

SECURITIES AND EXCHANGE COMMISSION

FORM DEF 14A

Definitive proxy statements

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FILER

KINETIC CONCEPTS INC /TX/

CIK: **831967** | IRS No.: **741891727** | State of Incorpor.: **TX** | Fiscal Year End: **1231**
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SIC: **2590** Miscellaneous furniture & fixtures

Mailing Address

P.O. BOX 659508

SAN ANTONIO TX 78265-9508

Business Address

8023 VANTAGE DR

SAN ANTONIO TX 78230

5122254092

SCHEDULE 14A

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934

Filed by the registrant /X/
Filed by a party other than the registrant / /

Check the appropriate box:

- / / Preliminary proxy statement
- /X/ Definitive proxy statement
- / / Definitive additional materials
- / / Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

KINETIC CONCEPTS, INC.
(Name of Registrant as Specified in Its Charter)

KINETIC CONCEPTS, INC.
(Name of Person(s) Filing Proxy Statement)

Payment of filing fee (Check the appropriate box):

- /X/ \$125 per Exchange Act Rule 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(i)(2).
- / / \$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).
- / / Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transactions applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:(1)

(4) Proposed maximum aggregate value of transaction:

/ / Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registrations statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

(1) Set forth the amount on which the filing fee is calculated and state how it was determined.

{LOGO}

8023 VANTAGE DRIVE
SAN ANTONIO, TEXAS 78230

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 10, 1994

To the Shareholders of Kinetic Concepts, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Kinetic Concepts, Inc. will be held in the Cancun and Cozumel Rooms of the Embassy Suites Hotel, Northwest, 7750 Briaridge, San Antonio, Texas on Tuesday, May 10, 1994 at 9:00 A.M., for the purpose of considering and acting upon the following matters:

- (1) The election of five directors of the Company to serve until the next annual meeting of shareholders and until their successors are elected and qualified;
- (2) The approval of the appointment of the firm of KPMG Peat Marwick as the independent public accountants of the Company for the 1994 fiscal year; and
- (3) The transaction of such other business as may lawfully come before the meeting or any adjournment thereof.

The record date for the meeting has been fixed at March 23, 1994. Only shareholders of record at the close of business on that date will be entitled to vote at the meeting or any adjournment thereof. You are cordially invited to attend the meeting. Shareholders wishing to attend the meeting should bring proper identification and evidence of their ownership of shares of the Company's common stock to the meeting.

Shareholders who do not expect to attend the meeting in person are urged to sign the enclosed proxy and return it promptly to the Bank of Boston, Proxy Department, P.O. Box 1628, Boston, Massachusetts 02105-1628. A return envelope is enclosed for that purpose.

KINETIC CONCEPTS, INC.
DENNIS E. NOLL,
Secretary

Dated: April 4, 1994

PLEASE COMPLETE THE ENCLOSED PROXY AND MAIL IT PROMPTLY

KINETIC CONCEPTS, INC.
8023 VANTAGE DRIVE
SAN ANTONIO, TEXAS 78230

PROXY STATEMENT

The accompanying proxy is solicited by the Board of Directors of Kinetic Concepts, Inc. (the 'Company'). The Company will bear the cost of the solicitation. It is expected that the solicitation of proxies will be made by mail. Any shareholder giving a proxy has the power to revoke the same at any time prior to its use by giving notice in person or in writing to the Secretary of the Company. The approximate date on which this Proxy Statement and accompanying form of proxy shall be first sent or given to security holders is April 4, 1994.

Only holders of record of Common Stock, par value \$.001 (the 'Common Stock'), of the Company at the close of business on March 23, 1994 shall be entitled to vote at the meeting. There were 43,950,685 shares of Common Stock issued and outstanding on the record date. Each share of Common Stock is entitled to one vote. As of February 1, 1994, to the knowledge of the Company, no holder of record owned more than five percent of the outstanding shares of Common Stock of the Company, except James R. Leininger, M.D., whose business address is 8023 Vantage Drive, San Antonio, Texas 78230, and who owns of record 29,047,700 shares (66.1%) of the issued and outstanding shares of Common Stock of the Company. Any shareholder giving a proxy has the power to revoke the same at any time prior to its use by giving notice in person or in writing to the Secretary of the Company.

