes that the technologies acquired in each of the PlasmaSol and SpineCore acquisitions will result in the introduction of new products. However, unanticipated issues may arise that could further delay or terminate a product's development prior to regulatory approval or commercialization. As of December 31, 2008, the Company had not encountered significant issues and expects completion of the development and initial U.S. commercialization of the FlexiCore lumbar artificial disc, the CerviCore cervical artificial disc and the sterilization technology following receipt of all required regulatory approvals.

In 2006 the Company opened a new facility to support product development activities across its manufacturing divisions. Located near Delhi, India, the facility provides software and mechanical engineering resources for divisional research & development teams to accelerate new product innovation and facilitates the development and testing of Stryker's internal systems.

MARKETING

Domestic sales accounted for 64% of total revenues in 2008. Most of the Company's products are marketed directly to doctors, hospitals and other healthcare facilities by approximately 3,900 sales and marketing personnel in the United States. Stryker primarily maintains separate and dedicated sales forces for each of its principal product lines to provide focus and a high level of expertise to each medical specialty served.

International sales accounted for 36% of total revenues in 2008. The Company's products are sold in more than 100 countries through local dealers and direct sales efforts. Local dealer support and direct sales are coordinated by approximately 2,700 sales and marketing personnel. Stryker distributes its products through sales subsidiaries and branches with offices located in Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Malaysia, Mexico, The Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Russia, Serbia and Montenegro, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Ukraine, the United Arab Emirates and the United Kingdom. Stryker exports products to dealers and to customers in Africa, Bangladesh, the Balkans, China, the CIS (former Soviet Union), Cyprus, Czech Republic, Hungary, Iceland, Indonesia, Ireland, Israel, Latin America, the Middle East, Paraguay, the Philippines, Slovakia, Thailand, Turkey, Uruguay and Vietnam. Additional information regarding the Company's international and domestic operations and sales appears in "Note 13 - Segment and Geographic Data" on pages 67 through 69 of this report.

The Company's business is generally not seasonal in nature; however, the number of orthopaedic implant surgeries is lower during the summer months.

COMPETITION

The Company is one of five leading competitors in the United States for orthopaedic reconstructive products. The four other leading competitors are DePuy Orthopaedics, Inc. (a subsidiary of Johnson & Johnson), Zimmer Holdings, Inc., Biomet, Inc., and Smith & Nephew plc. While competition abroad varies from area to area, the Company believes it is also a leading player in the international markets with these same companies as its principal competitors.

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In the trauma implant segment, Stryker is one of five leaders competing principally with Synthes, Inc., Smith & Nephew Orthopaedics (a division of Smith & Nephew plc), Zimmer Holdings, Inc., and DePuy Orthopaedics, Inc.

In the spinal implant segment, the Company is one of five leaders, competing principally with Medtronic Sofamor Danek, Inc. (a subsidiary of Medtronic, Inc.), DePuy Spine, Inc. (a subsidiary of Johnson & Johnson), Synthes, Inc., and Zimmer Holdings, Inc.

In the craniomaxillofacial implant segment, Stryker is one of four leaders, competing principally with Synthes, Inc., Biomet Microfixation, LLC (a subsidiary of Biomet, Inc.), and KLS Martin L.P.

Several companies are engaged in the research and development of products for the repair of hard and soft tissues that, if approved, would compete with the Company's OP-1 product. Medtronic Sofamor Danek has received FDA approval for its recombinant bone morphogenetic protein ("rhBMP-2") for certain spine, trauma and orthopaedic indications, including the treatment of acute, open fractures of the tibial shaft and spinal fusion surgeries. A number of companies currently provide various other therapies, including allografts, bone fillers and electrical stimulation devices for the treatment, repair or replacement of bone and joint tissue. The Company believes that its OP-1 product, which is approved for limited trauma and spine indications in certain markets and is currently in clinical trials for other indications, will ultimately compete with these products and with traditional therapies, such as autograft and allograft.

In the surgical equipment segment, Stryker is one of three leaders, competing principally with Medtronic, Inc., and Conmed Linvatec, Inc. (a subsidiary of Conmed Corporation). These companies are also competitors in the international segments, along with Aesculap-Werke AG (a division of B. Braun Melsungen AG), a large European manufacturer.

