

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2019

OR

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

Commission file number: 001-13149

stryker

STRYKER CORPORATION
(Exact name of registrant as specified in its charter)

Michigan

(State of incorporation)

38-1239739

(I.R.S. Employer Identification No.)

2825 Airview Boulevard, Kalamazoo, Michigan

(Address of principal executive offices)

49002

(Zip Code)

(269) 385-2600

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.10 Par Value	SYK	New York Stock Exchange
1.125% Notes due 2023	SYK23	New York Stock Exchange
0.250% Notes due 2024	SYK24A	New York Stock Exchange
2.125% Notes due 2027	SYK27	New York Stock Exchange
0.750% Notes due 2029	SYK29	New York Stock Exchange
2.625% Notes due 2030	SYK30	New York Stock Exchange
1.000% Notes due 2031	SYK31	New York Stock Exchange
Floating Rate Notes due 2020	SYK20A	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 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

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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer

Accelerated filer

Emerging growth company

Non-accelerated filer

Small reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$71,863,352,935 at June 30, 2019. There were 374,575,145 shares outstanding of the registrant's common stock, \$0.10 par value, on January 31, 2020.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement to be filed with the U.S. Securities and Exchange Commission relating to the 2020 Annual Meeting of Shareholders (the 2020 proxy statement) are incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS.

Stryker Corporation (Stryker or the Company) is one of the world's leading medical technology companies and, together with its customers, is driven to make healthcare better. The Company offers innovative products and services in Orthopaedics, Medical and Surgical, and Neurotechnology and Spine that help improve patient and hospital outcomes.

Our core values guide our behaviors and actions and are fundamental to how we execute our mission.

Mission

Together with our customers,
we are driven
to make healthcare better.

Values

Integrity We do what's right Accountability We do what we say People We grow talent Performance We deliver

Stryker was incorporated in Michigan in 1946 as the successor company to a business founded in 1941 by Dr. Homer H. Stryker, a prominent orthopaedic surgeon and the inventor of several medical products. Our products are sold in over 75 countries through company-owned subsidiaries and branches, as well as third-party dealers and distributors, and include implants used in joint replacement and trauma surgeries; surgical equipment and surgical navigation systems; endoscopic and communications systems; patient handling, emergency medical equipment and intensive care disposable products; neurosurgical, neurovascular and spinal devices; as well as other products used in a variety of medical specialties. In the United States most of our products are marketed directly to doctors, hospitals and other healthcare facilities.

As used herein, and except where the context otherwise requires, "Stryker," "we," "us," and "our" refer to Stryker Corporation and its consolidated subsidiaries.

Business Segments and Geographic Information

We segregate our operations into three reportable business segments: Orthopaedics, MedSurg and Neurotechnology and Spine. Financial information regarding our reportable business segments and certain geographic information is included under "Consolidated Results of Operations" in Item 7 of this report and Note 14 to our Consolidated Financial Statements.

Net Sales by Reportable Segment

	2019		2018		2017	
Orthopaedics	\$ 5,252	35%	\$ 4,991	37%	\$ 4,713	38%
MedSurg	6,574	44	6,045	44	5,557	45
Neurotechnology and Spine	3,058	21	2,565	19	2,174	17
Total	\$ 14,884	100%	\$ 13,601	100%	\$ 12,444	100%

Orthopaedics

Orthopaedics products consist primarily of implants used in hip and knee joint replacements and trauma and extremities surgeries. We bring patients and physicians advanced implant designs and

specialized instrumentation that make orthopaedic surgery and recovery simpler, faster and more effective. We support surgeons with the technology and services they need as they develop new surgical techniques. The Mako Robotic-Arm Assisted Surgical System was designed to help surgeons provide patients with a personalized surgical experience based on their specific diagnosis and anatomy. The Mako System currently offers three applications supporting Partial Knee, Total Hip and Total Knee procedures. Mako is the only robotic-arm assisted technology enabled by 3D CT-based pre-operative planning, and with AccuStop™ haptic technology, Mako provides surgeons intra-operative haptic guidance for bone preparation and implant placement.

Stryker is one of four leading global competitors for joint replacement and trauma and extremities products; the other three being Zimmer Biomet Holdings, Inc. (Zimmer), DePuy Synthes (a Johnson & Johnson company) and Smith & Nephew plc (Smith & Nephew).

Composition of Orthopaedics Net Sales

	2019		2018		2017	
Knees	\$ 1,815	35%	\$ 1,701	34%	\$ 1,595	34%
Hips	1,383	26	1,336	27	1,303	28
Trauma and Extremities	1,639	31	1,580	32	1,478	31
Other	415	8	374	7	337	7
Total	\$ 5,252	100%	\$ 4,991	100%	\$ 4,713	100%

MedSurg

MedSurg products include surgical equipment and navigation systems (Instruments), endoscopic and communications systems (Endoscopy), patient handling, emergency medical equipment and intensive care disposable products (Medical), reprocessed and remanufactured medical devices (Sustainability) and other medical device products used in a variety of medical specialties.

Stryker is one of five leading global competitors in Instruments; the other four being Zimmer, Medtronic plc., Johnson & Johnson and ConMed Linvatec, Inc. (a subsidiary of CONMED Corporation). In Endoscopy we compete with Smith & Nephew, ConMed Linvatec, Arthrex, Inc., Karl Storz GmbH & Co., Olympus Optical Co. Ltd. and STERIS plc. In Medical our primary competitors are Hill-Rom Holdings, Inc., Zoll Medical Corporation, Medline Industries and Ferno-Washington, Inc.

Composition of MedSurg Net Sales

	2019		2018		2017	
Instruments	\$ 2,041	31%	\$ 1,822	30%	\$ 1,678	30%
Endoscopy	1,983	30	1,846	31	1,652	30
Medical	2,264	34	2,118	35	1,969	35
Sustainability	286	5	259	4	258	5
Total	\$ 6,574	100%	\$ 6,045	100%	\$ 5,557	100%

In 2019 Instruments acquired SafeAir AG, a Swiss medical device company dedicated to the design, development and manufacture of innovative surgical smoke evacuation solutions. The company's smoke evacuation products help reduce staff and patient exposure to hazards associated with surgical smoke. Instruments also acquired TSO3, a Quebec City developer of sterilization processes, related consumable supplies and accessories utilized in sterile hospital environments that offer an advantageous replacement solution to other low temperature sterilization processes.

In 2019 Endoscopy launched the 1688 Advanced Imaging Modalities platform, the next generation of its flagship visualization technology with 4K image quality and ICG fluorescence overlay. The 1688, coupled with the SPY-PHI portable handheld imager, delivers a standardized system for a multitude of minimally invasive and open surgical procedures.

Neurotechnology and Spine

Neurotechnology and Spine products include neurosurgical, neurovascular, and spinal implant devices. Our neurotechnology offering includes products used for minimally invasive endovascular techniques; a comprehensive line of products for traditional brain and open skull based surgical procedures; orthobiologic and biosurgery products, including synthetic bone grafts and vertebral augmentation products; and minimally invasive products for the treatment of acute ischemic and hemorrhagic stroke. Our spinal implant offering includes cervical, thoracolumbar and interbody systems used in spinal injury, deformity and degenerative therapies.

Stryker is one of five leading global competitors in Neurotechnology; the other four being Medtronic, Johnson & Johnson, Terumo Corporation and Penumbra, Inc. Stryker is one of five leading global competitors in Spine; the other four being Medtronic Sofamor Danek, Inc. (a subsidiary of Medtronic), DePuy Synthes, Nuvasive, Inc. and Globus Medical, Inc.

Composition of Neurotechnology and Spine Net Sales

	2019		2018		2017	
Neurotechnology	\$ 1,973	65%	\$ 1,737	68%	\$ 1,423	65%
Spine	1,085	35	828	32	751	35
Total	\$ 3,058	100%	\$ 2,565	100%	\$ 2,174	100%

In 2019 Stryker received Food and Drug Administration (FDA) pre-market approval (PMA) of its Neuroform Atlas™ Stent System for the treatment of wide-neck intracranial aneurysms in conjunction with embolic detachable coils in the anterior circulation of the neurovasculature. The Neuroform Atlas™ device was previously approved under a humanitarian device exemption, which restricted use to specific hospitals with institutional review board approval. PMA was granted based on robust clinical trial evidence proving the efficacy of the device.

In 2018 Stryker received FDA PMA for the Surpass Streamline™ Flow Diverter to treat unruptured large and giant wide neck intracranial aneurysms. The device was the second flow diverting stent to gain FDA approval in the United States, expanding our commercial footprint into the flow diversion market and reinforcing our commitment to complete stroke care for patients suffering from cerebrovascular disease. Stryker’s next generation flow diverting stent, Surpass Evolve™, received CE mark approval in 2019.

Raw Materials and Inventory

Raw materials essential to our business are generally readily available from multiple sources; however, certain of our raw materials are currently sourced from single suppliers. Substantially all products we manufacture are stocked in inventory, while certain MedSurg products are assembled to order.

Patents and Trademarks

Patents and trademarks are significant to our business 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. We seek to obtain patent protection on our products whenever appropriate for protecting our competitive advantage. On December 31, 2019 we owned approximately 3,392 United States patents and approximately 5,491 international patents.

Seasonality

Our business is generally not seasonal in nature; however, the number of orthopaedic implant surgeries is typically lower in the summer months, and sales of capital equipment are generally higher in the fourth quarter.

Competition

In each of our product lines we compete with local and global companies. The development of new and innovative products is important to our success in all areas of our business. Competition in research involving the development and improvement of new and existing products and processes is particularly significant. The competitive environment requires substantial investments in continuing research and maintaining sales forces.

We believe our commitment to innovation, quality and service and our reputation differentiates us in the highly competitive product categories in which we operate and enables us to compete effectively. We believe that our competitive position in the future will depend to a large degree on our ability to develop new products and make improvements to existing products.

Regulation

Our businesses are subject to varying degrees of governmental regulation in the countries in which we operate, and the general trend is toward increasingly stringent regulation.

In the United States the Medical Device Amendments of 1976 to the Federal Food, Drug and Cosmetic Act and its subsequent amendments and the regulations issued and proposed thereunder provide for regulation by the FDA of the design, manufacture and marketing of medical devices, including most of our products. Many of our new products fall into FDA classifications that require notification submitted as a 510(k) and review by the FDA before we begin marketing them. Certain of our products require extensive clinical testing, consisting of safety and efficacy studies, followed by pre-market approval (PMA) applications for specific surgical indications. Certain of our products also fall under the FDA’s drug classification, as well as other FDA classifications.

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

The member states of the European Union (EU) adopted the European Medical Device Directives, which form a single set of medical device regulations for all EU member countries. These regulations require companies that manufacture and distribute medical devices in EU member countries to meet certain quality system requirements and obtain CE marking for their products. We have authorization to apply the CE marking to substantially all of our products. In addition, the EU enacted the EU Medical Device Regulation (EU MDR) in May 2017 with an effective date of May 2020, which imposes stricter requirements for the marketing and sale of medical devices, including in the areas of clinical evaluation requirements, quality systems, labeling and post-market surveillance. Finally, we are required to comply with the unique regulatory requirements of each of the countries in Europe and other countries, including China, in which we market our products.

Initiatives to limit the growth of general healthcare expenses and hospital costs are ongoing in the markets in which we do business. These initiatives are sponsored by government agencies, legislative bodies and the private sector and include price regulation and competitive pricing. It is not possible to predict at this time the long-term impact of such cost containment measures on our future business. In addition, business practices in the healthcare industry are scrutinized, particularly in the United States, by federal and state government agencies. The resulting investigations and prosecutions carry the risk of significant civil and criminal penalties.

Environment

We are subject to various rules and regulation in the United States and internationally related to the protection of human health and the environment. Our operations involve the use of substances regulated under environmental laws, primarily in manufacturing and sterilization processes. We believe our policies, practices and procedures are properly designed to comply, in all material respects, with applicable environmental laws and regulations. We do not expect compliance with these requirements to have a material effect on purchases of property, plant and equipment, cash flows, net earnings or competitive position.

Employees

On December 31, 2019 we had approximately 40,000 employees globally.

Information about our Executive Officers

As of January 31, 2020

Name	Age	Title	First Became an Executive Officer
Kevin A. Lobo	54	Chairman and Chief Executive Officer	2011
Yin C. Becker	56	Vice President, Communications, Public Affairs and Corporate Marketing	2016
William E. Berry Jr.	54	Vice President, Corporate Controller and Principal Accounting Officer	2014
Glenn S. Boehnlein	58	Vice President, Chief Financial Officer	2016
M. Kathryn Fink	50	Vice President, Chief Human Resources Officer	2016
Robert S. Fletcher	49	Vice President, Chief Legal Officer	2019
Viju S. Menon	52	Group President, Global Quality and Operations	2018
Katherine A. Owen	49	Vice President, Strategy and Investor Relations	2007
Timothy J. Scannell	55	President and Chief Operating Officer	2008

Each of our executive officers was elected by our Board of Directors to serve in the office indicated until the first meeting of the Board of Directors following the annual meeting of shareholders in 2020 or until a successor is chosen and qualified or until his or her resignation or removal. Each of our executive officers held the position above or served Stryker in various executive or administrative capacities for at least five years, except for Mr. Fletcher and Mr. Menon. Prior to joining Stryker in April 2019, Mr. Fletcher held various legal leadership roles with Johnson & Johnson for the previous 14 years, most recently as the Worldwide Vice President, Litigation. Prior to joining Stryker in April 2018, Mr. Menon held various senior supply chain leadership roles with Verizon Communications Inc. during the previous eight years, most recently as the Chief Supply Chain Officer.

Available Information

Our main corporate website address is www.stryker.com. Copies of our filings with the United States Securities and Exchange Commission (SEC) are available free of charge on our website within the "Investors Relations" section as soon as reasonably practicable after having been electronically filed or furnished to the SEC. All SEC filings are also available at the SEC's website at www.sec.gov.

ITEM 1A. RISK FACTORS.

This report contains statements that are not historical facts and are considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current projections about operations, industry conditions, financial condition and liquidity. Words that identify

forward-looking statements include words such as "may," "could," "will," "should," "possible," "plan," "predict," "forecast," "potential," "anticipate," "estimate," "expect," "project," "intend," "believe," "may impact," "on track," "goal," "strategy" and words and terms of similar substance used in connection with any discussion of future operating or financial performance, an acquisition or our businesses. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Those statements are not guarantees and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results could differ materially and adversely from these forward-looking statements. Some important factors that could cause our actual results to differ from our expectations in any forward-looking statements include the risks discussed below.

Our operations and financial results are subject to various risks and uncertainties discussed below that could materially and adversely affect our business, cash flows, financial condition and results of operations. Additional risks and uncertainties not currently known to us or that we currently deem not to be material may also materially and adversely affect our business, cash flows, financial condition or results of operations.

LEGAL AND REGULATORY RISKS

Current economic and political conditions make tax rules in jurisdictions subject to significant change: Our future results of operations could be affected by changes in the effective tax rate as a result of changes in tax laws, regulations and judicial rulings. In December 2017, the Tax Cuts and Jobs Act of 2017 was signed into law in the United States. We are continuing to evaluate the impact of tax reform as new guidance and regulations are published. In addition, further changes in the tax laws of foreign jurisdictions could arise, including as a result of the base erosion and profit shifting (BEPS) project undertaken by the Organisation for Economic Cooperation and Development (OECD). The OECD, which represents a coalition of member countries, has issued recommendations that, in some cases, would make substantial changes to numerous long-standing tax positions and principles. These contemplated changes, to the extent adopted by OECD members and/or other countries, could increase tax uncertainty and may adversely affect our provision for income taxes.

The impact of United States healthcare reform legislation on our business remains uncertain: In 2010 the Patient Protection and Affordable Care Act (ACA) was enacted. While the provisions of the ACA are intended to expand access to health insurance coverage and improve the quality of healthcare over time, other provisions of the legislation, including Medicare provisions aimed at decreasing costs, comparative effectiveness research, an independent payment advisory board and pilot programs to evaluate alternative payment methodologies, are having a meaningful effect on the way healthcare is developed and delivered and could have a significant effect on our business. There have been ongoing judicial and congressional efforts to modify or repeal all or certain provisions of the ACA. Among other things, the ACA imposed a 2.3 percent excise tax on medical devices that applies only to United States sales, which are a majority of our medical device sales. Congress suspended the excise tax for 2016 and 2017 and the suspension was once again upheld in January 2018 for two years. In December 2019, the excise tax was permanently repealed. We face uncertainties that might result from modification or repeal of any of the provisions of the ACA, including as a result of current and future executive orders and legislative actions. We cannot predict what other healthcare programs and regulations will ultimately be implemented at the federal or state level or the effect

of any future legislation or regulation in the United States may have on our business.

We are subject to extensive governmental regulation relating to the classification, manufacturing, labeling, marketing and sale of our products: The classification, manufacturing, labeling, marketing and sale of our products are subject to extensive and evolving regulations and rigorous regulatory enforcement by the FDA, European Union (EU), the National Medical Products Administration (NMPA) in China, and other governmental authorities in the United States and internationally. The process of obtaining regulatory clearances and/or approvals to market and sell our products can be costly and time consuming and the clearances and/or approvals might not be granted timely. We have ongoing responsibilities under the laws and regulations applicable to the manufacturing of products within our facilities and those contracted by third parties that are subject to periodic inspections by the FDA and other governmental authorities to determine compliance with the quality system, medical device reporting regulations and other requirements. Costs to comply with regulations, including the EU Medical Device Regulation enacted by the EU in May 2017 and effective in May 2020, and the regulatory laws established by the NMPA in China, and costs associated with remediation can be significant. If we fail to comply with applicable regulatory requirements, we may be subject to a range of sanctions, including substantial fines, warning letters that require corrective action, product seizures, recalls, the suspension of product manufacturing, revocation of approvals, exclusion from future participation in government healthcare programs, substantial fines and criminal prosecution.