Votes cast by proxy or in person at the Annual Meeting will be tabulated by the inspectors of election appointed for the meeting. A quorum for the transaction of business at the Annual Meeting requires representation, in person or by proxy, of a majority of the issued and outstanding shares. The inspectors of election will treat abstentions and broker non-votes as shares that are present for purposes of determining the presence of a quorum. Abstentions are present and entitled to vote for purposes of determining the approval of any matter submitted to the shareholders for a vote. If a broker indicates on a proxy that it does not have the discretionary authority as to certain shares to vote on a particular matter, those shares will not be considered as present and

entitled to vote with respect to that matter.

ELECTION OF DIRECTORS

Five (5) directors, constituting the entire Board of Directors, are to be elected at the Annual Meeting. Each director shall hold office until the next Annual Meeting and until his successor is duly elected and qualified. The proxies named in the accompanying proxy, who have been designated by the Board of Directors, intend to vote for the nominees for election as directors, unless otherwise directed. The vote of a plurality of the shares of Common Stock present at the Annual Meeting and entitled to vote thereon will be necessary to elect the nominees listed below.

BUSINESS EXPERIENCE OF DIRECTORS AND NOMINEES

Each of the present members of the Board of Directors, except for John H. Firmage, Jr. who has elected not to stand for reelection, have been renominated. Certain information concerning the members of the Board of Directors and the nominees is set forth as follows:

<TABLE>

<CAPTION>

DIRECTOR	SERVED AS DIRECTOR SINCE	AGE	PRESENT POSITION WITH COMPANY AND/OR PRINCIPAL OCCUPATION LAST FIVE YEARS
<S> James R. Leininger, M.D.-----	<C> 1976	<C> 49	<C> Chairman of the Board of Directors since 1976; President and Chief Executive Officer since January 1990; prior to October 1986, Dr. Leininger was also the Chairman of the Emergency Department of the Baptist Hospital System in San Antonio, Texas.
Peter A. Leininger, M.D.-----	1980	51	Chief Administrative Officer and Senior Vice President; prior to 1978, Dr. Leininger was engaged in the private practice of medicine and functioned as a regional distributor of the Company's products.
Sam A. Brooks-----	1987	55	Chairman of the Board of National Imaging Affiliates, Inc. since March 1992; President of MedCare Investment Corp. since April 1991; from 1986 to October 1989, Mr. Brooks was the President of Nationwide Health Properties, Inc. (a real estate investment trust); prior to 1986, Mr. Brooks served as an Executive Vice President and the Chief Financial Officer of Hospital Corporation of America (a hospital management company).
Frank A. Ehmann-----	1987	60	Partner of RCS Health Care Partners L.P.; from March 1986 to October 1989, Mr. Ehmann was President and Chief Operating Officer of United Stationers, Inc. (an office products company); prior to December 1985, Mr. Ehmann was an Executive Vice President and Co-Chief Operating Officer of Baxter Travenol Laboratories, Inc. (a medical products company).
Bernhard T. Mittemeyer, M.D.-----	1987	63	Executive Vice President and Provost of the Texas Tech University Health Science Center since November of 1986; Dr. Mittemeyer also served as Interim Dean of the Texas Tech School of Medicine from November 1988 until August 1990; from March 1985 until October 1986, Dr. Mittemeyer served as the Senior Vice President and Corporate Medical Director of Whittaker Health Services (a health maintenance

March of 1985, Dr. Mittemeyer served for 28 years as a career officer in the United States Army which culminated in his service as the Surgeon General of the United States Army from October 1981 to February 1985.

John H. Firmage, Jr.-----	1990	61	Chairman, The Legacy Group (an auto and equipment leasing and auto dealership company); Chairman, FMA Financial Corp. (a water products sales, leasing & rental company); from March 1980 to June 1990, Mr. Firmage was Chairman of Medirec (a medical products rental and sales company), Medirec was acquired by KCI in July 1990; prior to 1982, Mr. Firmage was President and CEO of FMA Leasing Company (an equipment and auto leasing company) for 22 years.
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INFORMATION CONCERNING DIRECTORS

None of the directors, nominees for director or executive officers of the Company has a family relationship with any of the other directors, nominees for director or executive officers except James R. Leininger, M.D. and Peter A. Leininger, M.D., who are brothers. None of the nominees is a director of any other company which has a class of securities registered under, or is required to file reports under, the Securities Exchange Act of 1934 or of any company registered under the Investment Company Act of 1940, except as follows:

Sam A. Brooks-----	Nationwide Health Properties, Inc. Quorum Health Group, Inc. Knowledgeware, Inc. PhyCor, Inc.
Frank A. Ehmann-----	St. Jude Medical, Inc. Mark Controls Corp. SPX Corporation American Health Corp. Inc.