In the surgical navigation segment, Stryker is one of six principal competitors, including Medtronic Surgical Navigation Technologies (a division of Medtronic, Inc.), BrainLAB Inc. (a subsidiary of BrainLAB AG), Aesculap AG & Co. KG (a division of B. Braun Melsungen AG), Radionics, Inc. (a subsidiary of Integra LifeSciences

Corporation), and GE Medical Systems Navigation and Visualization, Inc. (a subsidiary of General Electric Company).

In the arthroscopy segment, the Company is one of four leaders, together with the principal competitors Smith & Nephew Endoscopy (a division of Smith & Nephew plc), Conmed Linvatec, Inc., and Arthrex, Inc. In the laparoscopic imaging products segment, the Company is one of three leaders, together with the principal competitors, Karl Storz GmbH & Co. (a German company) and Olympus Optical Co. Ltd. (a Japanese company).

The Company's primary competitor in the patient handling segment is Hill-Rom Holdings, Inc. In the specialty stretcher segment, the primary competitors are Hausted, Inc. (a subsidiary of Steris Corporation), Hill-Rom Holdings, Inc., and Midmark Hospital Products Group (a subsidiary of Ohio Medical Instrument Company, Inc.). In the emergency medical services segment, Ferno-Washington, Inc. is the Company's principal competitor.

The principal factors that the Company believes differentiate it in the highly competitive market segments in which it operates and enable it to compete effectively are innovation, reliability, service and reputation. The Company believes that its competitive position in the future will depend to a large degree on its ability to develop new products and make improvements to existing products. While the Company does not consider patents a major factor in its overall competitive success, patents and trademarks are significant to the extent that a product or an attribute of a product represents a unique design or process. Patent protection of such products restricts competitors from duplicating these unique designs and features. Stryker seeks to obtain patent protection on its products whenever possible. The Company currently owns approximately 1,010 United States patents and 1,450 international patents.

MANUFACTURING AND SOURCES OF SUPPLY

The Company's manufacturing processes consist primarily of precision machining, metal fabrication and assembly operations; the forging and investment casting of cobalt chrome; and the finishing of cobalt chrome and titanium. In addition, the Company is the sole manufacturer of its OP-1 product. Approximately 12% of the Company's cost of sales in 2008 represented finished products that were purchased complete from outside suppliers. The Company also purchases parts and components, such as forgings, castings, gears, bearings, casters and electrical components, and uses outside sources for certain finishing operations, such as plating, hardening and coating of machined components and sterilization of certain products. The principal raw materials used by the Company are stainless steel, aluminum, cobalt chrome and titanium alloys. In all, purchased parts and components from outside sources were approximately 50% of the total cost of sales in 2008.

While the Company relies on single sources for certain purchased materials and services, it believes alternate sources are available if needed. The Company has not experienced any significant difficulty in the past in obtaining the materials necessary to meet its production schedules.

Substantially all products manufactured by the Company are stocked in inventory, while certain products manufactured within the Company's MedSurg Equipment segment are assembled to order.

REGULATION AND PRODUCT QUALITY

The Medical Device Amendments of 1976 to the federal Food, Drug and Cosmetic Act and the Safe Medical Devices Act of 1990, together with regulations issued or proposed thereunder, provide for regulation by the FDA of the design, manufacture and marketing of medical devices, including most of the Company's products.

The FDA's Quality System regulations set forth standards for the Company's product design and manufacturing processes, require the maintenance of certain records and provide for inspections of the Company's facilities by the FDA. There are also certain requirements of state, local and foreign governments that must be complied with in the manufacturing and marketing of the Company's products.

In 2008 the Company received a warning letter from the FDA related to quality systems and compliance issues at its OP-1 implant manufacturing facility in Hopkinton, Massachusetts. In 2007 the Company received two warning letters from the FDA regarding compliance with certain quality system specifications at its reconstructive implant manufacturing facilities: one letter for its facility in Cork, Ireland and another for its facility in Mahwah, New Jersey. The Company takes these matters very seriously and has been fully cooperating with the FDA to address their observations.