We are subject to federal, state and foreign healthcare regulations, including anti-bribery and anti-corruption laws, and could face substantial penalties if we fail to comply with such regulations and laws: The relationships that we, and third parties that market and/or sell our products, have with healthcare professionals, such as physicians, hospitals and other healthcare organizations, are subject to scrutiny under various state and federal laws often referred to collectively as healthcare fraud and abuse laws. In addition, the United States and foreign government regulators have increased the enforcement of the Foreign Corrupt Practices Act (FCPA) and other anti-bribery laws. We also must comply with a variety of other laws that impose extensive tracking and reporting related to all transfers of value provided to certain healthcare professionals. These laws and regulations are broad in scope and are subject to evolving interpretation and we have in the past been, and in the future could be, required to incur substantial costs to monitor compliance or to alter our practices. Violations of these laws may be punishable by criminal or civil sanctions, including substantial fines, imprisonment of current or former employees and exclusion from participation in governmental healthcare programs. In 2013 and 2018 we settled claims brought by the Securities and Exchange Commission (SEC) related to the FCPA. Pursuant to these settlements, we paid fines and penalties, and we are working with an independent compliance consultant to implement recommendations that resulted from the independent compliance consultant's review of our commercial practices.

We are subject to data privacy and protection regulations and laws globally, and could face substantial penalties if we fail to comply with such regulations and laws: We are subject to a variety of laws and regulations globally regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personally identifiable healthcare information. For example, Europe's General Data Protection Regulation (GDPR), which became effective in May 2018, applies to all of our activities related

to products and services that we offer to EU customers and employees. The GDPR established new requirements regarding the handling of personal data and includes significant penalties for non-compliance (including possible fines of up to 4% of total company revenue). Other governmental authorities around the world are considering similar types of legislative and regulatory proposals concerning data protection, which could impose significant limitations and increase our cost of providing our products and services where we process personal data. These laws and regulations are broad in scope and are subject to evolving interpretation and we have in the past been, and in the future could be, required to incur substantial costs to monitor compliance or to alter our practices.

We may be adversely affected by product liability claims, unfavorable court decisions or legal settlements: We are exposed to potential product liability risks inherent in the design, manufacture and marketing of medical devices, many of which are implanted in the human body for long periods of time or indefinitely. We are currently defendants in a number of product liability matters, including those relating to our Rejuvenate and ABGII Modular-Neck hip stems and LFIT Anatomic CoCr V40 Femoral Heads discussed in Note 7 to our Consolidated Financial Statements. These matters are subject to many uncertainties and outcomes are not predictable. In addition, we may incur significant legal expenses regardless of whether we are found to be liable. We are self-insured for product liability-related claims and expenses.

Intellectual property litigation and infringement claims could cause us to incur significant expenses or prevent us from selling certain of our products: The medical device industry is characterized by extensive intellectual property litigation and, from time to time, we are the subject of claims of infringement or misappropriation. Regardless of outcome, such claims are expensive to defend and divert management and operating personnel from other business issues. A successful claim or claims of patent or other intellectual property infringement against us could result in payment of significant monetary damages and/or royalty payments or negatively impact our ability to sell current or future products in the affected category.

Dependence on patent and other proprietary rights and failing to protect such rights or to be successful in litigation related to such rights may impact offerings in our product portfolios: Our long-term success largely depends on our ability to market technologically competitive products. If we fail to obtain or maintain adequate intellectual property protection, it could allow others to sell products that directly compete with proprietary features in our product portfolio. Also, our issued patents may be subject to claims challenging their validity and scope and raising other issues. In addition, currently pending or future patent applications may not result in issued patents.

MARKET RISKS

We have exposure to exchange rate fluctuations on cross border transactions and translation of local currency results into United States Dollars: We report our financial results in United States Dollars and approximately 30% of our net sales are denominated in foreign currencies, including the Australian Dollar, British Pound, Euro and Japanese Yen. Cross border transactions with external parties and intercompany relationships result in increased exposure to foreign currency exchange effects. While we use derivative instruments to manage the impact of currency exchange, our hedging strategies may not be successful, and our unhedged exposures continue to be subject to currency fluctuations. In addition, the weakening or strengthening of the United States Dollar results in favorable or unfavorable translation

effects when the results of our foreign locations are translated into United States Dollars.

Additional capital that we may require in the future may not be available to us or may only be available to us on unfavorable terms: Our future capital requirements will depend on many factors, including operating requirements, current and future acquisitions and the need to refinance existing debt. Our ability to issue additional debt or enter into other financing arrangements on acceptable terms could be adversely affected by our debt levels, unfavorable changes in economic conditions or uncertainties that affect the capital markets. Changes in credit ratings issued by nationally recognized credit rating agencies could also adversely affect our access to and cost of financing. Higher borrowing costs or the inability to access capital markets could adversely affect our ability to support future growth and operating requirements.

BUSINESS AND OPERATIONAL RISKS

We are subject to cost containment measures in the United States and other countries resulting in pricing pressures: Initiatives to limit the growth of general healthcare expenses and hospital costs are ongoing in the markets in which we do business. These initiatives are sponsored by government agencies, legislative bodies and the private sector and include price regulation and competitive pricing. Pricing pressure has also increased due to continued consolidation among healthcare providers, trends toward managed care, the shift toward governments becoming the primary payers of healthcare expenses, reduction in reimbursement levels and medical procedure volumes and government laws and regulations relating to sales and promotion, reimbursement and pricing generally.

We operate in a highly competitive industry in which competition in the development and improvement of new and existing products is significant: The markets in which we compete are highly competitive. New products and surgical procedures are introduced on an ongoing basis and our present or future products could be rendered obsolete or uneconomical by technological advances by our competitors, who may respond more quickly to new or emerging technologies, undertake more extensive marketing campaigns, have greater financial, marketing and other resources or be more successful in attracting potential customers, employees and strategic partners.

We may be unable to maintain adequate working relationships with healthcare professionals: We seek to maintain close working relationships with respected physicians and medical personnel in healthcare organizations such as hospitals and universities who assist in product research and development. We rely on these professionals to assist us in the development and improvement of proprietary products. If we are unable to maintain these relationships, our ability to develop, market and sell new and improved products could be adversely affected.

We rely on indirect distribution channels and major distributors that are independent of Stryker: In many markets, we rely on indirect distribution channels to market, distribute, and sell our products. These indirect channels often are the main point of contact for the healthcare professional and healthcare organization customers who buy and use our products. Our ability to continue to market, distribute, and sell our products may be at risk if the indirect channels choose to sell competitive products, choose to stop selling medical technology, or are subject to new or additional government regulation.

We are subject to additional risks associated with our extensive global operations: We develop, manufacture and distribute our products globally. Our global operations are subject to risks and potential costs, including changes in reimbursement,

changes in regulatory requirements, differing local product preferences and product requirements, diminished protection of intellectual property in some countries, tariffs and other trade protection measures, international trade disputes and import or export requirements, difficulty in staffing and managing foreign operations, introduction of new internal business structures and programs, and political and economic instability (such as the United Kingdom's exit from the European Union, commonly referred to as "Brexit"). Our business could be adversely impacted if we are unable to successfully manage these and other risks of global operations in an increasingly volatile environment.

We may be unable to capitalize on previous or future acquisitions: In addition to internally developed products, we invest in new products and technologies through acquisitions. Such investments are inherently risky, and we cannot guarantee that any acquisition will be successful or will not have a material unfavorable impact on us. The risks include the activities required and resources allocated to integrate new businesses, diversion of management time that could adversely affect management's ability to focus on other projects, the inability to realize the expected benefits, savings or synergies from the acquisition, the loss of key personnel, litigation resulting from the acquisition and exposure to unexpected liabilities of acquired companies. In addition, we cannot be certain that the businesses we acquire will become or remain profitable.

We may be unable to close the Wright Medical acquisition or, if the acquisition does close, to capitalize on it: The completion of the acquisition of Wright Medical Group N.V. (Wright) is subject to a number of conditions. The failure to satisfy all of the required conditions, including the receipt of required regulatory clearances, could delay the completion of the transaction for a significant period of time or prevent it from occurring at all. Any delay in completing the transaction could cause us not to realize some or all of the expected benefits of the transaction or to realize them on a different timeline than expected. In addition, the terms and conditions of the required regulatory clearances for the acquisition may impose requirements, limitations or costs that may materially delay the completion of the transaction or could materially adversely affect the expected benefits of the transaction. Any breach by us of the acquisition agreement could also subject us to material liabilities related to the transaction.

If completed, the success of the Wright acquisition will depend, in part, on our ability to successfully combine and integrate Wright into our businesses and realize the anticipated benefits, including synergies, from the transaction. If we are unable to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits may not be realized fully or at all, or may take longer to realize than expected.

The integration of Wright into Stryker may result in material challenges, including: the diversion of management's attention from ongoing business concerns and performance shortfalls at one or both of the companies; maintaining employee morale and retaining key management, sales and other employees; retaining existing business and operational relationships; the possibility of faulty assumptions underlying expectations regarding the integration process; consolidating corporate and administrative infrastructures and eliminating duplicative operations; unanticipated issues in integrating information technology, communications and other systems; and unforeseen costs, expenses and liabilities (including litigation related liabilities) associated with the acquisition.

We may incur goodwill impairment charges related to one or more of our business units: We perform our annual impairment test for goodwill in the fourth quarter of each year, or more frequently if indicators are present or changes in circumstances suggest that

impairment may exist. In evaluating the potential for impairment we make assumptions regarding revenue projections, growth rates, cash flows, tax rates and discount rates. These assumptions are uncertain and by nature may vary from actual results. A significant reduction in the estimated fair values could result in impairment charges.

We could be negatively impacted by future changes in the allocation of income to each of the income tax jurisdictions in which we operate: We operate in multiple income tax jurisdictions both in the United States and internationally. Accordingly, our management must determine the appropriate allocation of income to each jurisdiction based on current interpretations of complex income tax regulations. Income tax authorities regularly perform audits of our income tax filings. Income tax audits associated with the allocation of income and other complex issues, including inventory transfer pricing and cost sharing, product royalty and foreign branch arrangements, may require an extended period of time to resolve and may result in significant income tax adjustments.

We could experience a failure of a key information technology system, process or site or a breach of information security, including a cybersecurity breach or failure of one or more key information technology systems, networks, processes, associated sites or service providers: We rely extensively on information technology (IT) systems to conduct business. In addition, we rely on networks and services, including internet sites, cloud and SaaS solutions, data hosting and processing facilities and tools and other hardware, software and technical applications and platforms, some of which are managed, hosted, provided and/or used by third-parties or their vendors, to assist in conducting our business. Numerous and evolving cybersecurity threats pose potential risks to the security of our IT systems, networks and product offerings, as well as the confidentiality, availability and integrity of our data. A security breach, whether of our products, of our customers' network security and systems or of third-party hosting services, could impact the use of such products and the security of information stored therein. While we have made investments seeking to address these threats, including monitoring of networks and systems, hiring of experts, employee training and security policies for employees and third-party providers, the techniques used in these attacks change frequently and may be difficult to detect for periods of time and we may face difficulties in anticipating and implementing adequate preventative measures. If our IT systems are damaged or cease to function properly, the networks or service providers we rely upon fail to function properly, or we or one of our third-party providers suffer a loss or disclosure of our business or stakeholder information due to any number of causes ranging from catastrophic events or power outages to improper data handling or security breaches and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action.

An inability to successfully manage the implementation of our new global enterprise resource planning (ERP) system could adversely affect our operations and operating results: We are in the process of implementing a new global ERP system. This system will replace many of our existing operating and financial systems. Such an implementation is a major undertaking, both financially and from a management and personnel perspective. Any disruptions, delays or deficiencies in the design and implementation of our new ERP system could adversely affect our ability to process orders, ship products, provide services and customer support, send invoices and track payments, fulfill contractual obligations or otherwise operate our business.

We may be unable to attract and retain key employees: Our sales, technical and other key personnel play an integral role in the development, marketing and selling of new and existing products. If we are unable to recruit, hire, develop and retain a talented, competitive work force in our highly competitive industry, we may not be able to meet our strategic business objectives. In addition, if we are unable to maintain an inclusive culture that aligns our diverse work force with our mission and values, this could adversely impact our ability to recruit, hire, develop and retain key talent.

Interruption of manufacturing operations could adversely affect our business: We and our suppliers have manufacturing sites all over the world; however, the manufacturing of certain of our product lines is concentrated in one or more plants or geographic regions. Orthopaedics has principal manufacturing and distribution facilities in the United States in Florida, Indiana, New Jersey and Virginia and outside the United States in China, France, Germany, Ireland, Netherlands, Switzerland, and the United Kingdom. MedSurge has principal manufacturing and distribution facilities in the United States in Arizona, California, Florida, Illinois, Indiana, Michigan, Puerto Rico, Texas and Washington and outside the United States in France, Germany, Ireland, Mexico, Switzerland, Turkey, and the United Kingdom. Neurotechnology and Spine has principal manufacturing and distribution facilities in California, Illinois, Indiana, Utah and Virginia and outside the United States in China, France, Ireland, and Switzerland. Damage to our facilities, to our suppliers' facilities, or to our central distribution centers in Indiana and the Netherlands as a result of natural disasters or otherwise, as well as issues in our manufacturing arising from a failure to follow specific internal protocols and procedures, compliance concerns relating to the quality systems regulation, equipment breakdown or malfunction, environmental hazard incidents or changes to environmental regulations or other factors, could adversely affect the availability of our products. In the event of an interruption in manufacturing, we may be unable to move quickly to alternate means of producing affected products to meet customer demand. In the event of a significant interruption, we may experience lengthy delays in resuming production of affected products due to the need for regulatory approvals. We may experience loss of market share, additional expense and harm to our reputation.

We use a variety of raw materials, components, devices and third-party services in our global supply chains, production and distribution processes; significant shortages, price increases or unavailability of third-party services could increase our operating costs, require significant capital expenditures, or adversely impact the competitive position of our products: Our reliance on certain suppliers to secure raw materials, components and finished devices, and on certain third-party service providers, such as sterilization service providers, exposes us to product shortages and unanticipated increases in prices. In addition, several raw materials, components, finished devices and services are procured from a sole-source due to the quality considerations, unique intellectual property considerations or constraints associated with regulatory requirements. If sole-source suppliers or service providers are acquired or were unable or unwilling to deliver these materials or services, we may not be able to manufacture or have available one or more products during such period of unavailability and our business could suffer. In certain cases we may not be able to establish additional or replacement suppliers for such materials or service providers for such services in a timely or cost effective manner, largely as a result of FDA and other regulations that require, among other things, validation of materials, components and services prior to their use in or with our products.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

We have approximately 24 company-owned and 295 leased locations worldwide including 50 manufacturing locations. We believe that our properties are in good operating condition and adequate for the manufacture and distribution of our products. We do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities.

ITEM 3. LEGAL PROCEEDINGS.

We are 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 the matters described in more detail in Note 7 to our Consolidated Financial Statements.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

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

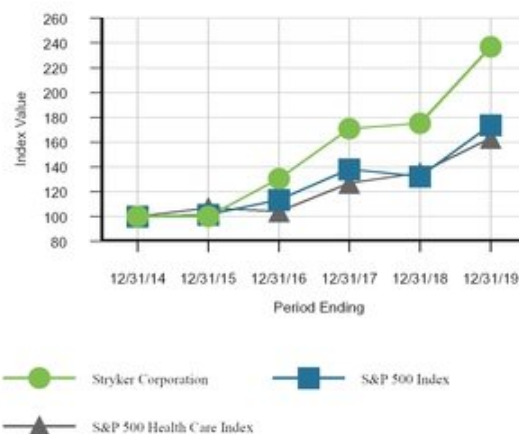
Our common stock is traded on the New York Stock Exchange under the symbol SYK.

Our Board of Directors considers payment of cash dividends at its quarterly meetings. On January 31, 2020 there were 2,617 shareholders of record of our common stock.

We did not repurchase any shares in the three months ended December 31, 2019 and the total dollar value of shares that could be acquired under our authorized repurchase program at December 31, 2019 was \$1,033.

We issued 213 shares of our common stock in the fourth quarter of 2019 as performance incentive awards. These 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.

The following graph compares our total returns (including reinvestments of dividends) against the Standard & Poor's (S&P) 500 Index and the S&P 500 Health Care Index. The graph assumes \$100 (not in millions) invested on December 31, 2014 in our common stock and each of the indices.

COMPARISON OF CUMULATIVE FIVE YEAR TOTAL RETURN

Company / Index	2014	2015	2016	2017	2018	2019
Stryker Corporation	\$ 100.00	\$ 100.01	\$ 130.71	\$ 171.01	\$ 175.18	\$ 237.06
S&P 500 Index	\$ 100.00	\$ 101.38	\$ 113.51	\$ 138.29	\$ 132.23	\$ 173.86
S&P 500 Health Care Index	\$ 100.00	\$ 106.89	\$ 104.01	\$ 126.98	\$ 135.19	\$ 163.34

Dollar amounts in millions except per share amounts or as otherwise specified.

ITEM 6. SELECTED FINANCIAL DATA.