DIRECTOR COMPENSATION

Each director of the Company, other than James R. Leininger, M.D. and Peter A. Leininger, M.D., received compensation for serving as a director during 1993. Each outside director receives \$24,000 per annum for serving as a member of the Board of Directors and is reimbursed for the expenses incurred by him as a result of his membership on the Board of Directors. Under the 1988 Eligible Directors Stock Option Plan, outside directors receive a stock option covering 24,000 shares of Common Stock upon becoming a member of the Board of Directors and an option covering 2,500 shares on each anniversary of becoming a member. The exercise price of all options so granted is equal to the fair market value of Common Stock at the close of business on the day immediately prior to the date of grant. In addition, Sam A. Brooks has a consulting agreement with the Company pursuant to which the Company paid Mr. Brooks \$44,897 for consulting services in 1993.

BOARD OF DIRECTORS' MEETINGS AND COMMITTEES

During 1993, the Board of Directors held five (5) meetings. Each of the directors attended over seventy-five percent of the total number of meetings of the Board of Directors and the total number of meetings held by all committees of the Board on which he served.

The Board of Directors has an Audit Committee consisting of John H. Firmage, Jr., Chairman, Frank A. Ehmann and Sam A. Brooks. The Audit Committee met four (4) times during 1993. Mr. Firmage has decided not to stand for reelection to the Board of Directors for personal reasons. Mr. Firmage will continue to serve as a member of the Board of Directors and the Chairman of the Audit Committee until the Annual Meeting of Shareholders. The Audit Committee recommends the appointment of the Company's independent auditors, confers with the auditors and with management concerning the scope of the annual audit and reviews the audit procedures and internal accounting controls of the Company and its subsidiaries.

The Board of Directors has a Compensation Committee consisting of James R.

Leininger, M.D., Bernhard T. Mitemeyer, M.D. and Frank A. Ehmann, Chairman. The Compensation Committee met four (4) times in 1993. The functions of the Compensation Committee are to review and establish the compensation of officers and other management personnel.

The Board of Directors has a 1987 Key Contributor Stock Option Plan Committee (the 'Stock Option Committee') consisting of James R. Leininger, M.D., Bernhard T. Mitemeyer, M.D., Chairman and Frank A. Ehmann. The Stock Option Committee met three (3) times in 1993. The Stock Option Committee administers the 1987 Kinetic Concepts, Inc. Key Contributor Stock Option Plan.

The Board of Directors has a Nominating Committee consisting of James R. Leininger, M.D., Chairman, Sam A. Brooks, Frank A. Ehmann, Peter A. Leininger, M.D. and John H. Firmage, Jr. The Nominating Committee did not meet in 1993. The Nominating Committee makes recommendations to the Board on the selection of candidates as nominees for election as members of the Company's Board of Directors. In recommending Board candidates, the Nominating Committee seeks individuals of proven judgment and competence who are outstanding in their chosen activity and considers such factors as anticipated participation in Board activities, education, special talents and personal attributes. Shareholders who wish to suggest qualified candidates should write to the Secretary of the Company at 8023 Vantage Drive, San Antonio, Texas 78230, stating in detail the qualifications of such persons for consideration by the Nominating Committee.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

James R. Leininger, M.D., Frank A. Ehmann and Bernard T. Mitemeyer, M.D. are the members of the Company's Compensation Committee. James R. Leininger, M.D. is a member of the Compensation Committee and is also the Chairman of the Board, President and Chief Executive Officer of the Company. Dr. Leininger did not participate in any deliberations of the Compensation Committee concerning his compensation or the compensation of his brother, Peter A. Leininger, M.D. In addition, Dr. Leininger owns Mission City Television, Inc., a company which received \$255,683 in fees for video production services rendered to the Company during 1993. The services included the production of quarterly and promotional videos as well as videos for and during the Company's national sales meetings.