Most of the Company's new products fall into FDA classifications that require notification of and review by the FDA before marketing, submitted as a 510(k). The Company's FlexiCore and CerviCore artificial disc products and OP-1 products require extensive clinical testing, consisting of safety and efficacy studies, followed by PMA applications for specific surgical indications.

Stryker also is subject to the laws that govern the manufacture and distribution of medical devices of each country in which the Company manufactures or sells products. The member states of the European Union (EU) have adopted the European Medical Device Directives, which create a single set of medical device regulations for all EU member countries. These regulations require companies that wish to manufacture and distribute medical devices in EU member countries to obtain CE Marking for their products. Stryker has authorization to apply the CE Marking to substantially all of its products.

The Company's OP-1 product has been considered a drug under the regulations for Europe, Australia and Japan.

Initiatives sponsored by government agencies, legislative bodies and the private sector to limit the growth of healthcare expenses generally and hospital costs in particular, including price regulation and competitive pricing, are ongoing in markets where the Company does business. It is not possible to predict at this time the long-term impact of such cost-containment measures on the Company's future business.

EMPLOYEES

At December 31, 2008, the Company had 17,594 employees worldwide, including 7,321 involved in manufacturing, warehousing and distribution operations; 6,664 in sales and marketing; 1,570 in research, development

and engineering; and the balance in general management and administration. Certain international employees are covered by collective bargaining agreements that are updated annually. The Company believes that its employee relations are satisfactory.

EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding the executive officers of the Company appears under the caption "Item 10. Directors, Executive Officers and Corporate Governance" on pages 74 through 75 of this report.

ITEM 1A. RISK FACTORS.

The following information contains specific risks that could potentially impact the Company's business, financial condition or operating results. The Company may be subject to additional risks that are not currently known to the Company or those which the Company deems immaterial that may also impact its business operations.

The Company's inability to maintain adequate working relationships with healthcare professionals could have a negative impact on the Company's future operating results.

The Company maintains close working relationships with respected physicians and medical personnel in hospitals and universities who assist in product research and development. The Company continues to place emphasis on the development of proprietary products and product improvements to complement and expand its existing product lines. If the Company is unable to maintain these good relationships, its ability to market and sell new and improved products could decrease, and future operating results could be unfavorably affected.

The Company's inability to continue to hire and retain key employees could have a negative impact on the Company's future operating results.

The talent and drive of the Company's employees are key factors in the success of its business. The Company's sales, technical and other key personnel play an integral role in the development, marketing and selling of new and existing products. If the Company is unable to recruit, hire, develop and retain a talented, competitive work force, it may not be able to meet its strategic business objectives.

Stricter pricing guidelines for the Orthopaedic Implants industry could have a negative impact on the Company's future operating results.

Initiatives sponsored by government agencies, legislative bodies and the private sector to limit the growth of healthcare costs, including price regulation and competitive pricing, are ongoing in markets where the Company does business. The Company could experience a negative impact on its operating results due to increased pricing pressure in the United States, Japan and certain other markets. Governments, hospitals and other third party payers could reduce the amount of approved reimbursements for the Company's Orthopaedic Implants products. Reductions in

reimbursement levels or coverage, or other cost-containment measures could unfavorably affect the Company's future operating results.

The Company's operating results could be negatively impacted by changes in its excess and obsolete inventory reserves.

The Company maintains reserves for excess and obsolete inventory resulting from the potential inability to sell its products at prices in excess of current carrying costs. The markets in which the Company operates are highly competitive, and new products and surgical procedures are introduced on an ongoing basis. Such marketplace changes may cause some of the Company's products to become obsolete. The Company makes estimates regarding the future recoverability of the costs of these products and records a provision for excess and obsolete inventories based on historical experience, expiration of sterilization dates and expected future trends. If actual product life cycles, product demand or acceptance of new product introductions are less favorable than projected by management, additional inventory write-downs may be required, which could unfavorably affect future operating results.

The Company's operating results could be negatively impacted if it is unable to capitalize on research and development spending.