Statement of Earnings Data	2019	2018	2017	2016	2015
Net sales	\$ 14,884	\$ 13,601	\$ 12,444	\$ 11,325	\$ 9,946
Cost of sales	5,188	4,663	4,264	3,821	3,333
Gross profit	\$ 9,696	\$ 8,938	\$ 8,180	\$ 7,504	\$ 6,613
Research, development and engineering expenses	971	862	787	715	625
Selling, general and administrative expenses	5,356	5,099	4,552	4,137	3,610
Recall charges	192	23	173	158	296
Amortization of intangible assets	464	417	371	319	210
Total operating expenses	\$ 6,983	\$ 6,401	\$ 5,883	\$ 5,329	\$ 4,741
Operating income	\$ 2,713	\$ 2,537	\$ 2,297	\$ 2,175	\$ 1,872
Other income (expense), net	(151)	(181)	(234)	(254)	(137)
Earnings before income taxes	\$ 2,562	\$ 2,356	\$ 2,063	\$ 1,921	\$ 1,735
Income taxes	479	(1,197)	1,043	274	296
Net earnings	\$ 2,083	\$ 3,553	\$ 1,020	\$ 1,647	\$ 1,439
Net earnings per share of common stock:					
Basic net earnings per share of common stock	\$ 5.57	\$ 9.50	\$ 2.73	\$ 4.40	\$ 3.82
Diluted net earnings per share of common stock	\$ 5.48	\$ 9.34	\$ 2.68	\$ 4.35	\$ 3.78
Dividends declared per share of common stock	\$ 2.135	\$ 1.93	\$ 1.745	\$ 1.565	\$ 1.415
Balance Sheet Data					
Cash, cash equivalents and current marketable securities	\$ 4,425	\$ 3,699	\$ 2,793	\$ 3,384	\$ 4,079
Accounts receivable, net	2,893	2,332	2,198	1,967	1,662
Inventories	3,282	2,955	2,465	2,030	1,639
Property, plant and equipment, net	2,567	2,291	1,975	1,569	1,199
Total assets	\$ 30,167	\$ 27,229	\$ 22,197	\$ 20,435	\$ 16,223
Accounts payable	675	646	487	437	410
Total debt	11,090	9,859	7,222	6,914	3,998
Shareholders' equity	\$ 12,807	\$ 11,730	\$ 9,980	\$ 9,550	\$ 8,511
Cash Flow Data					
Net cash provided by operating activities	\$ 2,191	\$ 2,610	\$ 1,559	\$ 1,915	\$ 981
Purchases of property, plant and equipment	649	572	598	490	270
Depreciation	314	306	271	227	187
Acquisitions, net of cash acquired	802	2,451	831	4,332	153
Amortization of intangible assets	464	417	371	319	210
Dividends paid	778	703	636	568	521
Repurchase of common stock	307	300	230	13	700
Other Data					
Number of shareholders of record	2,636	2,732	2,850	3,010	3,118
Approximate number of employees	40,000	36,000	33,000	33,000	27,000

Dollar amounts in millions except per share amounts or as otherwise specified.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview of 2019

Our goal is to achieve sales growth at the high-end of the medical technology (MedTech) industry and maintain our long-term capital allocation strategy that prioritizes: (1) Acquisitions, (2) Dividends and (3) Share repurchases.

In 2019 we achieved reported net sales growth of 9.4%. Excluding the impact of acquisitions, sales grew 8.1% in constant currency. We reported net earnings of \$2,083 and net earnings per diluted share of \$5.48. Excluding the impact of certain items, we achieved adjusted net earnings of \$3,139 and growth of 13.0% in adjusted net earnings per diluted share⁽¹⁾.

We continued our capital allocation strategy by investing \$802 in acquisitions, paying \$778 in dividends to our shareholders and using \$307 for share repurchases.

In January 2019 we repaid \$500 of our senior unsecured notes with a coupon of 1.800% that were due on January 15, 2019. In March 2019 we repaid \$750 of our senior unsecured notes with a coupon of 2.000% that were due on March 8, 2019. In December 2019 we issued €2.4 billion senior unsecured notes comprised of €850 of senior unsecured notes with a coupon of 0.250% due December 3, 2024, €800 of senior unsecured notes with a coupon of 0.750% due March 1, 2029 and €750 of senior unsecured notes with a coupon of 1.000% due December 3, 2031.

In January 2020 we repaid \$500 of senior unsecured notes with a coupon of 4.375% that were due on January 15, 2020. Refer to Note 10 to our Consolidated Financial Statements for further information.

⁽¹⁾ Refer to "Non-GAAP Financial Measures" for a discussion of non-GAAP financial measures used in this report and a reconciliation to the most directly comparable GAAP financial measure.

In 2019 we completed acquisitions for total net cash consideration of \$802 and \$294 in future milestone payments primarily due upon the achievement of certain regulatory and commercial milestones. In November 2019 we announced a definitive agreement to acquire all of the issued and outstanding ordinary shares of Wright Medical Group N.V. (Wright) for \$30.75 per share, or an aggregate purchase price of approximately \$5.4 billion (including convertible notes). We expect the acquisition to close in the second half of 2020, subject to the expiration of the waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of other required approvals and clearances under applicable antitrust laws, the adoption of certain resolutions by Wright's shareholders and other customary conditions. Wright is a global medical device company focused on extremities and biologics. Following closing, we plan to integrate Wright into our Trauma and Extremities business within Orthopaedics. See Note 6 to our Consolidated Financial Statements for further information.

In 2019 we repurchased 1.9 million shares of our common stock at a cost of \$307 under our authorized repurchase program. The total dollar value of shares of our common stock that could be acquired under our authorized repurchase program was \$1,033 as of December 31, 2019. When we issued the €2.4 billion of senior unsecured notes we also announced our intention to suspend our share repurchase program in 2020 and 2021.

CONSOLIDATED RESULTS OF OPERATIONS

	2019	2018	2017	Percent Net Sales			Percentage Change	
				2019	2018	2017	Current Year End	Prior Year End
Net sales	\$ 14,884	\$ 13,601	\$ 12,444	100.0 %	100.0 %	100.0 %	9.4 %	9.3 %
Gross profit	9,696	8,938	8,180	65.1	65.7	65.7	8.5	9.3
Research, development and engineering expenses	971	862	787	6.5	6.3	6.3	12.6	9.5
Selling, general and administrative expenses	5,356	5,099	4,552	36.0	37.5	36.6	5.0	12.0
Recall charges, net of insurance proceeds	192	23	173	1.3	0.2	1.4	nm	nm
Amortization of intangible assets	464	417	371	3.1	3.1	3.0	11.3	12.4
Other income (expense), net	(151)	(181)	(234)	(1.0)	(1.3)	(1.9)	(16.6)	(22.6)
Income taxes	479	(1,197)	1,043				nm	nm
Net earnings	\$ 2,083	\$ 3,553	\$ 1,020	14.0 %	26.1 %	8.2 %	(41.4)%	248.3 %
Net earnings per diluted share	\$ 5.48	\$ 9.34	\$ 2.68				(41.3)%	248.5 %
Adjusted net earnings per diluted share⁽¹⁾	\$ 8.26	\$ 7.31	\$ 6.49				13.0 %	12.6 %

Geographic and Segment Net Sales

	2019	2018	2017	Percentage Change			
				Current Year End		Prior Year End	
				As Reported	Constant Currency	As Reported	Constant Currency
Geographic:							
United States	\$ 10,957	\$ 9,848	\$ 9,059	11.3%	11.3%	8.7%	8.7%
International	3,927	3,753	3,385	4.6	9.3	10.9	9.7
Total	\$ 14,884	\$ 13,601	\$ 12,444	9.4%	10.7%	9.3%	9.0%
Segment:							
Orthopaedics	\$ 5,252	\$ 4,991	\$ 4,713	5.2%	6.7%	5.9%	5.4%
MedSurg	6,574	6,045	5,557	8.8	9.9	8.8	8.7
Neurotechnology and Spine	3,058	2,565	2,174	19.2	20.5	18.0	17.4
Total	\$ 14,884	\$ 13,601	\$ 12,444	9.4%	10.7%	9.3%	9.0%

Supplemental Net Sales Growth Information

			Percentage Change							Percentage Change						
	2019	2018	As Reported	Constant Currency	United States		International	Constant Currency	2018	2017	As Reported	Constant Currency	United States		International	Constant Currency
					As Reported	As Reported							As Reported	As Reported		
Orthopaedics:																
Knees	\$ 1,815	\$ 1,701	6.7%	8.1%	8.2%	2.6 %	7.6%	\$ 1,701	\$ 1,595	6.6%	6.3%	6.4%	7.3%	5.7%		
Hips	1,383	1,336	3.5	5.2	5.4	0.3	4.8	1,336	1,303	2.5	2.1	2.2	3.1	2.0		
Trauma and Extremities	1,639	1,580	3.7	5.2	4.9	1.6	5.8	1,580	1,478	6.9	6.2	5.4	9.7	7.4		
Other	415	374	11.2	12.0	11.5	10.0	14.2	374	337	11.0	11.0	8.7	21.3	21.3		
	\$ 5,252	\$ 4,991	5.2%	6.7%	6.8%	1.9 %	6.4%	\$ 4,991	\$ 4,713	5.9%	5.4%	5.2%	7.3%	5.7%		
MedSurg:																
Instruments	\$ 2,041	\$ 1,822	12.0%	13.1%	12.9%	8.7 %	13.8%	\$ 1,822	\$ 1,678	8.6%	8.4%	9.2%	6.4%	6.0%		
Endoscopy	1,983	1,846	7.5	8.6	10.1	(1.8)	3.4	1,846	1,652	11.7	11.9	11.0	14.4	14.7		
Medical	2,264	2,118	6.9	8.1	9.6	(2.4)	2.9	2,118	1,969	7.6	7.5	6.9	9.9	9.4		
Sustainability	286	259	10.4	10.4	9.9	nm	nm	259	258	0.4	0.1	—	100.0	19.5		
	\$ 6,574	\$ 6,045	8.8%	9.9%	10.8%	1.3 %	6.5%	\$ 6,045	\$ 5,557	8.8%	8.7%	8.4%	10.2%	10.0%		
Neurotechnology and Spine:																
Neurotechnology	\$ 1,973	\$ 1,737	13.5%	14.9%	13.9%	12.7 %	16.7%	\$ 1,737	\$ 1,423	22.1%	21.4%	23.9%	18.9%	17.2%		
Spine	1,085	828	31.1	32.3	34.7	21.3	25.4	828	751	10.3	9.9	6.9	20.8	19.1		
	\$ 3,058	\$ 2,565	19.2%	20.5%	21.3%	14.9 %	18.9%	\$ 2,565	\$ 2,174	18.0%	17.4%	17.3%	19.4%	17.6%		
Total	\$ 14,884	\$ 13,601	9.4%	10.7%	11.3%	4.6 %	9.3%	\$ 13,601	\$ 12,444	9.3%	9.0%	8.7%	10.9%	9.7%		

nm - not meaningful

Consolidated Net Sales

Consolidated net sales in 2019 increased 9.4% as reported and 10.7% in constant currency, as foreign currency exchange rates negatively impacted net sales by 1.3%. Excluding the 2.6% impact of acquisitions, net sales in constant currency increased by 9.0% from increased unit volume partially offset by 0.9% due to lower prices. The unit volume increase was primarily due to higher shipments of medical, instruments, endoscopy, neurotechnology, knees, hips and trauma and extremities products.

Consolidated net sales in 2018 increased 9.3% as reported and 9.0% in constant currency, as foreign currency exchange rates positively impacted net sales by 0.3%. Excluding the 1.9% impact of acquisitions and the 0.9% impact from the adoption of a new revenue recognition standard (ASC 606)⁽²⁾, net sales increased in constant currency by 9.3% from increased unit volume partially offset by 1.4% due to lower prices. The unit volume increase was primarily due to higher shipments of medical, instruments, endoscopy, neurotechnology, knees, and trauma and extremities products.

Orthopaedics Net Sales

Orthopaedics net sales in 2019 increased 5.2% as reported and 6.7% in constant currency, as foreign currency exchange rates negatively impacted net sales by 1.5%. Net sales in constant currency increased by 8.2% from unit volume partially offset by 1.5% due to lower prices. The unit volume increase was primarily due to higher shipments of knee, hip and trauma and extremities products.

Orthopaedics net sales in 2018 increased 5.9% as reported and 5.4% in constant currency, as foreign currency exchange rates positively impacted net sales by 0.5%. Excluding the 0.5% impact from the adoption of ASC 606⁽²⁾, net sales increased in constant currency by 8.1% from increased unit volume partially offset by 2.2% due to lower prices. The unit volume increase was primarily due to higher shipments of knees and trauma and extremities products.

⁽²⁾ We adopted Accounting Standards Update 2014-09, *Revenue From Contracts with Customers*, as well as related amendments (ASC 606), issued by the Financial Accounting Standards Board on a modified retrospective basis, effective January 1, 2018. Refer to Note 1 and Note 2 to our Consolidated Financial Statements for further information on our revenue recognition policies and disclosures.

MedSurg Net Sales

MedSurg net sales in 2019 increased 8.8% as reported and 9.9% in constant currency, as foreign currency exchange rates negatively impacted net sales by 1.1%. Excluding the 1.0% impact of acquisitions, net sales in constant currency increased by 9.4% from increased unit volume partially offset by 0.5% due to lower prices. The unit volume increase was primarily due to higher shipments of medical, instruments and endoscopy products and sustainability solutions.

MedSurg net sales in 2018 increased 8.8% as reported and 8.7% in constant currency, as foreign currency exchange rates positively impacted net sales by 0.1%. Excluding the 1.4% impact of acquisitions and the 1.3% impact from the adoption of ASC 606⁽²⁾, net sales increased in constant currency by 9.3% from increased unit volume partially offset by 0.7% due to lower prices. The unit volume increase was primarily due to higher shipments of medical, instruments, and endoscopy products.

Neurotechnology and Spine Net Sales

Neurotechnology and Spine net sales in 2019 increased 19.2% as reported and 20.5% in constant currency, as foreign currency exchange rates negatively impacted net sales by 1.3%. Excluding the 11.6% impact of acquisitions, net sales in constant currency increased by 9.6% from increased unit volume partially offset by 0.7% due to lower prices. The unit volume increase was primarily due to higher shipments of neurotechnology products.

Neurotechnology and Spine net sales in 2018 increased 18.0% as reported and 17.4% in constant currency, as foreign currency exchange rates positively impacted net sales by 0.6%. Excluding the 7.4% impact of acquisitions and the 0.6% impact from adoption of ASC 606⁽²⁾, net sales in constant currency increased by 12.2% from increased unit volume partially offset by 1.6% due to lower prices. The unit volume increase was primarily due to higher shipments of neurotechnology products.

STRYKER CORPORATION 2019 FORM 10-K

Gross Profit

Gross profit as a percentage of net sales decreased to 65.1% in 2019 from 65.7% in 2018. Excluding the impact of the items noted below, gross profit decreased to 65.9% from 66.1% in 2018 primarily due to the impact of lower selling prices.

Gross profit in 2018 as a percentage of net sales of 65.7% was consistent with 2017. Excluding the impact of the items noted below, gross profit decreased to 66.1% from 66.4% in 2017 primarily due to the impact of adopting ASC 606⁽²⁾ and by lower selling prices.

				Percent Net Sales		
	2019	2018	2017	2019	2018	2017
Reported	\$ 9,696	\$ 8,938	\$ 8,180	65.1%	65.7%	65.7%
Inventory stepped up to fair value	67	16	22	0.5	0.1	0.2
Restructuring-related and other charges	38	27	57	0.3	0.3	0.5
Medical device regulations	6	2	—	—	—	—
Adjusted	\$ 9,807	\$ 8,983	\$ 8,259	65.9%	66.1%	66.4%

Research, Development and Engineering Expenses

Research, development and engineering expenses as a percentage of net sales increased to 6.5% in 2019 from 6.3% in 2018 and 2017. Excluding the impact of the items noted below, expenses decreased to 6.1% in 2019 from 6.3% in 2018 and 2017 primarily due to leverage from higher sales volumes. Projects to develop new products, investments in new technologies and recent acquisitions contributed to the spending levels.

				Percent Net Sales		
	2019	2018	2017	2019	2018	2017
Reported	\$ 971	\$ 862	\$ 787	6.5%	6.3%	6.3%
Medical device regulations	(56)	(10)	—	(0.4)	—	—
Adjusted	\$ 915	\$ 852	\$ 787	6.1%	6.3%	6.3%

Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percentage of net sales in 2019 decreased to 36.0% from 37.5% in 2018. Excluding the impact of the items noted below, expenses decreased to 33.5% in 2019 from 33.9% in 2018 primarily due to leverage from higher sales volumes and continued focus on our operating expense improvement initiatives, partially offset by the leverage from recent acquisitions.

Selling, general and administrative expenses as a percentage of net sales in 2018 increased to 37.5% from 36.6% in 2017. Excluding the impact of the items noted below, expenses decreased to 33.9% in 2018 from 34.8% in 2017 primarily due to leverage from higher sales volumes, the favorable impact from the adoption of ASC 606 and continued focus on our operating expense improvement initiatives, partially offset by the leverage from recent acquisitions.

				Percent Net Sales		
	2019	2018	2017	2019	2018	2017
Reported	\$ 5,356	\$ 5,099	\$ 4,552	36.0%	37.5%	36.6%
Other acquisition and integration-related	(208)	(108)	(42)	(1.4)	(0.8)	(0.4)
Restructuring-related and other charges	(188)	(192)	(137)	(1.3)	(1.4)	(1.1)
Regulatory and legal matters	24	(185)	(39)	0.2	(1.4)	(0.3)
Adjusted	\$ 4,984	\$ 4,614	\$ 4,334	33.5%	33.9%	34.8%

Recall Charges, Net of Insurance Proceeds

Recall charges, net of insurance proceeds, were \$192, \$23 and \$173 in 2019, 2018 and 2017. Charges were primarily due to the previously disclosed Rejuvenate and ABGII Modular-Neck hip stems and LFIT V40 femoral head voluntary recalls. Refer to Note 7 to our Consolidated Financial Statements for further information.

Amortization of Intangible Assets

Amortization of intangible assets was \$464, \$417 and \$371 in 2019, 2018 and 2017. The increase in 2019 and 2018 was due to acquisitions. Refer to Notes 6 and 8 to our Consolidated Financial Statements for further information.