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SECURITIES HOLDINGS OF PRINCIPAL SHAREHOLDERS, DIRECTORS AND OFFICERS

Based upon information received upon request from the persons concerned, each director, nominee for director, principal shareholder, named executive officer (as defined on page 6), and all directors and executive officers of the Company as a group, owned beneficially as of February 1, 1994, the number and percentage of outstanding shares of Common Stock of the Company indicated in the following table:

NAMES OF INDIVIDUALS	SHARES OF COMMON STOCK BENEFICIALLY OWNED AS OF FEBRUARY 1, 1994 (1)	PERCENT OF CLASS
James R. Leininger, M.D. (2)----- 8023 Vantage Drive San Antonio, TX 78230	29,397,583	66.9%
Peter A. Leininger, M.D. (3)----- 8023 Vantage Drive San Antonio, TX 78230	2,817,697	6.4%
Sam A. Brooks (4)-----	131,500	*
Frank A. Ehmann (4)-----	22,500	*
Bernhard T. Mitemeyer, M.D. (4)-----	25,200	*
John H. Firmage, Jr. (4)-----	39,000	*
Robert A. Wehrmeyer, Jr. (5)-----	116,792	*
Howard W. Deichen-----	6,436	*
Frank DiLazzaro (5)-----	37,720	*
Daniel R. Puchek (5)-----	17,820	*
All directors and executive officers as a group (17 persons) (6)-----	31,525,027	71.7%

* Less than one (1%) percent

(1) Except as otherwise indicated in the following notes, the persons named in the table own directly the number of shares indicated in the table, have the sole voting power and investment power with respect to all of such shares and, as of April 3, 1994, had no vested right to acquire beneficial ownership of any other shares of Common Stock of the Company.

- (2) The shares shown for Dr. James R. Leininger include beneficial ownership of 349,883 shares of Common Stock held by Dr. Leininger as trustee for the children of Peter A. Leininger, M.D. Dr. Leininger disclaims beneficial ownership of the aforesaid shares.
- (3) The shares shown for Dr. Peter A. Leininger include beneficial ownership of 710,800 shares of Common Stock held by Dr. Leininger as trustee for certain of his nieces and nephews and 1,200,000 shares of Common Stock which he has the right to acquire upon the exercise of a stock option granted to him by James R. Leininger, M.D. Dr. Leininger disclaims beneficial ownership of the aforesaid shares. The shares shown also include 16,780 shares of Common Stock that Dr. Leininger has the right to acquire under stock options granted by the Company.
- (4) The shares shown for Messrs. Brooks, Ehmann, Mitemeyer and Firmage, respectively, include 105,000, 20,000, 20,000 and 39,000 shares of Common Stock which they have the right to acquire under stock options granted by the Company which have vested or will vest prior to April 3, 1994. Mr. Ehmann's stock options are held in the name of The Frank Ehmann Trust.

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- (5) The shares shown for Messrs. Wehrmeyer, Puchek and DiLazzaro, respectively, include 92,320, 17,820 and 37,720 shares of Common Stock which they have the right to acquire under stock options granted by the Company which have vested or will vest prior to April 3, 1994.
- (6) The shares shown include 1,651,419 shares of Common Stock which the directors and executive officers have the right to acquire under stock options which have vested or will vest prior to April 3, 1994.

EXECUTIVE COMPENSATION

The following table shows all the cash compensation paid or to be paid by the Company or its subsidiaries, as well as certain other compensation paid or accrued, during the fiscal years indicated, to the Chief Executive Officer, the four highest paid executive officers of the Company other than the Chief Executive Officer and a former executive officer who would have been one of the four highest paid executive officers if he had not left the Company (the 'named executive officers') for such period in all capacities in which they served:

</TABLE>

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SUMMARY COMPENSATION TABLE

<CAPTION>

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM COMPENSATION	ALL OTHER COMPENSATION (2)
		SALARY	BONUS (1)	OPTIONS/ SARS	AWARDS	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
James R. Leininger, M.D., Chairman of the Board, Chief Executive Officer, & President	1993	\$ 150,000	\$ 9,142	--	--	\$ 1,093
	1992	150,000	81,244	--	--	601
	1991	150,000	82,500	--	--	
Robert A. Wehrmeyer, Jr., President -- KCI Medical Services	1993	172,000	13,822	5,000		1,468
	1992	172,000	84,942	6,500		976
	1991	146,500	74,661	11,500		
Peter A. Leininger, M.D., Senior Vice-President & Chief Administrative Officer	1993	153,000	8,204	5,000		1,468
	1992	153,000	72,703	6,200		976
	1991	135,000	65,340	10,500		
Howard W. Deichen, Former Chief Financial Officer & Senior Vice-President	1993	150,859	--	5,000		264,742 (3)
	1992	172,000	100,421	6,500		976
	1991	146,500	97,095	11,500		
Frank DiLazzaro President -- KCI International, Inc.	1993	140,300	39,336	44,000		1,468
	1992	110,000	34,664	28,800		976
	1991	92,366	40,650	14,700		
Daniel R. Puchek, President -- KCI New Technologies, Inc.	1993	125,000	120,178	29,000		1,093
	1992	115,000	50,428	13,800		601
	1991	95,000	41,800	5,300		