The Company has spent a significant amount of time and resources on research and development projects in order to develop and validate new and innovative products. The Company believes these projects will result in the commercialization of new products and will create additional future sales. However, factors including regulatory delays, safety concerns or patent disputes could delay the introduction or marketing of new products. Additionally, unanticipated issues may arise in connection with current and future clinical studies that could delay or terminate a product's development prior to regulatory approval. The Company may experience an unfavorable impact on its operating results if it is unable to capitalize on those efforts by attaining the proper FDA approval or to successfully market new products.

The Company's operating results could be negatively impacted by future changes in the allocation of income to each of the income tax jurisdictions in which the Company operates.

The Company operates in multiple income tax jurisdictions both inside and outside the United States. Accordingly, management must determine the appropriate allocation of income to each of these jurisdictions. Income tax audits associated with the allocation of this income and other complex issues, including inventory transfer pricing and cost sharing and product royalty arrangements, may require an extended period of time to resolve and may result in income tax adjustments if changes to the income allocation are required between jurisdictions with different income tax rates. Because income tax adjustments in certain jurisdictions can be significant, the Company's future operating results could be negatively impacted by settlements of these matters.

The Company's operating results could be negatively impacted by future product liability claims, unfavorable court decisions, regulatory compliance or legal settlements.

The Company is a defendant in various proceedings, legal actions and claims arising in the normal course of business, including product liability and other matters. Such matters are subject to many uncertainties, and outcomes

are not predictable with assurance. To partially mitigate losses arising from unfavorable outcomes in such matters, the Company purchases third-party insurance coverage subject to certain deductibles and loss limitations. While the Company believes its current insurance coverage is adequate to mitigate losses arising from such matters, its future operating results may be unfavorably impacted by any settlement payments or losses beyond the amounts of insurance carried. Likewise, the Company may incur significant legal expenses regardless of whether it is found to be liable. In addition, such product liability matters may negatively impact the Company's ability to obtain cost-effective third-party insurance coverage in future periods.

In 2008 the Company and certain current and former employees received subpoenas from the U.S. Department of Justice Office, Criminal Division, of the United States Attorney in Massachusetts requesting documents related to (i) false Institutional Review Board approvals; (ii) the amount of sales of OP-1 under one of the Company's Humanitarian Device Exemptions; and (iii) the off-label promotion of Calstrux in combination with OP-1. The Company is in the process of responding to the U.S. Department of Justice regarding this matter.

In 2008 the Company received a warning letter from the FDA related to quality systems and compliance issues at its OP-1 implant manufacturing facility in Hopkinton, Massachusetts. In 2007 the Company received two warning letters from the FDA regarding compliance with certain quality system specifications at its reconstructive implant manufacturing facilities: one letter for its facility in Cork, Ireland and another for its facility in Mahwah, New Jersey. The Company takes these matters very seriously and has been fully cooperating with the FDA to address their observations.

In 2007 the Company announced that it reached a resolution with the U.S. Attorney's office for the District of New Jersey in connection with a previously announced investigation relating to "any and all consulting contracts, professional service agreements, or remuneration agreements between Stryker Corporation and any orthopedic surgeon, orthopedic surgeon in training, or medical school graduate using or considering the surgical use of hip or knee joint replacement/reconstruction products manufactured or sold by Stryker Corporation." The resolution is in the form of a non-prosecution agreement for an 18-month period ending on March 27, 2009. During the term of the agreement, the Company's Orthopaedics subsidiary is subject to oversight by a federal monitor, as appointed by the U.S. Attorney, regarding compliance with certain standards and procedures in connection with the retention and payment of orthopaedic surgeon consultants related to reconstructive products and the provision of certain benefits to such surgeons. Subsequent to entering into the non-prosecution agreement, the U.S. Department of Health and Human Services, Office of Inspector General (HHS) issued a civil subpoena to the Company in seeking to determine whether the Company violated various laws by paying consulting fees and providing other things of value to orthopedic surgeons and healthcare and educational institutions as inducements to use Stryker's orthopedic medical devices in procedures paid for in whole or in part by Medicare. The Company produced numerous documents and other materials to HHS in response to the subpoena and had been working with HHS to attempt to narrow the scope of the requested production. In 2008 the U.S. Department of Justice and the HHS sought judicial enforcement of the subpoena and a court agreed to enforce it in January 2009. At the same time, the U.S. District Court for the District of New Jersey dismissed the Company's complaint which had asked the court to quash the subpoena and sought other appropriate relief on the grounds that the subpoena was overbroad and oppressive.