Other Income (Expense), Net

Other income (expense), net was (\$151), (\$181) and (\$234) in 2019, 2018 and 2017. The decrease in 2019 was primarily due to an increase in interest income due to higher interest rates partially offset by higher interest expense due to higher interest rates and higher debt outstanding. Refer to Note 10 to our Consolidated Financial Statements for further information.

Income Taxes

Our effective tax rate was 18.7%, (50.8)% and 50.6% for 2019, 2018 and 2017. The effective income tax rate for 2019 reflects the tax related to the transfer of intellectual properties between tax jurisdictions and the continued lower effective income tax rates as a result of our European operations.

The effective income tax rate for 2018 reflects the tax effect related to the transfer of intellectual properties between tax jurisdictions, the continuing impact of complying with the Tax Cuts and Jobs Act of 2017 (the Tax Act), and continued lower effective income tax rates as a result of our European operations. The effective income tax rate for 2017 reflects compliance with the Tax Act offset by lower effective income tax rates as a result of our European operations.

Net Earnings

Net earnings in 2019 decreased to \$2,083 or \$5.48 per diluted share from \$3,553 or \$9.34 per diluted share in 2018 and increased from \$1,020 or \$2.68 per diluted share in 2017. The impact of foreign currency exchange rates reduced net earnings per diluted share by approximately \$0.14, \$0.06 and \$0.07 in 2019, 2018 and 2017.

				Percent Net Sales		
	2019	2018	2017	2019	2018	2017
Reported	\$ 2,083	\$ 3,553	\$ 1,020	14.0%	26.1%	8.2%
Inventory stepped up to fair value	51	9	20	0.3	0.1	0.2
Other acquisition and integration-related	160	90	31	1.1	0.7	0.2
Amortization of intangible assets	375	338	250	2.6	2.5	2.0
Restructuring-related and other charges	180	179	155	1.2	1.3	1.2
Medical device regulations	48	10	—	0.3	0.1	—
Recall-related matters	154	18	131	1.0	0.1	1.1
Regulatory and legal matters	(33)	141	25	(0.2)	1.0	0.2
Tax matters	121	(1,559)	833	0.8	(11.5)	6.7
Adjusted	\$ 3,139	\$ 2,779	\$ 2,465	21.1%	20.4%	19.8%

Dollar amounts in millions except per share amounts or as otherwise specified.

Non-GAAP Financial Measures

We supplement the reporting of our financial information determined under accounting principles generally accepted in the United States (GAAP) with certain non-GAAP financial measures, including percentage sales growth in constant currency; percentage organic sales growth; adjusted gross profit; adjusted selling, general and administrative expenses; adjusted research, development and engineering expenses; adjusted operating income; adjusted effective income tax rate; adjusted net earnings; and adjusted net earnings per diluted share (Diluted EPS). We believe these non-GAAP financial measures provide meaningful information to assist investors and shareholders in understanding our financial results and assessing our prospects for future performance. Management believes percentage sales growth in constant currency and the other adjusted measures described above are important indicators of our operations because they exclude items that may not be indicative of or are unrelated to our core operating results and provide a baseline for analyzing trends in our underlying businesses. Management uses these non-GAAP financial measures for reviewing the operating results of reportable business segments and analyzing potential future business trends in connection with our budget process and bases certain management incentive compensation on these non-GAAP financial measures. To measure percentage sales growth in constant currency, we remove the impact of changes in foreign currency exchange rates that affect the comparability and trend of sales. Percentage sales growth in constant currency is calculated by translating current and prior year results at the same foreign currency exchange rate. To measure percentage organic sales growth, we remove the impact of changes in foreign currency exchange rates and acquisitions, which affect the comparability and trend of sales. Percentage organic sales growth is calculated by translating current year results at prior year average foreign currency exchange rates excluding the impact of acquisitions. To measure earnings performance on a consistent and comparable basis, we exclude certain items that affect the comparability of operating results and the trend of earnings. These adjustments are irregular in timing and may not be indicative of our past and future performance. The following are examples of the types of adjustments that may be included in a period:

1. *Acquisition and integration-related costs.* Costs related to integrating recently acquired businesses and specific costs (e.g., inventory step-up and deal costs) related to the consummation of the acquisition process.

2. *Amortization of purchased intangible assets.* Periodic amortization expense related to purchased intangible assets.
3. *Restructuring-related and other charges.* Costs associated with the termination of sales relationships in certain countries, workforce reductions, elimination of product lines, weather-related asset impairments and associated costs and other restructuring-related activities.
4. *Medical Device Regulations.* Costs specific to updating our quality system, product labeling, asset write-offs and product remanufacturing to comply with the medical device reporting regulations and other requirements of the European Union and China regulations for medical devices.
5. *Recall-related matters.* Our best estimate of the minimum of the range of probable loss to resolve the Rejuvenate, LFIT V40 and other product recalls.
6. *Regulatory and legal matters.* Our best estimate of the minimum of the range of probable loss to resolve certain regulatory matters and other legal settlements.
7. *Tax matters.* Charges represent the impact of accounting for certain significant and discrete tax items.

Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These adjusted financial measures should not be considered in isolation or as a substitute for reported sales growth, gross profit, selling, general and administrative expenses, research, development and engineering expenses, operating income, other income (expense), net, effective income tax rate, net earnings and net earnings per diluted share, the most directly comparable GAAP financial measures. These non-GAAP financial measures are an additional way of viewing aspects of our operations when viewed with our GAAP results and the reconciliations to corresponding GAAP financial measures at the end of the discussion of Consolidated Results of Operations below. We strongly encourage investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

The weighted-average diluted shares outstanding used in the calculation of non-GAAP net earnings per diluted share are the same as those used in the calculation of reported net earnings per diluted share for the respective period.

Reconciliation of the Most Directly Comparable GAAP Financial Measure to Non-GAAP Financial Measure

2019	Gross Profit	Selling, General & Administrative Expenses	Research, Development & Engineering Expenses	Operating Income	Other income (expense), net	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	\$ 9,696	\$ 5,356	\$ 971	\$ 2,713	\$ (151)	\$ 2,083	18.7 %	\$ 5.48
Acquisition and integration-related charges:								
Inventory stepped-up to fair value	67	—	—	67	—	51	0.2	0.13
Other acquisition and integration-related	—	(208)	—	208	—	160	0.6	0.42
Amortization of purchased intangible assets	—	—	—	464	—	375	0.6	0.99
Restructuring-related and other charges	38	(188)	—	226	—	180	0.4	0.47
Medical device regulations	6	—	(56)	62	—	48	0.2	0.13
Recall-related matters	—	—	—	192	—	154	0.3	0.41
Regulatory and legal matters	—	24	—	(24)	—	(33)	0.5	(0.09)
Tax Matters	—	—	—	—	(30)	121	(5.7)	0.32
Adjusted	\$ 9,807	\$ 4,984	\$ 915	\$ 3,908	\$ (181)	\$ 3,139	15.8 %	\$ 8.26

Dollar amounts in millions except per share amounts or as otherwise specified.

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2018	Gross Profit	Selling, General & Administrative Expenses	Research, Development & Engineering Expenses	Operating Income	Other income (expense), net	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	\$ 8,938	\$ 5,099	\$ 862	\$ 2,537	\$ (181)	\$ 3,553	(50.8)%	\$ 9.34
Acquisition and integration-related charges:								
Inventory stepped-up to fair value	16	—	—	15	—	9	0.2	0.02
Other acquisition and integration-related	—	(108)	—	108	—	90	—	0.24
Amortization of purchased intangible assets	—	—	—	417	—	338	0.4	0.89
Restructuring-related and other charges	27	(192)	—	220	—	179	0.1	0.47
Medical device regulations	2	—	(10)	12	—	10	—	0.03
Recall-related matters	—	—	—	23	—	18	—	0.05
Regulatory and legal matters	—	(185)	—	185	—	141	0.6	0.37
Tax Matters	—	—	—	—	—	(1,559)	66.2	(4.10)
Adjusted	\$ 8,983	\$ 4,614	\$ 852	\$ 3,517	\$ (181)	\$ 2,779	16.7%	\$ 7.31

2017	Gross Profit	Selling, General & Administrative Expenses	Research, Development & Engineering Expenses	Operating Income	Other income (expense), net	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	\$ 8,180	\$ 4,552	\$ 787	\$ 2,297	\$ (234)	\$ 1,020	50.6%	\$ 2.68
Acquisition and integration-related charges:								
Inventory stepped-up to fair value	22	—	—	22	—	20	(0.1)	0.05
Other acquisition and integration-related	—	(42)	—	42	—	31	0.2	0.09
Amortization of purchased intangible assets	—	—	—	371	—	250	3.0	0.67
Restructuring-related and other charges	57	(137)	—	194	—	155	0.4	0.41
Medical device regulations	—	—	—	—	—	—	—	—
Recall-related matters	—	—	—	173	—	131	0.7	0.34
Regulatory and legal matters	—	(39)	—	39	—	25	0.4	0.06
Tax Matters	—	—	—	—	17	833	(39.6)	2.19
Adjusted	\$ 8,259	\$ 4,334	\$ 787	\$ 3,138	\$ (217)	\$ 2,465	15.6%	\$ 6.49

FINANCIAL CONDITION AND LIQUIDITY

	2019	2018	2017
Net cash provided by operating activities	\$ 2,191	\$ 2,610	\$ 1,559
Net cash used in investing activities	(1,455)	(2,857)	(1,613)
Net cash provided by (used in) financing activities	3	1,329	(794)
Effect of exchange rate changes	(18)	(8)	74
Change in cash and cash equivalents	\$ 721	\$ 1,074	\$ (774)

We believe our financial condition continues to be of high quality, as evidenced by our ability to generate substantial cash from operations and to readily access capital markets at competitive rates. Operating cash flow provides the primary source of cash to fund operating needs and capital expenditures. Excess operating cash is used first to fund acquisitions to complement our portfolio of businesses. Other discretionary uses include dividends and share repurchases; however, when we issued the €2.4 billion of senior unsecured notes we announced our intention to suspend our share repurchase program for 2020 and 2021. We supplement operating cash flow with debt to fund our activities as necessary. Our overall cash position reflects our strong business results and a global cash management strategy that takes into account liquidity management, economic factors and tax considerations.

Operating Activities

Cash provided by operations was \$2,191, \$2,610 and \$1,559 in 2019, 2018 and 2017. The decrease from 2018 was primarily due to higher usage of cash from working capital, primarily accounts receivable and inventory, and lower net earnings partially offset by payments related to the Tax Cuts and Jobs Act of 2017 and higher recall charges. The net of accounts receivable, inventory and accounts payable resulted in the consumption of \$900, \$329, and \$461 of cash in 2019, 2018 and 2017.

Investing Activities

Cash used in investing activities was \$1,455, \$2,857 and \$1,613 in 2019, 2018 and 2017. The decrease in cash used in 2019 was primarily due to decreased payments for acquisitions, primarily the \$360 acquisition of Mobius and \$442 related to certain other

businesses and related assets. In 2018 we acquired Entellus and K2M. In 2017 we acquired NOVADAQ and certain other businesses and related assets.

Financing Activities

Cash provided by (used in) financing activities was \$3, \$1,329 and (\$794) in 2019, 2018 and 2017. In 2019 the issuance of €2.4 billion of senior unsecured notes was mostly offset by \$1,342 repayments on long-term debt, \$778 dividends paid and \$307 repurchases of our common stock. In January 2020 we repaid \$500 of senior unsecured notes with a coupon of 4.375% that were due on January 15, 2020.

We maintain debt levels that we consider appropriate after evaluating a number of factors including cash requirements for ongoing operations, investment and financing plans (including acquisitions and share repurchase activities) and overall cost of capital. Refer to Note 10 to our Consolidated Financial Statements for further information.

	2019	2018	2017
Dividends paid per common share	\$ 2.08	\$ 1.88	\$ 1.70
Total dividends paid to common shareholders	\$ 778	\$ 703	\$ 636
Total amount paid to repurchase common stock	\$ 307	\$ 300	\$ 230
Shares of repurchased common stock (in millions)	1.9	1.9	1.9

Liquidity

Cash, cash equivalents and marketable securities were \$4,425 and \$3,699, and our current assets exceeded current liabilities by \$6,960 and \$4,926 on December 31, 2019 and 2018. We anticipate being able to support our short-term liquidity and operating needs from a variety of sources, including cash from operations, commercial paper and existing credit lines. We raised funds in the capital markets in 2019 and 2018 and may continue to do so from time to time.

As a result of the announcement of the planned acquisition of Wright, Standard & Poor's downgraded our corporate credit and long-term issue-level rating to A- from A. Nevertheless, we continue

to have strong investment-grade short-term and long-term debt ratings that we believe should enable us to refinance our debt as it becomes due.

We have existing credit facilities should additional funds be required. We have a borrowing capacity available under our main credit facility of \$1,500. The amount of commercial paper we have issuable under the commercial paper program is \$1,500.

Our cash, cash equivalents and marketable securities held in locations outside the United States was approximately 25% and 25% on December 31, 2019 and 2018. We intend to use this cash to expand operations organically and through acquisitions.

Guarantees and Other Off-Balance Sheet Arrangements

We do not have guarantees or other off-balance sheet financing arrangements, including variable interest entities, of a magnitude that we believe could have a material impact on our financial condition or liquidity.

CONTRACTUAL OBLIGATIONS AND FORWARD-LOOKING CASH REQUIREMENTS

As further described in Note 7 to our Consolidated Financial Statements, in 2019 we recorded charges to earnings related to the Rejuvenate and ABG II and LFIT Anatomic CoCr V40 Femoral Heads recall matters. Recorded charges represent the minimum of the range of probable cost to resolve these matters. The final outcome of these matters is dependent on many variables that are difficult to predict. The ultimate cost to entirely resolve these matters may be materially different than the amount of the current estimates and could have a material adverse effect on our financial position, results of operations and cash flows. We are not able to reasonably estimate the future periods in which payments will be made.

As further described in Note 11 to our Consolidated Financial Statements, on December 31, 2019 we had a reserve for uncertain income tax positions of \$472. Due to uncertainties regarding the ultimate resolution of income tax audits, we are not able to reasonably estimate the future periods in which any income tax payments to settle these uncertain income tax positions will be made.

As further described in Note 12 to our Consolidated Financial Statements, on December 31, 2019 our defined benefit pension plans were underfunded by \$441, of which approximately \$434 related to plans outside the United States. Due to the rules affecting tax-deductible contributions in the jurisdictions in which the plans are offered and the impact of future plan asset performance, changes in interest rates and potential changes in legislation in the United States and other foreign jurisdictions, we are not able to reasonably estimate the amounts that may be required to fund defined benefit pension plans.

Contractual Obligations

	Total	2020	2021 - 2022	2023 - 2024	After 2024
Total debt	\$ 11,201	\$ 860	\$ 750	\$ 2,158	\$ 7,433
Interest payments	3,289	268	499	470	2,052
Unconditional purchase obligations	1,419	1,373	28	12	6
Operating leases	395	94	136	70	95
United States Tax Cuts and Jobs Act Transition Tax	659	63	127	277	192
Other	160	16	17	5	122
Total	\$ 17,123	\$ 2,674	\$ 1,557	\$ 2,992	\$ 9,900

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing our financial statements in accordance with generally accepted accounting principles, there are certain accounting policies, which may require substantial judgment or estimation in their application. We believe these accounting policies and the

others set forth in Note 1 to our Consolidated Financial Statements are critical to understanding our results of operations and financial condition. Actual results could differ from our estimates and assumptions, and any such differences could be material to our results of operations and financial condition.

Inventory Reserves

We maintain reserves for excess and obsolete inventory resulting from the potential inability to sell certain products at prices in excess of current carrying costs. We make estimates regarding the future recoverability of the costs of these products and record provisions 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.

Income Taxes

Our annual tax rate is determined based on our income, statutory tax rates and the tax impacts of items treated differently for tax purposes than for financial reporting purposes. Tax law requires certain items be included in the tax return at different times than the items are reflected in the financial statements. Some of these differences are permanent, such as expenses that are not deductible in our tax return, and some differences are temporary and reverse over time, such as depreciation expense. These temporary differences create deferred tax assets and liabilities.

Deferred tax assets generally represent the tax effect of items that can be used as a tax deduction or credit in future years for which we have already recorded the tax benefit in our income statement. Deferred tax liabilities generally represent tax expense recognized in our financial statements for which payment was deferred, the tax effect of expenditures for which a deduction was taken in our tax return but has not yet been recognized in our financial statements or assets recorded at fair value in business combinations for which there was no corresponding tax basis adjustment.

Inherent in determining our annual tax rate are judgments regarding business plans, tax planning opportunities and expectations about future outcomes. Realization of certain deferred tax assets is dependent upon generating sufficient taxable income in the appropriate jurisdiction prior to the expiration of the carryforward periods. Although realization is not assured, management believes it is more likely than not that our deferred tax assets, net of valuation allowances, will be realized.

We operate in multiple jurisdictions with complex tax policy and regulatory environments. In certain of these jurisdictions, we may take tax positions that management believes are supportable but are potentially subject to successful challenge by the applicable taxing authority. These differences of interpretation with the respective governmental taxing authorities can be impacted by the local economic and fiscal environment. We evaluate our tax positions and establish liabilities in accordance with the applicable accounting guidance on uncertainty in income taxes. We review these tax uncertainties in light of changing facts and circumstances, such as the progress of tax audits, and adjust them accordingly. We have a number of audits in process in various jurisdictions. Although the resolution of these tax positions is uncertain, based on currently available information, we believe that it is more likely than not that the ultimate outcomes will not have a material adverse effect on our financial position, results of operations or cash flows.