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- (1) These amounts include cash bonuses paid with respect to services rendered by the named executive officers for the years indicated in the table.
- (2) The 'All Other Compensation' column includes the Company's contribution to

the Company's Employee Stock Ownership Plan of \$1092 and a Company contribution of \$375 to the Company's 401K plan for each named executive officer other than Dr. James R. Leininger and Daniel R. Puchek for the year ended December 31, 1993.

(3) Mr. Deichen, the Company's Chief Financial Officer, left the Company on October 30, 1993 to pursue other business opportunities. The 'All Other Compensation' column for Mr. Deichen includes \$263,274 which represents the amount of a debt owed by Mr. Deichen to the Company which was cancelled by the Company as part of his severance package. Also in connection with the severance package, all of Mr. Deichen's outstanding stock options were cancelled and Mr. Deichen entered into a twelve month consulting agreement with the Company which provides for \$12,000 in aggregate consulting fees.

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OPTION GRANTS IN LAST FISCAL YEAR

<CAPTION>

NAME	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE			
	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (1)	OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR (2)	EXERCISE PRICE <C>	EXPIRATION DATE <C>	VALUE AT ASSUMED		ANNUAL RATES OF STOCK	
					PRICE APPRECIATION FOR OPTION TERM		5% (3)	10% (3)
James R. Leininger, M.D.-----	-0-	-0-	--	--	\$	-0-	\$	-0-
Robert A. Wehrmeyer, Jr.-----	5,000	.41%	\$ 5.75	05/15/03	\$	18,081	\$	45,820
Peter A. Leininger, M.D.-----	5,000	.41%	\$ 5.75	05/15/03	\$	18,081	\$	45,820
Howard W. Deichen-----	5,000	.41%	\$ 5.75	05/15/03	\$	18,081	\$	45,820
Frank DiLazzaro-----	40,000	3.6%	\$ 7.625	02/19/03	\$	191,813	\$	486,091
	4,000		\$ 5.75	05/15/03	\$	14,465	\$	36,656
Daniel R. Puchek-----	25,000	2.4%	\$ 7.625	02/19/03	\$	119,883	\$	303,807
	4,000		\$ 5.75	05/15/03	\$	14,465	\$	36,656

(1) The options vest and become exercisable in twenty percent (20%) increments on May 15 of each year after the date of grant. The options are not transferable, other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order.

(2) The exercise price of all options granted in 1993 was equal to the fair market value of the Common Stock at the close of business on the day immediately prior to the date of grant.

(3) The information in these columns illustrates the value that might be realized upon exercise of the options granted during fiscal 1993 assuming the specified compound rates of appreciation of the Company's Common Stock over the term of the options. The potential realizable value columns of the foregoing table do not take into account certain provisions of the options providing for termination of the option following termination of employment, nontransferability or vesting requirements.

</TABLE>

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AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION VALUE

The named executive officers did not exercise any options during the fiscal year ended December 31, 1993. The following table sets forth certain information concerning the number and value of the options held by the named executive officers at the end of the fiscal year ended December 31, 1993 based upon the closing price of \$4.125 per share of Common Stock on December 31, 1993.

NAME	NUMBER OF UNEXERCISED OPTIONS AT FY-END EXERCISABLE/ UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FY-END EXERCISABLE/ UNEXERCISABLE
James R. Leininger, M.D.-----	-0-	-0-
Robert A. Wehrmeyer, Jr.-----	92,320	\$ 13,020
	20,780	\$ 12,880
Peter A. Leininger, M.D.-----	16,780	\$ 20,160
	21,420	\$ 5,040
Howard W. Deichen-----	-0-	-0-

Frank DiLazzaro-----	37,720	\$ 29,200
	68,580	\$ 14,800
Daniel R. Puchek-----	23,800	\$ 22,120
	44,940	\$ 3,920

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COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN
(KINETIC CONCEPTS, INC., STANDARD & POORS 500,
STANDARD & POORS MEDICAL PRODUCTS & SUPPLIES)

The following graph shows a five year comparison of cumulative total returns for the Company, the Standard & Poors 500 Composite Index and Standard and Poors Medical Products & Supplies Index for the five year period ending December 31, 1993.