In 2007 the Company disclosed that the U.S. Securities and Exchange Commission made an informal inquiry of the Company regarding possible violations of the Foreign Corrupt Practices Act in connection with the sale of medical devices in certain foreign countries. Subsequently, in 2008, the Company received a subpoena from the U.S. Department of Justice, Criminal Division, requesting certain documents for the period since January 1, 2000 in connection with the U.S. Securities and Exchange Commission inquiry. The Company is fully cooperating with the U.S. Department of Justice and the U.S. Securities and Exchange Commission regarding these matters.

As a result of these investigations, the Company's future operating results could be negatively impacted by the resolution of these matters.

The Company's operating results could be negatively impacted by economic, political or other developments in countries in which the Company does business.

The Company distributes its products throughout the world. As a result, the Company's future operating results could be negatively impacted by unstable economic, political and social conditions, including but not limited to fluctuations in foreign currency exchange rates, political instability, or changes in the interpretation or creation of laws and regulations in each of the countries where the Company conducts business, including the United States.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable.

ITEM 2. PROPERTIES.

The Company has the following properties:

Location	Segment	Use	Square Feet	Owned/ Leased
Mahwah, New Jesey	Orthopaedic Implants	Manufacturing of reconstructive implants	531,000	Owned
Limerick, Ireland	Orthopaedic Implants	Manufacturing of reconstructive implants and OP-1	130,000	Owned
Herouville, France	Orthopaedic Implants	Manufacturing of reconstructive implants	130,000	Owned
Kiel, Germany	Orthopaedic Implants	Manufacturing of trauma implants	147,000	Owned
Selzach, Switzerland	Orthopaedic Implants	Manufacturing of trauma implants	78,000	Owned
Neuchâtel, Switzerland	Orthopaedic Implants	Manufacturing of spinal implants	88,000	Owned
Bordeaux, France	Orthopaedic Implants	Manufacturing of spinal implants	79,000	Owned
Bordeaux, France	Orthopaedic Implants	Manufacturing of spinal implants	35,000	Leased
Carrigtwohill, Ireland	Orthopaedic Implants and MedSurg Equipment	Manufacturing of reconstructive implants and surgical equipment	154,000	Owned
Freiburg, Germany	Orthopaedic Implants and MedSurg Equipment	Manufacturing of craniomaxillofacial implants and surgical navigation systems	106,000	Owned
Stetten, Germany	Orthopaedic Implants	Manufacturing of craniomaxillofacial implants	33,000	Owned
West Lebanon, New Hampshire	Orthopaedic Implants	Manufacturing of OP-1	140,000	Owned
Hopkinton, Massachusetts	Orthopaedic Implants	Manufacturing of OP-1	69,000	Leased
Portage, Michigan	MedSurg Equipment	Manufacturing of surgical equipment and patient-handling and emergency medical equipment	1,034,000	Owned
Arroyo, Puerto Rico	MedSurg Equipment	Manufacturing of surgical equipment and endoscopic systems	220,000	Leased
San Jose, California	MedSurg Equipment	Manufacturing of endoscopic systems	165,000	Leased
Flower Mound, Texas	MedSurg Equipment	Manufacturing of communications and digital imaging systems	127,000	Leased
L'Islet, Canada	MedSurg Equipment	Manufacturing of patient-handling equipment	132,000	Owned
Kalamazoo, Michigan	Other	Corporate headquarters	75,000	Owned

In addition to the above, the Company maintains administrative and sales offices and warehousing and distribution facilities in various countries, including the United States, Argentina, Australia, Austria, Belgium, Brazil, Canada, Chile, China, Denmark, Egypt, Finland, France, Germany, Greece, Hong Kong, India, Israel, Italy, Japan, Korea, Malaysia, Mexico, The Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Russia, Serbia and Montenegro, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Ukraine, the United Arab Emirates and the United Kingdom.