Due to the number of estimates and assumptions inherent in calculating the various components of our tax provision, certain changes or future events, such as changes in tax legislation, geographic mix of earnings, completion of tax audits or earnings

repatriation plans, could have an impact on those estimates and our effective tax rate.

Acquisitions, Goodwill and Intangibles, and Long-Lived Assets

Our financial statements include the operations of an acquired business starting from the completion of the acquisition. In addition, the assets acquired and liabilities assumed are recorded on the date of acquisition at their respective estimated fair values, with any excess of the purchase price over the estimated fair values of the net assets acquired recorded as goodwill.

Significant judgment is required in estimating the fair value of intangible assets and in assigning their respective useful lives. Accordingly, we typically obtain the assistance of third-party valuation specialists for significant items. The fair value estimates are based on available historical information and on future expectations and assumptions deemed reasonable by management but are inherently uncertain. We typically use an income method to estimate the fair value of intangible assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. Significant estimates and assumptions inherent in the valuations reflect a consideration of other marketplace participants and include the amount and timing of future cash flows (including expected growth rates and profitability), the underlying product or technology life cycles, the economic barriers to entry and the discount rate applied to the cash flows. Unanticipated market or macroeconomic events and circumstances may occur that could affect the accuracy or validity of the estimates and assumptions.

Determining the useful life of an intangible asset also requires judgment. With the exception of certain trade names, the majority of our acquired intangible assets (e.g., certain trademarks or brands, customer and distributor relationships, patents and technologies) are expected to have determinable useful lives. Our assessment as to the useful lives of these intangible assets is based on a number of factors including competitive environment, market share, trademark, brand history, underlying product life cycles, operating plans and the macroeconomic environment of the countries in which the trademarked or branded products are sold. Our estimates of the useful lives of determinable-lived intangibles are primarily based on these same factors. Determinable-lived intangible assets are amortized to expense over their estimated useful life.

In some of our acquisitions, we acquire in-process research and development (IPRD) intangible assets. For acquisitions accounted for as business combinations IPRD is considered to be an indefinite-lived intangible asset until the research is completed (then it becomes a determinable-lived intangible asset) or determined to have no future use (then it is impaired). For asset acquisitions IPRD is expensed immediately unless there is an alternative future use.

The value of indefinite-lived intangible assets and goodwill is not amortized but is tested at least annually for impairment. Our impairment testing for goodwill is performed separately from our impairment testing of indefinite-lived intangibles. We perform our annual impairment test for goodwill in the fourth quarter of each year. We consider qualitative indicators of the fair value of a reporting unit when it is unlikely that a reporting unit has impaired goodwill. In certain circumstances, we also use a discounted cash flow analysis that requires certain assumptions and estimates be made regarding market conditions and our future profitability. In those circumstances we test goodwill for impairment by reviewing the book value compared to the fair value at the reporting unit level. We test individual indefinite-lived intangibles by reviewing the individual book values compared to the fair value. We determine

the fair value of our reporting units and indefinite-lived intangible assets based on the income approach. Under the income approach, we calculate the fair value of our reporting units and indefinite-lived intangible assets based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate future cash flows to measure fair value. Assumptions used in our impairment evaluations, such as forecasted growth rates and cost of capital, are consistent with internal projections and operating plans. We believe such assumptions and estimates are also comparable to those that would be used by other marketplace participants.

We did not recognize any impairment charges for goodwill in the years presented, as our annual impairment testing indicated that all reporting unit goodwill fair values exceeded their respective recorded values. Future changes in the judgments, assumptions and estimates that are used in our impairment testing for goodwill and indefinite-lived intangible assets, including discount and tax rates and future cash flow projections, could result in significantly different estimates of the fair values. A significant reduction in the estimated fair values could result in impairment charges that could materially affect our results of operations.

We review our other long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows, which is at the individual asset level or the asset group level. The undiscounted cash flows expected to be generated by the related assets are estimated over their useful life based on updated projections. If the evaluation indicates that the carrying amount of the assets may not be recoverable, any potential impairment is measured based upon the fair value of the related assets or asset group as determined by an appropriate market appraisal or other valuation technique. Assets classified as held for sale, if any, are recorded at the lower of carrying amount or fair value less costs to sell.

Legal and Other Contingencies

We are involved in various ongoing 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 7 to our Consolidated Financial Statements. The outcomes of these matters 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 and equitable relief, that could result in the payment of significant claims and settlements and/or the imposition of injunctions or other equitable relief. For legal matters for which management had sufficient information to reasonably estimate our future obligations, a liability representing management's best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within the range is not known, for the resolution of these legal matters is recorded. The estimates are based on consultation with legal counsel, previous settlement experience and settlement strategies. If actual outcomes are less favorable than those projected by management, additional expense may be incurred, which could unfavorably affect future operating results. We are currently self-insured for product liability-related claims and expenses. The ultimate cost to us with respect to product liability claims could be materially different than the amount of the current estimates and accruals and could have a material adverse effect on our financial position, results of operations and cash flows.

NEW ACCOUNTING PRONOUNCEMENTS

Refer to Note 1 to our Consolidated Financial Statements for further information.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We sell our products globally and, as a result, our financial results could be significantly affected by factors such as weak economic conditions or changes in foreign currency exchange rates. Our operating results are primarily exposed to changes in exchange rates among the United States Dollar, European currencies, in particular the Euro, Swiss Franc and the British Pound, the Japanese Yen, the Australian Dollar and the Canadian Dollar. We develop and manufacture products in the United States, Canada,

China, France, Germany, Ireland, Japan, Mexico, Puerto Rico, Sweden, Switzerland and Turkey and incur costs in the applicable local currencies. This global deployment of facilities serves to partially mitigate the impact of currency exchange rate changes on our cost of sales. Refer to Notes 1, 4 and 5 to our Consolidated Financial Statements for information regarding our use of derivative instruments to mitigate these risks. A hypothetical 10% change in foreign currencies relative to the United States Dollar would change the December 31, 2019 fair value of these instruments by approximately \$523.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Stryker Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Stryker Corporation and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of earnings and comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company at December 31, 2019 and 2018, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 6, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Business Combinations

Description of the Matter As described in Note 6 to the consolidated financial statements, the Company completed business combinations during 2019 for total consideration, net of cash acquired of \$1,096 million. The most significant of these were (1) the acquisition of all outstanding equity of OrthoSpace, Ltd. for total consideration, net of cash acquired of \$208 million; and (2) the acquisition of all outstanding equity of Mobius Imaging and Cardan Robotics for total consideration, net of cash acquired of \$473 million. The acquisitions were accounted for as business combinations.

The recognition, measurement and disclosure of the Company's business combinations in the 2019 consolidated financial statements was considered especially challenging and required significant auditor judgment due to the complex determination by management of the appropriate assumptions, such as discount rates, revenue growth rates, and projected profit margins, for the valuation of acquired assets and expected probabilities of key outcomes for the valuation of assumed liabilities, including, but not limited to, developed technology and contingent consideration. The Company used a discounted cash flow model to measure the developed technology and a probability weighted discounted cash flow approach to measure the contingent consideration.

How We Addressed the Matter in Our Audit We tested the effectiveness of controls over the accounting for business combinations, including testing controls over the estimation process supporting the recognition and measurement of consideration transferred, developed technology and contingent consideration. We also tested management's review of assumptions used in the valuation models.

To test the valuation of acquired assets and expected probabilities of key outcomes for the valuation of assumed liabilities, we performed audit procedures that included, among others, evaluating management's identification of assets acquired and liabilities assumed and assessing the fair value measurements prepared by management and their third-party valuation specialists, including the discount rates, revenue growth rates and projected profit margins as used in valuing the developed technology, as well as the inputs used in valuing contingent consideration, such as expected probabilities of key outcomes. We involved our valuation specialists to assist with the evaluation of methodologies used by the Company and significant assumptions included in the fair value estimates. For example, to evaluate the revenue growth rates and projected profit margins, we compared the amounts to historical results of the Company's business and current industry and market trends for those in which the Company operates and performed sensitivity analyses on key assumptions. We also evaluated the adequacy of the Company's disclosures included in Note 6 related to these acquisitions.

Product Recall Liabilities

Description of the Matter As described in Note 7 to the consolidated financial statements, the Company recorded \$275 million of liabilities at December 31, 2019 for product recall matters relating to Rejuvenate and ABG II Modular-Neck hip stems and LFIT Anatomic CoCr V40 Femoral Heads settlements. The Company establishes liabilities for product recall claims to the extent probable future losses are estimable based on quantitative and qualitative information from various sources. The Company engages, when required, external specialists to perform an actuarial analysis to estimate the outstanding liabilities.

Auditing management's estimate of product recall liabilities was especially challenging due to the significant measurement uncertainty associated with the product recall liabilities estimate that involved management's significant judgment and actuarial analysis. Further, the product recall liability is sensitive to significant management assumptions, including average costs per claim and the number of future claims, including those resulting in revision surgery.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated management's design and tested the operating effectiveness of the controls over the Company's product recall liability estimation process, including management's assessment of the assumptions, and the completeness and accuracy of the data underlying the product recall liabilities.

To evaluate the liabilities for product recall claims, we performed audit procedures that included, among others, testing the completeness and accuracy of the underlying claims and average cost per claim data provided to management's actuarial specialist and obtaining legal confirmation letters to evaluate the reserves recorded. We involved our actuarial specialists in the evaluation of the methodologies applied by the Company in determining the actuarially calculated range of loss and assessment of significant assumptions, including number of future claims and revision surgeries factored into the resulting estimated product recall liabilities. We also evaluated the adequacy of the Company's disclosures included in Note 7 related to these liabilities.

Uncertain Tax Positions

Description of the Matter As described in Note 11 to the consolidated financial statements, the Company operates in multiple jurisdictions with complex tax policy and regulatory environments and establishes reserves for uncertain tax positions in accordance with the accounting guidance governing uncertainty in income taxes. Uncertainty in a tax position may arise because tax laws are subject to interpretation. The Company uses significant judgment to (1) determine whether, based on the technical merits, a tax position is more likely than not to be sustained and (2) measure the amount of tax benefit that qualifies for recognition. At December 31, 2019, the Company had accrued liabilities of \$472 million relating to uncertain tax positions.

Auditing management's analysis of the Company's uncertain tax positions and the related unrecognized tax benefits was especially challenging as the analysis involved significant auditor judgment due to complex interpretations of tax laws, legal rulings and determination of arm's length pricing for intercompany transactions.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's accounting process for uncertain tax positions. For example, we tested controls over management's identification of uncertain tax positions and its application of the recognition and measurement principles, including management's review of the inputs and calculations of unrecognized income tax benefits.

Our audit procedures included, among others, evaluating the assumptions the Company used to develop its uncertain tax positions and related unrecognized income tax benefit amounts by jurisdiction. We also tested the completeness and accuracy of the underlying data used by the Company to calculate its uncertain tax positions. For example, we compared the estimated liabilities for unrecognized income tax benefits to similar positions in prior periods and assessed management's consideration of current tax controversy and litigation and trends in similar positions challenged by tax authorities. We also assessed the historical accuracy of management's estimates of its unrecognized income tax benefits by comparing the estimates with the resolution of those positions. We involved our tax professionals to evaluate tax technical merits, which included, for certain intercompany transactions, assessing the Company's assumptions and pricing methodology to determine they were arm's length and complied with local jurisdictional laws and regulations. We also evaluated the adequacy of the Company's disclosures included in Note 11 related to these tax matters.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 1974
Grand Rapids, Michigan
February 6, 2020

Stryker Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF EARNINGS

	2019	2018	2017
Net sales	\$ 14,884	\$ 13,601	\$ 12,444
Cost of sales	5,188	4,663	4,264
Gross profit	\$ 9,696	\$ 8,938	\$ 8,180
Research, development and engineering expenses	971	862	787
Selling, general and administrative expenses	5,356	5,099	4,552
Recall charges	192	23	173
Amortization of intangible assets	464	417	371
Total operating expenses	\$ 6,983	\$ 6,401	\$ 5,883
Operating income	\$ 2,713	\$ 2,537	\$ 2,297
Other income (expense), net	(151)	(181)	(234)
Earnings before income taxes	\$ 2,562	\$ 2,356	\$ 2,063
Income taxes	479	(1,197)	1,043
Net earnings	\$ 2,083	\$ 3,553	\$ 1,020

Net earnings per share of common stock:

Basic	\$ 5.57	\$ 9.50	\$ 2.73
Diluted	\$ 5.48	\$ 9.34	\$ 2.68

Weighted-average shares outstanding (in millions):

Basic	374.0	374.1	374.0
Effect of dilutive employee stock compensation	5.9	6.2	6.1
Diluted	379.9	380.3	380.1

Anti-dilutive shares excluded from the calculation of dilutive employee stock compensation were de minimis in all periods.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2019	2018	2017
Net earnings	\$ 2,083	\$ 3,553	\$ 1,020
Other comprehensive income (loss), net of tax			
Marketable securities	1	—	(4)
Pension plans	(42)	(3)	(2)
Unrealized gains (losses) on designated hedges	(3)	22	4
Financial statement translation	69	(97)	210
Total other comprehensive income (loss), net of tax	\$ 25	\$ (78)	\$ 208
Comprehensive income	\$ 2,108	\$ 3,475	\$ 1,228

See accompanying notes to Consolidated Financial Statements.

Stryker Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 4,337	\$ 3,616
Marketable securities	88	83
Accounts receivable, less allowance of \$88 (\$64 in 2018)	2,893	2,332
Inventories:		
Materials and supplies	677	606
Work in process	178	149
Finished goods	2,427	2,200
Total inventories	\$ 3,282	\$ 2,955
Prepaid expenses and other current assets	760	747
Total current assets	\$ 11,360	\$ 9,733
Property, plant and equipment:		
Land, buildings and improvements	1,263	1,041
Machinery and equipment	3,451	3,236
Total property, plant and equipment	4,714	4,277
Less allowance for depreciation	2,147	1,986
Property, plant and equipment, net	\$ 2,567	\$ 2,291
Goodwill	9,069	8,563
Other intangibles, net	4,227	4,163
Noncurrent deferred income tax assets	1,575	1,678
Other noncurrent assets	1,369	801
Total assets	\$ 30,167	\$ 27,229
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	\$ 675	\$ 646
Accrued compensation	955	917
Income taxes	171	158
Dividend payable	213	192
Accrued expenses and other liabilities	1,527	1,521
Current maturities of debt	859	1,373
Total current liabilities	\$ 4,400	\$ 4,807
Long-term debt, excluding current maturities	10,231	8,486
Income taxes	1,068	1,228
Other noncurrent liabilities	1,661	978
Total liabilities	\$ 17,360	\$ 15,499
Shareholders' equity		
Common stock, \$0.10 par value	37	37
Additional paid-in capital	1,628	1,559
Retained earnings	11,748	10,765
Accumulated other comprehensive loss	(606)	(631)
Total shareholders' equity	\$ 12,807	\$ 11,730
Total liabilities & shareholders' equity	\$ 30,167	\$ 27,229

See accompanying notes to Consolidated Financial Statements.

Stryker Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	2019		2018		2017	
	Shares	Amount	Shares	Amount	Shares	Amount
Common stock						
Beginning	374.4	\$ 37	374.4	\$ 37	374.6	\$ 37
Issuance of common stock under stock compensation and benefit plans	2.0	—	1.9	—	1.7	—
Repurchase of common stock	(1.9)	—	(1.9)	—	(1.9)	—
Ending	374.5	\$ 37	374.4	\$ 37	374.4	\$ 37
Additional paid-in capital						
Beginning		\$ 1,559		\$ 1,496		\$ 1,432
Issuance of common stock under stock compensation and benefit plans		(50)		(49)		(42)
Repurchase of common stock		(8)		(7)		(7)
Share-based compensation		127		119		113
Ending		\$ 1,628		\$ 1,559		\$ 1,496
Retained earnings						
Beginning		\$ 10,765		\$ 8,986		\$ 8,842
Cumulative effect of accounting changes		—		(759)		—
Net earnings		2,083		3,553		1,020
Repurchase of common stock		(299)		(293)		(223)
Cash dividends declared		(801)		(722)		(653)
Ending		\$ 11,748		\$ 10,765		\$ 8,986
Accumulated other comprehensive (loss) income						
Beginning		\$ (631)		\$ (553)		\$ (761)
Other comprehensive income (loss)		25		(78)		208
Ending		\$ (606)		\$ (631)		\$ (553)
Total Stryker shareholders' equity		\$ 12,807		\$ 11,730		\$ 9,966
Non-controlling interest						
Beginning		\$ —		\$ 14		\$ —
Acquisitions		—		—		114
Interest purchased		—		(15)		(99)
Net earnings attributable to noncontrolling interest		—		—		—
Foreign currency exchange translation adjustment		—		1		(1)
Ending		\$ —		\$ —		\$ 14
Total shareholders' equity		\$ 12,807		\$ 11,730		\$ 9,980

See accompanying notes to Consolidated Financial Statements.