{Linear Graph Plotted From Data In Table Below}

	KINETIC CONCEPTS INC	MEDICAL PRODUCTS & SUPPLIES	S&P 500 COMP-LTD
Dec 88	\$100.00	\$100.00	\$100.00
Mar 89	77.61	105.76	107.09
Jun 89	64.18	116.18	116.54
Sep 89	61.19	127.55	129.02
Dec 89	76.48	137.19	131.69

Mar 90	64.48	129.06	127.72
Jun 90	70.89	145.87	135.76
Sep 90	36.46	136.65	117.10
Dec 90	44.48	161.01	127.59

Mar 91	71.04	201.00	146.13
Jun 91	65.24	193.88	145.80
Sep 91	89.06	214.41	153.59
Dec 91	108.25	263.31	166.47

Mar 92	133.70	222.54	162.27
Jun 92	120.02	221.40	165.35
Sep 92	114.18	208.68	170.56
Dec 92	132.22	225.60	179.15

Mar 93	92.85	196.72	186.97
Jun 93	58.01	181.59	187.89
Sep 93	48.75	158.13	192.74
Dec 93	54.10	172.05	197.21

The total cumulative return on investment (change in the year end stock price plus reinvested dividends) for each of the periods for the Company, the Standard & Poors 500 Composite Index and the Standard and Poors Medical Products & Supplies Index is based on the stock price or composite index on December 31, 1988 and on the last day of March, June, September and December of each year thereafter. The comparison assumes that \$100 was invested in the Company's Common Stock and in each of the two indices and that all dividends were reinvested.

BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The members of the Company's Compensation Committee are Frank A. Ehmann, Chairman, James R. Leininger, M.D. and Bernhard T. Mittemeyer, M.D. The members of the Compensation Committee are also the only members of the Stock Option Committee. In determining the compensation to be paid to the Company's executive officers in 1993, the Compensation Committee employed compensation policies designed to reward the Company's executive officers and other key employees

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for achieving the net earnings target set forth in the Company's business plan. The key components of executive compensation are (i) base salary, (ii) cash bonus awards under the Management Incentive Compensation Program (the 'MICP'), and (iii) stock options granted under the 1987 Kinetic Concepts, Inc. Key Contributor Stock Option Plan.

Except for the salaries of James R. Leininger, M.D. and Peter A. Leininger, M.D., the base salaries of the Company's executive officers are recommended by James R. Leininger, M.D. to the Compensation Committee for its review and approval. The salaries of James R. Leininger, M.D. and Peter A. Leininger, M.D.

are established by the Compensation Committee without the participation of Dr. Leininger. The factors considered by Dr. Leininger or the Compensation Committee, as the case may be, in establishing base salary levels for executive officers were subjective and included the individual's level of responsibility and performance, the financial performance of the Company and the executive officer's department or division and a comparison of base salaries of similar positions within the Company. The performance of the Common Stock was not directly considered in establishing base salaries for Company executive officers. Dr. Peter A. Leininger's base salary was not reviewed by the Compensation Committee in 1993 and remained the same as it was in 1992.