The Company believes that its properties are suitable and adequate for the manufacture and distribution of the Company's products.

ITEM 3. LEGAL PROCEEDINGS.

The Company is involved in various proceedings, legal actions and claims arising in the normal course of business, including proceedings related to product, labor and intellectual property, and other matters that are more fully described in "Note 15 - Contingencies" on pages 69 through 70 of this report. The potential future outcomes of these matters are outside of management's control and will generally not be known for prolonged periods of time. In certain of the legal proceedings, the claimants seek damages, as well as other compensatory relief, which could result in the payment of significant claims and settlements. In legal matters for which management has sufficient information to reasonably estimate the Company's future obligations, a liability representing management's best estimate of the probable cost for the resolution of these legal matters is recorded. The estimates are based on consultation with legal counsel, previous settlement experience and settlement strategies. The Company does not anticipate material losses as a result of these proceedings beyond amounts already provided in the accompanying Consolidated Financial Statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company's Common Stock is traded on the New York Stock Exchange under the symbol SYK. Quarterly stock prices appear under the caption "Summary of Quarterly Data (Unaudited)" on page 71 of this report and dividend information for the years ended December 31, 2008 and 2007 appears under the caption "Selected Financial Data" in Item 6 below. The Company's Board of Directors considers a year-end cash dividend annually at its December meeting.

In the fourth quarter of 2008, the Company issued 240 shares of Common Stock as performance incentive awards to certain employees. The shares were not registered under the Securities Act of 1933 based on the conclusion that the awards would not be events of sale within the meaning of Section 2(a)(3) of the Act.

On January 31, 2009, there were 4,680 shareholders of record of the Company's Common Stock.

In October 2008 the Company completed the previously announced $750 million share repurchase program and announced that its Board of Directors had authorized the Company to repurchase up to an additional $250 million of its common stock from time to time in the open market, in privately negotiated transactions or otherwise. During the fourth quarter of 2008, the Company repurchased 8.3 million shares of its common stock in the open market at a cost of $404.0 million, as follows (in millions, except per share amounts):

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans	(d) Maximum Dollar Value of Shares that may yet be Purchased Under the Plans
Month #1				
October 1, 2008 - October 31, 2008	2.9	$59.70	2.9	$232.2
Month #2				
November 1, 2008 - November 30, 2008	4.6	$43.75	4.6	30.5
Month #3				
December 1, 2008 - December 31, 2008	0.8	$37.77	0.8	$ -
Total	8.3	$48.70	8.3	

ITEM 6. SELECTED FINANCIAL DATA.

The financial information for each of the five years in the period ended December 31, 2008 is set forth below (dollars in millions, except per share amounts):

	2008	2007	2006	2005	2004
Net sales	$6,718.2	$6,000.5	$5,147.2	$4,608.9	$4,017.4
Cost of sales	2,131.4	1,865.2	1,616.6	1,489.2	1,303.8
Gross profit	4,586.8	4,135.3	3,530.6	3,119.7	2,713.6
Research, development and engineering expenses	367.8	375.3	324.6	284.7	214.9
Selling, general and administrative expenses	2,625.1	2,391.5	2,047.0	1,839.4	1,655.4
Intangibles amortization	40.0	41.4	42.7	47.6	44.6
Other (a)	34.9	19.8	52.7	15.9	120.8
	3,067.8	2,828.0	2,467.0	2,187.6	2,035.7
Operating income	1,519.0	1,307.3	1,063.6	932.1	677.9
Other income (expense)	61.2	62.8	30.2	4.9	(2.9)
Earnings from continuing operations before income taxes	1,580.2	1,370.1	1,093.8	937.0	675.0
Income taxes	432.4	383.4	322.4	304.5	237.0
Net earnings from continuing operations	1,147.8	986.7	771.4	632.5	438.0
Net earnings and gain on sale of discontinued operations	-	30.7	6.3	11.1	2.0
Net earnings	$1,147.8	$1,017.4	$777.7	$643.6	$440.0