Stryker Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2019	2018	2017
Operating activities			
Net earnings	\$ 2,083	\$ 3,553	\$ 1,020
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	314	306	271
Amortization of intangible assets	464	417	371
Share-based compensation	127	119	113
Recall charges	192	23	173
Sale of inventory stepped up to fair value at acquisition	67	16	22
Deferred income tax (benefit) expense	126	(1,582)	36
Changes in operating assets and liabilities:			
Accounts receivable	(563)	(60)	(162)
Inventories	(400)	(385)	(320)
Accounts payable	63	116	21
Accrued expenses and other liabilities	113	289	90
Recall-related payments	(177)	(90)	(526)
Income taxes	(105)	(156)	704
Other, net	(113)	44	(254)
Net cash provided by operating activities	\$ 2,191	\$ 2,610	\$ 1,559
Investing activities			
Acquisitions, net of cash acquired	(802)	(2,451)	(831)
Purchases of marketable securities	(74)	(226)	(270)
Proceeds from sales of marketable securities	69	394	87
Purchases of property, plant and equipment	(649)	(572)	(598)
Other investing, net	1	(2)	(1)
Net cash used in investing activities	\$ (1,455)	\$ (2,857)	\$ (1,613)
Financing activities			
Proceeds and payments on short-term borrowings, net	(7)	(1)	(200)
Proceeds from issuance of long-term debt	2,642	3,126	499
Payments on long-term debt	(1,342)	(669)	—
Dividends paid	(778)	(703)	(636)
Repurchases of common stock	(307)	(300)	(230)
Cash paid for taxes from withheld shares	(136)	(120)	(95)
Payments to purchase noncontrolling interest	—	(14)	(99)
Other financing, net	(69)	10	(33)
Net cash provided by (used in) financing activities	\$ 3	\$ 1,329	\$ (794)
Effect of exchange rate changes on cash and cash equivalents	(18)	(8)	74
Change in cash and cash equivalents	\$ 721	\$ 1,074	\$ (774)
Cash and cash equivalents at beginning of year	3,616	2,542	3,316
Cash and cash equivalents at end of year	\$ 4,337	\$ 3,616	\$ 2,542
Supplemental cash flow disclosure:			
Cash paid for income taxes, net of refunds	\$ 457	\$ 539	\$ 312
Cash paid for interest on debt	\$ 286	\$ 248	\$ 231

See accompanying notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Stryker (the "Company," "we," "us," or "our") is one of the world's leading medical technology companies and, together with its customers, is driven to make healthcare better. The Company offers innovative products and services in Orthopaedics, Medical and Surgical, and Neurotechnology and Spine that improve patient and hospital outcomes. Our products include implants used in joint replacement and trauma surgeries; surgical equipment and surgical navigation systems; endoscopic and communications systems; patient handling, emergency medical equipment and intensive care disposable products; neurosurgical, neurovascular and spinal devices; as well as other products used in a variety of medical specialties.

Basis of Presentation and Consolidation: The Consolidated Financial Statements include the Company and its subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. We have no material interests in variable interest entities and none that require consolidation. Certain prior year amounts have been reclassified to conform with current year presentation in our Consolidated Financial Statements.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of net sales and expenses in the reporting period. Actual results could differ from those estimates.

Revenue Recognition: Sales are recognized as the performance obligations to deliver products or services are satisfied and are recorded based on the amount of consideration we expect to receive in exchange for satisfying the performance obligations. Our sales continue to be recognized primarily when we transfer control to the customer, which can be on the date of shipment, the date of receipt by the customer or, for most Orthopaedics products, when we have received a purchase order and appropriate notification the product has been used or implanted. Products and services are primarily transferred to customers at a point in time, with some transfers of services taking place over time.

Sales represent the amount of consideration we expect to receive from customers in exchange for transferring products and services. Net sales exclude sales, value added and other taxes we collect from customers. Other costs to obtain and fulfill contracts are expensed as incurred due to the short-term nature of most of our sales. We extend terms of payment to our customers based on commercially reasonable terms for the markets of our customers, while also considering their credit quality.

A provision for estimated sales returns, discounts and rebates is recognized as a reduction of sales in the same period that the sales are recognized. Our estimate of the provision for sales returns has been established based on contract terms with our customers and historical business practices and current trends. Shipping and handling costs charged to customers are included in net sales.

Cost of Sales: Cost of sales is primarily comprised of direct materials and supplies consumed in the manufacture of product, as well as manufacturing labor, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of sales also includes the cost to distribute products to customers, inbound freight costs, warehousing costs and other shipping and handling activity.

Research, Development and Engineering Expenses: Research and development costs are charged to expense as incurred. Costs include research, development and engineering activities relating to the development of new products, improvement of existing products, technical support of products and compliance with governmental regulations for the protection of customers and patients. Costs primarily consist of salaries, wages, consulting and depreciation and maintenance of research facilities and equipment.

Selling, General and Administrative Expenses: Selling, general and administrative expense is primarily comprised of selling expenses, marketing expenses, administrative and other indirect overhead costs, amortization of loaner instrumentation, depreciation and amortization expense of non-manufacturing assets and other miscellaneous operating items.

Currency Translation: Financial statements of subsidiaries outside the United States generally are measured using the local currency as the functional currency. Adjustments to translate those statements into United States Dollars are recorded in other comprehensive income (OCI). Transactional exchange gains and losses are included in earnings.

Cash Equivalents: Highly liquid investments with remaining stated maturities of three months or less when purchased are considered cash equivalents and recorded at cost.

Marketable Securities: Marketable securities consist of marketable debt securities, certificates of deposit and mutual funds. Mutual funds are acquired to offset changes in certain liabilities related to deferred compensation arrangements and are expected to be used to settle these liabilities. Pursuant to our investment policy, all individual marketable security investments must have a minimum credit quality of single A (Standard & Poor's and Fitch) and A2 (Moody's Corporation) at the time of acquisition, while the overall portfolio of marketable securities must maintain a minimum average credit quality of double A (Standard & Poor's and Fitch) or Aa (Moody's Corporation). In the event of a rating downgrade below the minimum credit quality subsequent to purchase, the marketable security investment is evaluated to determine the appropriate action to take to minimize the overall risk to our marketable security investment portfolio. Our marketable securities are classified as available-for-sale and trading securities. Investments in trading securities represent participant-directed investments of deferred employee compensation.

Accounts Receivable: Accounts receivable consists of trade and other miscellaneous receivables. An allowance is maintained for doubtful accounts for estimated losses in the collection of accounts receivable. Estimates are made regarding the ability of customers to make required payments based on historical credit experience and expected future trends. Accounts receivable are written off when all reasonable collection efforts are exhausted.

Inventories: Inventories are stated at the lower of cost or net realizable value, with cost generally determined using the first-in, first-out (FIFO) cost method. For excess and obsolete inventory resulting from the potential inability to sell specific products at prices in excess of current carrying costs, reserves are maintained to reduce current carrying cost to market prices.

Financial Instruments: Our financial instruments consist of cash, cash equivalents, marketable securities, accounts receivable, other investments, accounts payable, debt and foreign currency exchange contracts. The carrying value of our financial instruments, with the exception of our senior unsecured notes, approximates fair value on December 31, 2019 and 2018. Refer to Notes 3 and 10 for further details.

All marketable securities are recognized at fair value. Adjustments to the fair value of marketable securities that are classified as

available-for-sale are recorded as increases or decreases, net of income taxes, within accumulated other comprehensive income (AOCI) in shareholders' equity and adjustments to the fair value of marketable securities that are classified as trading are recorded in earnings. The amortized cost of marketable debt securities is adjusted for amortization of premiums and discounts to maturity computed under the effective interest method. Such amortization and interest and realized gains and losses are included in other income (expense), net. The cost of securities sold is determined by the specific identification method.

We review declines in the fair value of our investments classified as available-for-sale to determine whether the decline in fair value is other-than-temporary. The resulting losses from other-than-temporary impairments of available-for-sale marketable debt securities are included in earnings.

Derivatives: All derivatives are recognized at fair value and reported on a gross basis. We enter into forward currency exchange contracts to mitigate the impact of currency fluctuations on transactions denominated in nonfunctional currencies, thereby limiting our risk that would otherwise result from changes in exchange rates. The periods of the forward currency exchange contracts correspond to the periods of the exposed transactions, with realized gains and losses included in the measurement and recording of transactions denominated in the nonfunctional currencies. All forward currency exchange contracts are recorded at their fair value each period.

Forward currency exchange contracts designated as cash flow hedges are designed to hedge the variability of cash flows associated with forecasted transactions denominated in a foreign currency that will take place in the future. These nonfunctional currency exposures principally relate to forecasted intercompany sales and purchases of manufactured products and generally have maturities up to eighteen months. Changes in value of derivatives designated as cash flow hedges are recorded in AOCI on the Consolidated Balance Sheets until earnings are affected by the variability of the underlying cash flows. At that time, the applicable amount of gain or loss from the derivative instrument that is deferred in shareholders' equity is reclassified into earnings and is included in cost of goods sold in the Consolidated Statements of Earnings. Cash flows associated with these hedges are included in cash from operations in the same category as the cash flows from the items being hedged.

Forward currency exchange contracts are used to offset our exposure to the change in value of specific foreign currency denominated assets and liabilities, primarily intercompany payables and receivables. These derivatives are not designated as hedges and, therefore, changes in the value of these forward contracts are recognized in earnings, thereby offsetting the current earnings effect of the related changes in value of foreign currency denominated assets and liabilities. The estimated fair value of our forward currency exchange contracts represents the measurement of the contracts at month-end spot rates as adjusted by current forward points.

From time to time, we designate derivative and non-derivative financial instruments as net investment hedges of our investments in certain international subsidiaries. For derivative instruments that are designated and qualify as a net investment hedge, the effective portion of the derivative's gain or loss is recognized in OCI and reported as a component of AOCI. We have elected to use the spot method to assess effectiveness for our derivatives designated as net investment hedges. Accordingly, the change in fair value attributable to changes in the spot rate is recorded in AOCI. We exclude the spot-forward difference from the assessment of hedge

effectiveness and amortize this amount separately on a straight-line basis over the term of the forward contracts. This amortization will be recorded in Other income (expense), net in our Consolidated Statements of Earnings.

From time to time, we designate forward starting interest rate derivative instruments as cash flow hedges to manage the exposure to interest rate volatility with regard to future issuance and refinancing of debt. The effective portion of the gain or loss on a forward starting interest rate derivative instrument that is designated and qualifies as a cash flow hedge is reported as a component of AOCI. Beginning in the period in which the debt refinancing occurs and the related derivative instruments is terminated, the effective portion of the gains or losses is then reclassified into interest expense over the term of the related debt.

Interest rate derivative instruments designated as fair value hedges have been used in the past to manage the exposure to interest rate movements and to reduce borrowing costs by converting fixed-rate debt into floating-rate debt. Under these agreements, we agree to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount.

Property, Plant and Equipment: Property, plant and equipment is stated at cost. Depreciation is generally computed by the straight-line method over the estimated useful lives of three to 30 years for buildings and improvements and three to 10 years for machinery and equipment.

Goodwill and Other Intangible Assets: Goodwill represents the excess of purchase price over fair value of tangible net assets of acquired businesses at the acquisition date, after amounts allocated to other identifiable intangible assets. Factors that contribute to the recognition of goodwill include synergies that are specific to our business and not available to other market participants and are expected to increase net sales and profits; acquisition of a talented workforce; cost savings opportunities; the strategic benefit of expanding our presence in core and adjacent markets; and diversifying our product portfolio.

The fair values of other identifiable intangible assets acquired in a business combination are primarily determined using the income approach. Other intangible assets include, but are not limited to, developed technology, customer and distributor relationships (which reflect expected continued customer or distributor patronage) and trademarks and patents. Intangible assets with determinable useful lives are amortized on a straight-line basis over their estimated useful lives of four to 40 years. Certain acquired trade names are considered to have indefinite lives and are not amortized, but are assessed annually for potential impairment as described below.

In some of our acquisitions, we acquire in-process research and development (IPRD) intangible assets. For acquisitions accounted for as business combinations IPRD is considered to be an indefinite-lived intangible asset until the research is completed (then it becomes a determinable-lived intangible asset) or determined to have no future use (then it is impaired). For asset acquisitions IPRD is expensed immediately unless there is an alternative future use.

Goodwill, Intangibles and Long-Lived Asset Impairment Tests: We perform our annual impairment test for goodwill in the fourth quarter of each year. We consider qualitative indicators of the fair value of a reporting unit when it is unlikely that a reporting unit has impaired goodwill. In certain circumstances, we may also utilize a discounted cash flow analysis that requires certain assumptions and estimates be made regarding market conditions and our future profitability. Indefinite-lived intangible assets are also tested at least

annually for impairment by comparing the individual carrying values to the fair value.

We review long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows. Undiscounted cash flows expected to be generated by the related assets are estimated over the asset's useful life based on updated projections. If the evaluation indicates that the carrying amount of the asset may not be recoverable, any potential impairment is measured based upon the fair value of the related asset or asset group as determined by an appropriate market appraisal or other valuation technique. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less costs to sell.

Share-Based Compensation: We use share based compensation in the form of stock options, restricted stock units (RSUs) and performance stock units (PSUs). Stock options are granted under long-term incentive plans to certain key employees and non-employee directors at an exercise price not less than the fair market value of the underlying common stock, which is the quoted closing price of our common stock on the day prior to the date of grant. The options are granted for periods of up to 10 years and become exercisable in varying installments.

We grant RSUs to key employees and non-employee directors and PSUs to certain key employees under our long-term incentive plans. The fair value of RSUs is determined based on the number of shares granted and the quoted closing price of our common stock on the date of grant, adjusted for the fact that RSUs do not include anticipated dividends. RSUs generally vest in one-third increments over a three-year period and are settled in stock. PSUs are earned over a three-year performance cycle and vest in March of the year following the end of that performance cycle. The number of PSUs that will ultimately be earned is based on our performance relative to pre-established goals in that three-year performance cycle. The fair value of PSUs is determined based on the quoted closing price of our common stock on the day of grant.

Compensation expense is recognized in the Consolidated Statements of Earnings based on the estimated fair value of the awards on the grant date. Compensation expense recognized reflects an estimate of the number of awards expected to vest after taking into consideration an estimate of award forfeitures based on actual experience and is recognized on a straight-line basis over the requisite service period, which is generally the period required to obtain full vesting. Management expectations related to the achievement of performance goals associated with PSU grants is assessed regularly and that assessment is used to determine whether PSU grants are expected to vest. If performance-based milestones related to PSU grants are not met or not expected to be met, any compensation expense recognized associated with such grants will be reversed.

Income Taxes: Deferred income tax assets and liabilities are determined based on differences between financial reporting and income tax bases of assets and liabilities and are measured using the enacted income tax rates in effect for the years in which the differences are expected to reverse. Deferred income tax benefits generally represent the change in net deferred income tax assets and liabilities in the year. Other amounts result from adjustments related to acquisitions and foreign currency as appropriate.

We operate in multiple income tax jurisdictions both within the United States and internationally. Accordingly, management must determine the appropriate allocation of income to each of these jurisdictions based on current interpretations of complex income tax regulations. Income tax authorities in these jurisdictions regularly

perform audits of our income tax filings. Income tax audits associated with the allocation of this income and other complex issues, including inventory transfer pricing and cost sharing, product royalty and foreign branch arrangements, may require an extended period of time to resolve and may result in significant income tax adjustments if changes to the income allocation are required between jurisdictions with different income tax rates.

New Accounting Pronouncements Not Yet Adopted

We evaluate all Accounting Standards Updates (ASUs) issued by the Financial Accounting Standards Board (FASB) for consideration of their applicability. ASUs not included in our disclosures were assessed and determined to be either not applicable or are not expected to have a material impact on our Consolidated Financial Statements.

In June 2016 the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new standard is effective for reporting periods beginning after December 15, 2019. The standard replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses for accounts receivables, loans and other financial instruments. The standard is not expected to have a material impact on our Consolidated Financial Statements.

Accounting Pronouncements Recently Adopted

On January 1, 2019 we adopted ASU 2016-02, *Leases*, and related amendments (ASC 842), which require lease assets and liabilities to be recorded on the balance sheet for leases with terms greater than twelve months. The adoption of this update did not have a material impact on our Consolidated Financial Statements. Refer to Note 7 for further information.

On January 1, 2019 we adopted ASU 2017-12, *Derivatives and Hedging - Targeted Improvements to Accounting for Hedging Activities*, which amends and simplifies hedge accounting guidance, as well as improves presentation and disclosure to align the economic effects of risk management strategies in the financial statements. The adoption of this update did not have a material impact on our Consolidated Financial Statements.

No other new accounting pronouncements were issued or became effective in the period that had, or are expected to have, a material impact on our Consolidated Financial Statements.

NOTE 2 - REVENUE RECOGNITION

We disaggregate our net sales by product line and geographic location for each of our segments as we believe it best depicts how the nature, amount, timing and certainty of our net sales and cash flows are affected by economic factors.

Products and services are primarily transferred to customers at a point in time, with some transfers of services taking place over time. In 2019 less than 10% of our sales were recognized as services transferred over time. Refer to Note 1 for further discussion on our revenue recognition policies.

STRYKER CORPORATION 2019 FORM 10-K
Segment Net Sales

Orthopaedics:	2019	2018	2017
Knees	\$ 1,815	\$ 1,701	\$ 1,595
Hips	1,383	1,336	1,303
Trauma and Extremities	1,639	1,580	1,478
Other	415	374	337
	<u>\$ 5,252</u>	<u>\$ 4,991</u>	<u>\$ 4,713</u>
MedSurg:			
Instruments	\$ 2,041	\$ 1,822	\$ 1,678
Endoscopy	1,983	1,846	1,652
Medical	2,264	2,118	1,969
Sustainability	286	259	258
	<u>\$ 6,574</u>	<u>\$ 6,045</u>	<u>\$ 5,557</u>
Neurotechnology and Spine:			
Neurotechnology	\$ 1,973	\$ 1,737	\$ 1,423
Spine	1,085	828	751
	<u>\$ 3,058</u>	<u>\$ 2,565</u>	<u>\$ 2,174</u>
Total	<u>\$ 14,884</u>	<u>\$ 13,601</u>	<u>\$ 12,444</u>

United States Net Sales

Orthopaedics:	2019	2018	2017
Knees	\$ 1,347	\$ 1,244	\$ 1,169
Hips	882	838	820
Trauma and Extremities	1,051	1,001	950
Other	334	300	276
	<u>\$ 3,614</u>	<u>\$ 3,383</u>	<u>\$ 3,215</u>
MedSurg:			
Instruments	\$ 1,608	\$ 1,424	\$ 1,304
Endoscopy	1,577	1,432	1,290
Medical	1,787	1,630	1,525
Sustainability	283	257	257
	<u>\$ 5,255</u>	<u>\$ 4,743</u>	<u>\$ 4,376</u>
Neurotechnology and Spine:			
Neurotechnology	\$ 1,271	\$ 1,115	\$ 900
Spine	817	607	568
	<u>\$ 2,088</u>	<u>\$ 1,722</u>	<u>\$ 1,468</u>
Total	<u>\$ 10,957</u>	<u>\$ 9,848</u>	<u>\$ 9,059</u>

International Net Sales

Orthopaedics:	2019	2018	2017
Knees	\$ 469	\$ 457	\$ 426
Hips	500	498	483
Trauma and Extremities	588	579	528
Other	81	74	61
	<u>\$ 1,638</u>	<u>\$ 1,608</u>	<u>\$ 1,498</u>
MedSurg:			
Instruments	\$ 433	\$ 398	\$ 374
Endoscopy	406	414	362
Medical	477	488	444
Sustainability	3	2	1
	<u>\$ 1,319</u>	<u>\$ 1,302</u>	<u>\$ 1,181</u>
Neurotechnology and Spine:			
Neurotechnology	\$ 702	\$ 622	\$ 523
Spine	268	221	183

as over time for performance obligations that may include an obligation to complete installation, provide training and ongoing services. Performance obligations are satisfied within one year.