Except with respect to the two individuals noted below, all of the Company's executive officers were eligible to receive cash bonuses under the MICP in 1993. The MICP was intended to attract, retain and properly compensate executive officers and other key employees whose abilities are important to the long-term success of the Company by establishing bonus awards payable based upon the achievement of the Company's internal earnings targets. The Compensation Committee has recently adopted a new compensation plan based upon Economic Value Added principles, entitled the 'RACE Incentive Bonus Plan', which will replace the MICP in 1994. One hundred and forty (140) of the Company's executive officers and key employees were eligible to receive bonuses under the MICP in 1993. Each eligible employee was assigned a target bonus equal to a percentage of their salary. The target bonus percentages ranged between 10% and 50% of salary depending on the salary grade of the individual. The formula set forth in the MICP has two components -- individual performance and Company performance. For executive officers, 25% of an individual's MICP target bonus is based upon individual performance and 75% of an individual's MICP target bonus is based upon the Company's performance. For other employees, 50% or 60% (depending on salary grade level) of an individual's MICP target bonus is based on individual performance and the remainder is based upon Company performance. The portion of the MICP bonus based upon the Company's performance is based upon the percentage achievement of at least 90% of the earnings per share target set forth in the Company's internal budget. In 1993, the Company did not achieve 90% of the earnings per share target set forth in its internal budget and bonuses under the MICP based on the Company's performance were not awarded. Because of the Company's disappointing financial results, the Compensation Committee did not believe that it would be appropriate for the Company to pay MICP participants 100% of the portion of the MICP bonus based on individual performance. As a result, the Compensation Committee reduced the aggregate amount of the MICP bonus based upon individual performance by 50%. A bonus pool equal to one-half of the MICP target bonus based on individual performance was created by the Compensation Committee and distributed in accordance with the recommendations of the executive officers supervising the individual MICP participants. The MICP bonuses awarded to executive officers were determined by Dr. Leininger and were equal, in the aggregate, to approximately 12.5% of such executive officers' target bonuses. The principal factor which Dr. Leininger considered in allocating the MICP bonus pool to executive officers was his subjective assessment of the performance of each executive officer during 1993.

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Daniel R. Puchek, the President of KCI New Technologies, Inc. ('NuTech'), and Frank DiLazzaro, the President of KCI International, Inc. ('KCII'), are the only executive officers of the Company who received a bonus not governed by the MICP. The bonus packages applicable to Mr. Puchek and Mr. DiLazzaro were negotiated on behalf of the Company with the affected individuals by Dr. James R. Leininger and reviewed and approved by the Compensation Committee. Mr. Puchek received bonus compensation in 1993 which was calculated as a percentage of NuTech's revenue and net earnings. Mr. DiLazzaro received a bonus in 1993 which was calculated as a percentage of KCII's net earnings.

Stock options are granted to executive officers on an annual basis. The Stock Option Committee relies upon senior management's recommendations in awarding stock options. Such recommendations are typically based upon salary grade level, length of service and performance of the employee in the prior year. In addition, special grants are awarded during the year to recognize outstanding performance, eliminate perceived inequities and reward individuals for increases in responsibility. Previously granted options are considered by senior management in making recommendations to the Stock Option Committee with respect to stock options to be granted to executive officers.

The Compensation Committee's determination of Dr. Leininger's base compensation is somewhat unique because of Dr. Leininger's significant ownership interest in the Company. Because the Compensation Committee believes that overall enhancement of shareholder value is a more significant incentive for Dr. Leininger than cash compensation, Dr. Leininger's compensation is set at a level which the Compensation Committee believes is lower than the base compensation of

chief executive officers of comparable companies. The Committee has not performed a review of comparable companies. The Compensation Committee did not specifically review Dr. Leininger's base compensation in 1993 and has not increased Dr. Leininger's base compensation in the last three years. In 1993 Dr. Leininger received a bonus based solely upon the formula contained in the MICP. Dr. Leininger received one-half of the individual portion of the MICP bonus (approximately 12.5% of his target bonus) for which he was eligible. Because Dr. Leininger is a member of the Stock Option Committee, he is not eligible to receive stock options under the Stock Option Plan. Dr. Leininger did not participate in any deliberations of the Compensation Committee concerning his compensation or the compensation of his brother, Peter A. Leininger, M.D.

In 1993, the federal tax laws were amended to limit the deduction a publicly-held company is allowed for compensation paid in taxable years beginning on or after January 1, 1994 to the chief executive officer and to the four most highly compensated executive officers other than the chief executive officer. Generally, amounts paid in excess of \$1 million to a covered executive, other than performance-based compensation, cannot be deducted. In order to constitute performance-based compensation for purposes of the new tax law, the performance measures must be approved by the shareholders. The Compensation Committee will consider ways to maximize the deductibility of executive compensation, while retaining the discretion the Compensation Committee deems necessary to compensate executive officers in a manner commensurate with performance and the competitive environment for executive talent.

FRANK A. EHMANN
JAMES R. LEININGER, M.D.
BERNHARD T. MITTEMEYER, M.D.

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CERTAIN TRANSACTIONS

LOANS TO EXECUTIVE OFFICERS

Howard W. Deichen, the Company's former Chief Financial Officer, received a loan of \$224,900 on August 31, 1987 from the Company in connection with the exercise by Mr. Deichen of a stock option granted to him by the Company. This loan, including unpaid interest of \$38,374, was cancelled on November 1, 1993 as part of a severance package for Mr. Deichen.