MedSurg

MedSurg products include surgical equipment and navigation systems (Instruments), endoscopic and communications systems (Endoscopy), patient handling, emergency medical equipment and intensive care disposable products (Medical), reprocessed and remanufactured medical devices (Sustainability) and other medical device products used in a variety of medical specialties. Substantially all MedSurg sales are recognized when a purchase order has been received and control has transferred. For certain Endoscopy, Instruments and Medical services, we may recognize sales over time as we satisfy performance obligations that may include an obligation to complete installation, provide training and perform ongoing services, generally performed within one year.

Neurotechnology and Spine

Neurotechnology and Spine products include neurosurgical, neurovascular, and spinal implant devices. Our neurotechnology offering includes products used for minimally invasive endovascular techniques; a comprehensive line of products for traditional brain and open skull based surgical procedures; orthobiologic and biosurgery products, including synthetic bone grafts and vertebral augmentation products; and minimally invasive products for the treatment of acute ischemic and hemorrhagic stroke. Our spinal implant offering includes cervical, thoracolumbar and interbody systems used in spinal injury, deformity and degenerative therapies. Substantially all Neurotechnology and Spine sales are recognized when a purchase order has been received and control has transferred.

Contract Assets and Liabilities

The nature of our products and services do not generally give rise to contract assets as we typically do not incur costs to fulfill a contract before a product or service is provided to a customer. Our costs to obtain contracts are typically in the form of sales commissions paid to employees of Stryker or third-party agents. We have elected to expense sales commissions associated with obtaining a contract as incurred as the amortization period is generally less than one year. These costs have been presented within selling, general and administrative expenses. On December 31, 2019 there were no contract assets recorded in our Consolidated Balance Sheets.

Our contract liabilities arise as a result of consideration received from customers at inception of contracts for certain businesses or where the timing of billing for services precedes satisfaction of our performance obligations. We generally satisfy performance obligations within one year from the contract inception date. Our contract liabilities were \$313 and \$327 on December 31, 2019 and December 31, 2018.

NOTE 3 - FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities carried at fair value are classified in their entirety based on the lowest level of input and disclosed in one of the following three categories:

- Level 1 Quoted market prices in active markets for identical assets or liabilities.
- Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 Unobservable inputs reflecting our assumptions or external inputs from active markets.

	<u>\$ 970</u>	<u>\$ 843</u>	<u>\$ 706</u>
Total	<u>\$ 3,927</u>	<u>\$ 3,753</u>	<u>\$ 3,385</u>

Orthopaedics

Orthopaedics products consist primarily of implants used in hip and knee joint replacements and trauma and extremity surgeries. Substantially all Orthopaedics sales are recognized when we have received a purchase order and appropriate notification the product has been used or implanted. For certain Orthopaedic products in the "other" category, we recognize sales at a point in time, as well

Dollar amounts in millions except per share amounts or as otherwise specified.

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Use of observable market data, when available, is required in making fair value measurements. When inputs used fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement. We determine fair value for Level 1 instruments using exchange-traded prices for identical instruments. We determine fair value of Level 2 instruments using exchange-traded prices of similar instruments, where available, or utilizing other observable inputs that take into account our credit risk and that of our counterparties. Foreign currency exchange contracts and interest rate hedges are included in Level 2 and we use inputs other than quoted prices that are observable for the asset or liability. The Level 2 derivative instruments are primarily valued using standard calculations and models that use readily observable market data as their basis. Our Level 3 liabilities are comprised of contingent consideration arising from recently completed acquisitions. We determine fair value of these Level 3 liabilities using a discounted cash flow technique. Significant unobservable inputs were used in our assessment of fair value, including assumptions regarding future business results, discount rates, discount periods and probability assessments based on the likelihood of reaching various targets. We remeasure the fair value of our assets and liabilities each reporting period. We record the changes in fair value within selling, general and administrative expense and the changes in the time value of money within other income (expense), net.

Assets Measured at Fair Value

	2019	2018
Cash and cash equivalents	\$ 4,337	\$ 3,616
Trading marketable securities	149	118
Level 1 - Assets	\$ 4,486	\$ 3,734
Available-for-sale marketable securities:		
Corporate and asset-backed debt securities	\$ 32	\$ 38
United States agency debt securities	2	11
United States treasury debt securities	49	23
Certificates of deposit	5	11
Total available-for-sale marketable securities	\$ 88	\$ 83
Foreign currency exchange forward contracts	226	77
Interest rate swap asset	17	—
Level 2 - Assets	\$ 331	\$ 160
Total assets measured at fair value	\$ 4,817	\$ 3,894

Liabilities Measured at Fair Value

	2019	2018
Deferred compensation arrangements	\$ 149	\$ 118
Level 1 - Liabilities	\$ 149	\$ 118
Foreign currency exchange forward contracts	\$ 23	\$ 20
Level 2 - Liabilities	\$ 23	\$ 20
Contingent consideration:		
Beginning	\$ 117	\$ 32
Additions	298	77
Change in estimate	(10)	15
Settlements	(99)	(7)
Ending	\$ 306	\$ 117
Level 3 - Liabilities	\$ 306	\$ 117
Total liabilities measured at fair value	\$ 478	\$ 255

Fair Value of Available for Sale Securities by Maturity

	2019	2018
Due in one year or less	\$ 50	\$ 51
Due after one year through three years	\$ 38	\$ 32

On December 31, 2019 the aggregate difference between the cost and fair value of available-for-sale marketable securities was nominal. Interest and marketable securities income was \$155, \$119 and \$60 in 2019, 2018 and 2017, which was recorded in other income (expense), net.

Our investments in available-for-sale marketable securities had a minimum credit quality rating of A2 (Moody's), A (Standard & Poor's) and A (Fitch). We do not plan to sell the investments, and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost basis, which may be maturity. We do not consider these investments to be other-than-temporarily impaired on December 31, 2019. On December 31, 2019 the majority of our investments with unrealized losses that were not deemed to be other-than-temporarily impaired were in a continuous unrealized loss position for less than twelve months, and the losses were not material.

Securities in a Continuous Unrealized Loss Position

	Number of Investments	Fair Value
Corporate and Asset-Backed	2	\$ 1
United States Treasury	6	13
Certificate of Deposit	4	1
Total	12	\$ 15

NOTE 4 - DERIVATIVE INSTRUMENTS

Foreign Currency Hedges

We use operational and economic hedges, foreign currency exchange forward contracts, net investment hedges (both derivative and non-derivative financial instruments) and interest rate derivative instruments to manage the impact of currency exchange and interest rate fluctuations on earnings, cash flow and equity. We do not enter into derivative instruments for speculative purposes. We are exposed to potential credit loss in the event of nonperformance by counterparties on our outstanding derivative instruments but do not anticipate nonperformance by any of our counterparties. Should a counterparty default, our maximum exposure to loss is the asset balance of the instrument.

2019	Cash Flow	Net Investment	Non-Designated	Total
Gross notional amount	\$ 801	\$ 1,113	\$ 6,174	\$ 8,088
Maximum term in days				1646
Fair value:				
Other current assets	\$ 5	\$ —	\$ 180	\$ 185
Other noncurrent assets	1	40	—	41
Other current liabilities	(10)	—	(11)	(21)
Other noncurrent liabilities	(2)	—	—	(2)
Total fair value	\$ (6)	\$ 40	\$ 169	\$ 203

2018	Cash Flow	Net Investment	Non-Designated	Total
Gross notional amount	\$ 870	\$ —	\$ 5,466	\$ 6,336
Maximum term in days				586
Fair value:				
Other current assets	\$ 15	\$ —	\$ 28	\$ 43
Other noncurrent assets	1	—	33	34
Other current liabilities	(5)	—	(15)	(20)
Other noncurrent liabilities	—	—	—	—
Total fair value	\$ 11	\$ —	\$ 46	\$ 57

In December 2019 and November 2018 we designated the issuance of €2,400 and €2,250 of senior unsecured notes as a net investment hedge to selectively hedge portions of our investment in certain international subsidiaries. The currency effects of our euro-denominated senior unsecured notes are reflected in AOCI within shareholders' equity where they offset gains and losses recorded on our net investment in international subsidiaries.

On December 31, 2019 the total after-tax gain in AOCI related to these designated net investment hedges was \$17. We evaluate the effectiveness of our net investment hedges quarterly. We have not recognized any ineffectiveness in 2019.

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In July 2019 we entered into €1.0 billion in certain forward currency contracts and designated these as net investment hedges to hedge a portion of our investments in certain of our entities with functional currencies denominated in Euros. We evaluate the effectiveness of our net investment hedges quarterly.

Net Currency Exchange Rate Gains (Losses)

Derivative Instrument	Recorded in:	2019	2018	2017
Cash Flow	Cost of sales	\$ 2	\$ 7	\$ (6)
Net Investment	Other income (expense), net	14	—	—
Non-Designated	Other income (expense), net	\$ (7)	\$ (6)	\$ (9)
Total		\$ 9	\$ 1	\$ (15)

Pretax gains (losses) on derivatives designated as cash flow of (\$6) and net investment hedges of \$27 recorded in AOCI are expected to be reclassified to cost of sales and other income (expense) in earnings within 12 months as of December 31, 2019. This cash flow hedge reclassification is primarily due to the sale of inventory that includes previously hedged purchases. A component of the AOCI amounts related to net investment hedges is reclassified over the life of the hedge instruments as we elected to exclude the initial value of the component related to the spot-forward difference from the effectiveness assessment.

Interest Rate Hedges

In conjunction with our offering of senior unsecured notes in November 2019 we terminated cash flow hedges with gross notional amounts of €600 designated as forward starting interest rate swaps of our interest rates, the impact of which will be recognized over time as a benefit within interest expense. Pretax gains recorded in AOCI related to closed interest rate hedges of \$6 are expected to be reclassified to other income (expense) in earnings within 12 months of December 31, 2019.

On December 31, 2019 we had interest rate swap agreements with notional amounts of \$750 designated as forward starting interest rate swaps in anticipation of future debt issuances. Pretax gains of \$17 were recorded in AOCI as of December 31, 2019. Upon the probable issuance of the debt, these amounts will be released to interest expense over the term of the debt. The cash flow effect of these hedges is recorded in cash flow from operations.

NOTE 5 - ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME (AOCI)

	Marketable Securities	Pension Plans	Hedges	Financial Statement Translation	Total
2017	\$ (4)	\$ (134)	\$ 28	\$ (443)	\$ (553)
OCI	2	(16)	36	(115)	(93)
Income taxes	—	1	(9)	18	10
Reclassifications to:					
Cost of Sales	—	—	(7)	—	(7)
Other (income) expense	(2)	10	—	—	8
Income taxes	—	2	2	—	4
Net OCI	—	(3)	22	(97)	(78)
2018	\$ (4)	\$ (137)	\$ 50	\$ (540)	\$ (631)
OCI	—	(74)	3	101	30
Income taxes	—	26	—	(21)	5
Reclassifications to:					
Cost of Sales	—	—	(2)	—	(2)
Other (income) expense	1	8	(5)	(14)	(10)
Income taxes	—	(2)	1	3	2
Net OCI	1	(42)	(3)	69	25
2019	\$ (3)	\$ (179)	\$ 47	\$ (471)	\$ (606)

Dollar amounts in millions except per share amounts or as otherwise specified.

NOTE 6 - ACQUISITIONS

The aggregate purchase price of our acquisitions, net of cash acquired was \$1,096 and \$2,451 in 2019 and 2018. We acquired stock in companies and various assets that continue to support our capital deployment and product development strategies.

In October 2019 we completed the acquisition of Mobius Imaging and Cardan Robotics for net cash consideration of \$360 and future regulatory and commercial milestone payments of up to \$130. Mobius Imaging is a leader in point-of-care imaging technology focused on integrating advanced imaging technologies into medical workflow. Cardan Robotics is working to develop innovative robotics and navigation technology systems for surgical and interventional radiology procedures. Mobius Imaging and Cardan Robotics (Mobius) are part of our Spine business within Neurotechnology and Spine. For income tax purposes the acquisition is treated as an asset purchase. Goodwill attributable to the acquisition is deductible for tax purposes.

In March 2019 we completed the acquisition of OrthoSpace, Ltd. (OrthoSpace) for net cash consideration of \$110 and future regulatory milestone payments of up to \$110. OrthoSpace is a medical device company specializing in orthopaedic biodegradable technology for the treatment of irreparable rotator cuff tears. OrthoSpace is part of our Endoscopy business within MedSurg. Goodwill attributable to the acquisition is not deductible for tax purposes.

In November 2018 we completed the acquisition of K2M Group Holdings, Inc. (K2M) for \$27.50 per share, or an aggregate purchase price of \$1,380, net of cash acquired. K2M is a global leader of complex spine and minimally invasive solutions focused on achieving three-dimensional Total Body Balance. K2M is part of our Spine business within Neurotechnology and Spine. Goodwill attributable to the acquisition is not deductible for tax purposes.

In February 2018 we completed the acquisition of Entellus Medical, Inc. (Entellus) for \$24.00 per share, or an aggregate purchase price of \$697, net of cash acquired. Entellus is focused on delivering superior patient and physician experiences through products designed for the minimally invasive treatment of various ear, nose and throat (ENT) disease states. Entellus is part of our Neurotechnology business within Neurotechnology and Spine. Goodwill attributable to the acquisition is not deductible for tax purposes.

In November 2019 we announced a definitive agreement to acquire all of the issued and outstanding ordinary shares of Wright Medical Group N.V. (Wright) for \$30.75 per share, or an aggregate purchase price of approximately \$5.4 billion (including convertible notes). Pursuant to the agreement, on December 13, 2019 our wholly owned subsidiary, Stryker B.V., commenced a tender offer to purchase all of the outstanding ordinary shares, par value €0.03 per share, of Wright at a price of \$30.75 per share, without interest, but subject to any applicable withholding of taxes. We expect the acquisition to close in the second half of 2020, subject to the expiration of the waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of other required approvals and clearances under applicable antitrust laws, the adoption of certain resolutions by Wright's shareholders at an extraordinary general meeting of Wright's shareholders and other customary conditions. Wright is a global medical device company focused on extremities and biologics. Following closing, we plan to integrate Wright into our Trauma and Extremities business within Orthopaedics.

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Purchase price allocations for our significant acquisitions are presented below:

Purchase Price Allocation of Acquired Net Assets

2019	Mobius	OrthoSpace
Tangible assets acquired:		
Accounts receivable	\$ 3	\$ 1
Inventory	7	1
Other assets	2	1
Contingent consideration	(4)	—
Liabilities	(10)	(29)
Intangible assets:		
Customer relationship	7	—
Developed technology and patents	60	120
In-process research and development	98	—
Non-compete agreements	9	—
Goodwill	301	114
Purchase price, net of cash acquired	\$ 473	\$ 208
Weighted average life of intangible assets	12	18

2018	K2M	Entellus
Tangible assets acquired:		
Accounts receivable	\$ 58	\$ 17
Inventory	131	14
Other assets	160	62
Contingent consideration	—	(79)
Liabilities	(257)	(76)
Intangible assets:		
Customer relationship	34	33
Distributor relationship	1	—
Trade name	10	—
Developed technology and patents	475	261
Internally developed software	2	—
Goodwill	766	465
Purchase price, net of cash acquired	\$ 1,380	\$ 697
Weighted average life of intangible assets	15	16

Purchase price allocations for Mobius, OrthoSpace and other 2019 acquisitions were based on preliminary valuations, primarily related to intangible assets and inventory. Our estimates and assumptions are subject to change within the measurement period. The purchase price allocations for K2M, Entellus and other 2018 acquisitions were finalized in 2019.

NOTE 7 - CONTINGENCIES AND COMMITMENTS

We are involved in various ongoing proceedings, legal actions and claims arising in the normal course of business, including proceedings related to product, labor, intellectual property and other matters that are more fully described below. The outcomes of these matters 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 and equitable relief that could result in the payment of significant claims and settlements and/or the imposition of injunctions or other equitable relief. For legal matters for which management had sufficient information to reasonably estimate our future obligations, a liability representing management's best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within the range is not known, is recorded. The estimates are based on consultation with legal counsel, previous settlement experience and settlement strategies. If actual outcomes are less favorable than those estimated by management, additional expense may be incurred, which could unfavorably affect future operating results. We are self-insured for product liability claims and expenses. The ultimate cost to us with respect to product liability claims could be materially different than the amount of the current estimates and

accruals and could have a material adverse effect on our financial position, results of operations and cash flows.