RELATED PARTY FEES

Mission City Television, Inc., which is owned by James R. Leininger, M.D., received \$255,683 in fees for video production services rendered to the Company during 1993. The services included the production of quarterly and promotional videos as well as videos for and during the Company's national sales meeting. The fees for these services were comparable to those charged by third parties.

APPOINTMENT OF AUDITORS

The Board of Directors has appointed the firm of KPMG Peat Marwick to audit the financial statements of the Company and its subsidiaries for the 1994 fiscal year. Representatives of KPMG Peat Marwick are expected to be present at the Annual Meeting of Shareholders. They will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Approval of the appointment of auditors is not a matter which is required to be submitted to a vote of shareholders, but the Board of Directors considers it appropriate for the shareholders to express or withhold their approval of the appointment. If shareholder approval should be withheld, the Board of Directors would consider an alternative appointment for the succeeding fiscal year. The Board of Directors recommends that the shareholders vote 'FOR' Item No. 2 approving the appointment of auditors. A majority of the shares present and entitled to vote thereon is required for approval.

TIMELINESS OF CERTAIN SEC FILINGS

During the fiscal year ended December 31, 1993, Peter A. Leininger, M.D., Frank A. Ehmann and Bernhard T. Mittemeyer, M.D. were each late in filing one SEC Form 4.

SHAREHOLDER PROPOSALS FOR 1995 ANNUAL MEETING

Proposals of shareholders intended to be presented at the 1995 Annual Meeting must be received in writing by the Company at its principal executive

offices not later than November 30, 1994. The Company's principal executive offices are located at 8023 Vantage Drive, San Antonio, Texas 78230.

OTHER MATTERS

No business other than the matters set forth in this Proxy Statement is expected to come before the meeting, but should any other matters requiring a vote of shareholders arise, including a question of adjourning the meeting, the persons named in the accompanying proxy will vote thereon according to their best judgment in the interests of the Company. If any of the nominees for office of director should withdraw or otherwise become unavailable for reasons not presently known, the persons

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named as proxies may vote for another person in his place in what they consider the best interests of the Company.

Upon the written request of any person whose proxy is solicited hereunder, the Company will furnish without charge to such person a copy of its annual report filed with the Securities and Exchange Commission on Form 10-K, including financial statements and schedules thereto, for the 1993 fiscal year. Such written request is to be directed to the attention of Dennis E. Noll, Secretary, Kinetic Concepts, Inc., 8023 Vantage Drive, P.O. Box 659508, San Antonio, Texas 78265-9508.

KINETIC CONCEPTS, INC.
DENNIS E. NOLL
Secretary

Dated: April 4, 1994

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Graphic and Image Information Appendix

A performance graph showing five year cumulative total return among the Company, the Standard & Poors 500 Composite Index and Standard & Poors Medical Products & Supplies Index appears on page 9. The coordinates used in the graph also appear on page 9.

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THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints James R. Leininger, M.D., Bianca A. Rhodes and Dennis E. Noll, and each of them, as Proxies, each with the power to appoint his or her substitute, and hereby authorizes him or her to represent and to vote, as designated on the reverse side, all the shares of common stock of Kinetic Concepts, Inc. held of record by the undersigned on March 23, 1994 at the Annual Meeting of Shareholders to be held on May 10, 1994 or any adjournment thereof with all powers which the undersigned would possess if personally present.

The undersigned acknowledges receipt of the Notice of Annual Meeting of Shareholders and Proxy Statement of Kinetic Concepts, Inc. dated March 29, 1994.

PLEASE MARK, SIGN DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

CONTINUED AND TO BE SIGNED ON REVERSE SIDE SEE REVERSE SIDE

{BACK}

/X/ Please mark votes as in this example.

This proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted "FOR" Proposals 1 and 2.

1. ELECTION OF DIRECTORS

Nominees: Sam A. Brooks, Frank A. Ehman, James R. Leininger, M.D., Peter A. Leininger, M.D. and Bernhard T. Mittemeyer, M.D.

// FOR all nominees
// WITHELD from all nominees
// For, except vote withheld from the following nominees

2. PROPOSAL TO APPROVE THE APPOINTMENT OF KPMG PEAT MARWICK as the independent public accountants of the corporation for the 1994 fiscal year.