In 2010 we filed a lawsuit in federal court against Zimmer Biomet Holdings, Inc. (Zimmer), alleging that a Zimmer product infringed on three of our patents. In 2013 following a jury trial favorable to us, the trial judge entered a final judgment that, among other things, awarded us damages of \$76 and ordered Zimmer to pay us enhanced damages. Zimmer appealed this ruling. In December 2014 the Federal Circuit affirmed the damages awarded to us, reversed the order for enhanced damages and remanded the issue of attorney fees to the trial court. In May 2015 the trial court entered a stipulated judgment that, among other things, required Zimmer to pay us the base amount of damages and interest, while the issues of enhanced damages and attorney fees continue to be pursued. In June 2015 we recorded a \$54 gain, net of legal costs, which was recorded within selling, general and administrative expenses. On June 13, 2016 the United States Supreme Court vacated the decision of the Federal Circuit that reversed our judgment for enhanced damages and remanded the case to the Federal Circuit to reconsider the issue. On September 12, 2016 the Federal Circuit issued an opinion that, among other things, remanded the issue of enhanced damages to the trial court. On July 12, 2017 the trial court reaffirmed its award of enhanced damages and entered a judgment of \$164 in our favor. Zimmer appealed, and on December 10, 2018 the Federal Circuit affirmed the decision. Zimmer filed a petition on January 23, 2019 to seek a rehearing of this ruling by the entire Federal Circuit. On March 19, 2019 the Federal Circuit denied Zimmer's petition for a rehearing. Zimmer conditionally paid us \$167 while it pursued a review of the decision by the Supreme Court. On October 7, 2019 the Supreme Court denied Zimmer's petition for review. This decision concluded the case. Accordingly, in November 2019 we recorded a \$100 gain, net of legal costs, which was recorded within selling, general and administrative expenses.

Recall Matters

In June 2012 we voluntarily recalled our Rejuvenate and ABG II Modular-Neck hip stems and terminated global distribution of these hip products. Product liability lawsuits relating to this voluntary recall have been filed against us. In November 2014 we entered into a settlement agreement to compensate eligible United States patients who had revision surgery prior to November 3, 2014 and in December 2016 the settlement program was extended to patients who had revision surgery prior to December 19, 2016. We continue to offer support for recall-related care and reimburse patients who are not eligible to enroll in the settlement program for testing and treatment services, including any necessary revision surgeries. In addition, there are remaining lawsuits that we will continue to defend against.

In August 2016 and May 2018 we voluntarily recalled certain lot-specific sizes and offsets of LFIT Anatomic CoCr V40 Femoral Heads. Product liability lawsuits and claims relating to this voluntary recall have been filed against us. In November 2018 we entered into a settlement agreement to resolve a significant number of claims and lawsuits related to the recalls. The specific terms of the settlement agreement, including the financial terms, are confidential.

We have incurred, and expect to incur in the future, costs associated with the defense and settlement of these matters. Based on the information that has been received, we have estimated the remaining range of probable loss related to these matters globally to be approximately \$275 to \$520. We have recorded charges to earnings representing the minimum of the range of probable loss. The final outcomes of these matters are dependent on many factors that are difficult to predict. Accordingly, the ultimate cost related to

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these matters globally may be materially different than the amount of our current estimate and accruals and could have a material adverse effect on our results of operations and cash flows.

Leases

We lease various manufacturing, warehousing and distribution facilities, administrative and sales offices as well as equipment under operating leases. We evaluate our contracts to identify leases, which is generally if there is an identified asset and we have the right to direct the use of and obtain substantially all of the economic benefit from the use of the identified asset. Certain of our lease agreements contain rent escalation clauses (including index-based escalations), rent holidays, capital improvement funding or other lease concessions. We recognize our minimum rental expense on a straight-line basis over the term of the lease beginning with the date of initial control of the asset. With the adoption of ASC 842 we recognized all leases with terms greater than twelve months in duration on our Consolidated Balance Sheets as right-of-use assets and lease liabilities of approximately \$350 as of January 1, 2019. We adopted the standard using the prospective approach and did not retrospectively apply to prior periods. Right-of-use assets are recorded in Other noncurrent assets on our Consolidated Balance Sheets. Current and non-current lease liabilities are recorded in Accrued expenses and other liabilities and Other noncurrent liabilities, respectively, on our Consolidated Balance Sheets.

We have made certain assumptions and judgments when applying ASC 842, the most significant of which are:

- We elected the package of practical expedients available for transition which allow us to not reassess whether expired or existing contracts contain leases under the new definition of a lease, lease classification for expired or existing leases and whether previously capitalized initial direct costs would qualify for capitalization under ASC 842.
- We did not elect to use hindsight when considering judgments and estimates such as assessments of lessee options to extend or terminate a lease or purchase the underlying asset.
- For all asset classes, we elected to not recognize a right-of-use asset and lease liability for short-term leases.
- For all asset classes, we elected to not separate non-lease components from lease components to which they relate and have accounted for the combined lease and non-lease components as a single lease component.
- The determination of the discount rate used in a lease is our incremental borrowing rate which is based on what we would normally pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments.

Leases	December 2019
Right-of-use assets	\$ 384
Lease liabilities, current	\$ 86
Lease liabilities, non-current	\$ 301
Other information	
Weighted-average remaining lease term	6.2 years
Weighted-average discount rate	3.34%

Lease expense totaled \$133, \$138, and \$125 in 2019, 2018 and 2017.

Future Obligations

We have purchase commitments for materials, supplies, services and property, plant and equipment as part of the normal course of business. In addition, we lease various manufacturing, warehousing and distribution facilities, administrative and sales offices as well as equipment under operating leases. Refer to Note 10 for more information on the debt obligations.

Future Obligations

	2020	2021	2022	2023	2024	Thereafter
Debt repayments	\$ 860	\$ 750	\$ —	\$ 612	\$ 1,546	\$ 7,433
Purchase obligations	\$ 1,373	\$ 19	\$ 9	\$ 6	\$ 6	6
Minimum lease payments	\$ 94	\$ 74	\$ 62	\$ 38	\$ 32	95

NOTE 8 - GOODWILL AND OTHER INTANGIBLE ASSETS

We completed our annual impairment tests of goodwill in 2019 and 2018 and concluded in each year that no impairments exist.

Summary of Other Intangible Assets

	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Less Accumulated Amortization	Net Carrying Amount
Developed technologies				
2019	14	\$ 3,731	\$ 1,271	\$ 2,460
2018	13	3,426	1,115	2,311
Customer relationships				
2019	16	\$ 2,160	\$ 848	\$ 1,312
2018	15	2,155	703	1,452
Patents				
2019	11	\$ 348	\$ 265	\$ 83
2018	12	332	231	101
Trademarks				
2019	18	\$ 362	\$ 136	\$ 226
2018	18	349	108	241
In-process research and development				
2019	N/A	\$ 110	\$ —	\$ 110
2018	N/A	6	—	6
Other				
2019	8	\$ 125	\$ 89	\$ 36
2018	11	128	76	52
Total				
2019		\$ 14	\$ 6,836	\$ 2,609
2018		\$ 14	\$ 6,396	\$ 2,233

Changes in the Net Carrying Value of Goodwill by Segment

	Orthopaedics	MedSurg	Neurotechnology and Spine	Total
2017	\$ 2,426	\$ 3,509	\$ 1,233	\$ 7,168
Additions and adjustments	4	100	1,366	1,470
Foreign exchange	(31)	(28)	(16)	(75)
2018	\$ 2,399	\$ 3,581	\$ 2,583	\$ 8,563
Additions and adjustments	—	229	318	547
Foreign exchange	(13)	(11)	(17)	(41)
2019	\$ 2,386	\$ 3,799	\$ 2,884	\$ 9,069

Estimated Amortization Expense

	2020	2021	2022	2023	2024
\$	457	\$ 440	\$ 435	\$ 414	\$ 384

NOTE 9 - CAPITAL STOCK

The aggregate number of shares of all classes of stock with which we are authorized to issue is up to 1,000,500,000, divided into two classes consisting of 500,000 shares of \$1 par value preferred stock and 1,000,000,000 shares of common stock with a par value of \$0.10. No shares of preferred stock were outstanding on December 31, 2019.

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In 2019 we repurchased 1.9 million shares at a cost of \$307. The manner, timing and amount of repurchases are determined by management based on an evaluation of market conditions, stock price and other factors and are subject to regulatory considerations. Purchases are made from time-to-time in the open market, in privately negotiated transactions or otherwise. On December 31, 2019 the total dollar value of shares that could be purchased under our authorized repurchase program was \$1,033.

Shares reserved for future compensation grants of our common stock were 31 million and 33 million on December 31, 2019 and 2018.

Stock Options

We measure the cost of employee stock options based on the grant-date fair value and recognize that cost using the straight-line method over the period in which a recipient is required to provide services in exchange for the options, typically the vesting period. The weighted-average fair value per share of options is estimated on the date of grant using the Black-Scholes option pricing model.

Option Value and Assumptions

	2019	2018	2017
Weighted-average fair value per share	\$ 36.30	\$ 28.52	\$ 22.43
Assumptions:			
Risk-free interest rate	2.6%	2.7%	2.0%
Expected dividend yield	1.1%	1.2%	1.5%
Expected stock price volatility	18.3%	16.8%	19.4%
Expected option life (years)	5.9	6.0	6.0

The risk-free interest rate for periods within the expected life of options granted is based on the United States Treasury yield curve in effect at the time of grant. Expected stock price volatility is based on the historical volatility of our stock. The expected option life, representing the period of time that options granted are expected to be outstanding, is based on historical option exercise and employee termination data.

2019 Stock Option Activity

	Shares (in millions)	Weighted Average Exercise Price	Weighted- Average Remaining Term (in years)	Aggregate Intrinsic Value
Outstanding January 1	14.1	\$ 97.69		
Granted	2.1	179.41		
Exercised	(2.6)	75.74		
Canceled	(0.8)	134.73		
Outstanding December 31	12.8	\$ 113.10	6.0	\$ 1,242.8
Exercisable December 31	6.8	\$ 85.62	4.4	\$ 853.2
Options expected to vest	5.4	\$ 143.38	7.7	\$ 360.8

The aggregate intrinsic value of options, which represents the cumulative difference between the fair market value of the underlying common stock and the option exercise prices, exercised was \$294, \$247, and \$184 in 2019, 2018 and 2017. Exercise prices for options outstanding ranged from \$51.82 to \$209.78 on December 31, 2019. On December 31, 2019 there was \$101 of unrecognized compensation cost related to nonvested stock options granted under the long-term incentive plans; that cost is expected to be recognized over the weighted-average period of approximately 1.5 years.

Restricted Stock Units (RSUs) and Performance Stock Units (PSUs) Activity

	Shares (in millions)		Weighted Average Grant Date Fair Value	
	RSUs	PSUs	RSUs	PSUs
Nonvested on January 1	0.9	0.3	\$ 129.90	\$ 122.39
Granted	0.4	—	175.96	180.70
Vested	(0.4)	(0.1)	120.56	98.10
Canceled or forfeited	(0.1)	—	146.37	136.56
Nonvested on December 31	0.8	0.2	\$ 158.80	\$ 152.44

On December 31, 2019 there was \$67 of unrecognized compensation cost related to nonvested RSUs. That cost is expected to be recognized as expense over the weighted-average period of approximately one year. The weighted-average grant date fair value per share of RSUs granted was \$175.96 and \$150.23 in 2019 and 2018. The fair value of RSUs and PSUs vested in 2019 was \$52 and \$10. On December 31, 2019 there was \$15 of unrecognized compensation cost related to nonvested PSUs; the cost is expected to be recognized as expense over the weighted-average period of approximately one year.

Employee Stock Purchase Plans (ESPP)

Full- and part-time employees may participate in our ESPP provided they meet certain eligibility requirements. The purchase price for our common stock under the terms of the ESPP is defined as 95% of the closing stock price on the last trading day of a purchase period. We issued 166,758 and 168,626 shares under the ESPP in 2019 and 2018.

NOTE 10 - DEBT AND CREDIT FACILITIES

We have lines of credit issued by various financial institutions that are available to fund our day-to-day operating needs. Certain of our credit facilities require us to comply with financial and other covenants. We were in compliance with all covenants on December 31, 2019.

Our commercial paper program allows us to have a maximum of \$1,500 in commercial paper outstanding with maturities up to 397 days from the date of issuance. On December 31, 2019 there were no amounts outstanding under our commercial paper program.

Summary of Total Debt

	2019	2018
Senior unsecured notes:		
	Rate	Due
1.800%	January 15, 2019	\$ — \$ 500
2.000%	March 8, 2019	— 750
4.375%	January 15, 2020	500 499
Variable	November 30, 2020	333 343
2.625%	March 15, 2021	749 747
1.125%	November 30, 2023	609 627
3.375%	May 15, 2024	587 584
0.250%	December 3, 2024	938 —
3.375%	November 1, 2025	746 746
3.500%	March 15, 2026	991 990
2.125%	November 30, 2027	829 853
3.650%	March 7, 2028	596 595
0.750%	March 1, 2029	884 —
2.625%	November 30, 2030	712 733
1.000%	December 3, 2031	823 —
4.100%	April 1, 2043	391 391
4.375%	May 15, 2044	395 395
4.625%	March 15, 2046	981 980
Other		26 126
Total debt	\$ 11,090	\$ 9,859
Less current maturities	859	1,373
Total long-term debt	\$ 10,231	\$ 8,486

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	2019	2018
Unamortized debt issuance costs	\$ 58	\$ 50
Borrowing capacity on existing facilities	\$ 1,546	\$ 1,548
Fair value of senior unsecured notes	\$ 11,910	\$ 9,746

The fair value of the senior unsecured notes was estimated using quoted interest rates, maturities and amounts of borrowings based on quoted active market prices and yields that took into account the underlying terms of the debt instruments. Substantially all of our debt is classified within Level 2 of the fair value hierarchy.

In January 2019 we repaid \$500 of senior unsecured notes with a coupon of 1.800% that were due on January 15, 2019. In March 2019 we repaid \$750 of senior unsecured notes with a coupon of 2.000% that were due on March 8, 2019.

In December 2019 we issued €850 of senior unsecured notes with a fixed interest rate of 0.250% due on December 3, 2024, €800 of senior unsecured notes with a fixed interest rate of 0.750% due on March 1, 2029 and €750 of senior unsecured notes with a fixed interest rate of 1.000% due on December 3, 2031. Our annual interest expense arising from the issuance of the 2029 notes will be reduced by the benefit from the cash flow hedges that were terminated in conjunction with the issuance. Refer to Note 4 for further information. The 2024 and 2031 notes are subject to a Special Mandatory Redemption in which we will be required to redeem the notes in whole at a price equal to 101% of the aggregate principal amount plus accrued and unpaid interest if we do not consummate the Wright tender offer on or before February 4, 2021.

In January 2020 we repaid \$500 of senior unsecured notes with a coupon of 4.375% that were due on January 15, 2020.

Interest expense, including required fees incurred on outstanding debt and credit facilities that were included in other expense, totaled \$287, \$264, and \$247 in 2019, 2018 and 2017.

NOTE 11 - INCOME TAXES

Our effective tax rate was 18.7%, (50.8)% and 50.6% for 2019, 2018 and 2017. The effective income tax rate for 2019 reflects the tax related to the transfer of intellectual properties between tax jurisdictions and the continued lower effective income tax rates as a result of our European operations. The effective income tax rate for 2018 reflects the tax effect related to the transfer of intellectual properties between tax jurisdictions, the continuing impact of complying with the Tax Cuts and Jobs Act of 2017 (the Tax Act) and continued lower effective income tax rates as a result of our European operations. The effective income tax rate for 2017 reflects compliance with the Tax Act offset by lower effective income tax rates as a result of our European operations.

Effective Income Tax Rate Reconciliation

	2019	2018	2017
United States federal statutory rate	21.0 %	21.0 %	35.0 %
United States state and local income taxes, less federal deduction	1.7	0.4	1.2
Foreign income tax at rates other than 21%	(4.6)	(6.5)	(21.0)
Tax Cuts and Jobs Act of 2017 transition tax	—	2.2	38.0
Tax Cuts and Jobs Act of 2017 deferred tax changes	—	(0.6)	2.3
Tax related to repatriation of foreign earnings	(0.5)	0.5	—
Intellectual property transfer	3.5	(63.8)	—
Other	(2.4)	(4.0)	(4.9)
Effective income tax rate	18.7 %	(50.8)%	50.6 %

In December 2017 the Tax Act was signed into law in the United States. The law includes significant changes to the United States corporate income tax system, including a federal corporate rate reduction, limitations on the deductibility of certain expenses and the transition of United States international taxation from a worldwide tax system to a territorial tax system. As part of the

transition to a territorial tax system, the Tax Act requires taxpayers to calculate a one-time transition tax based on undistributed earnings of foreign subsidiaries.

The Tax Act subjects a United States shareholder to tax on Global Intangible Low-Taxed Income (GILTI) earned by certain foreign subsidiaries. We have elected to account for GILTI tax in the year the tax is incurred.

Earnings Before Income Taxes

	2019	2018	2017
United States	\$ 366	\$ 509	\$ 499
International	2,196	1,847	1,564
Total	\$ 2,562	\$ 2,356	\$ 2,063

Components of Income Tax Expense (Benefit)

Current income tax expense:	2019	2018	2017
United States federal	\$ (17)	\$ 178	\$ 836
United States state and local	46	30	38
International	324	177	133
Total current income tax expense	\$ 353	\$ 385	\$ 1,007
Deferred income tax (benefit) expense:			
United States federal	\$ 10	\$ (44)	\$ 84
United States state and local	(1)	(20)	(9)
International	117	(1,518)	(39)
Total deferred income tax (benefit) expense	\$ 126	\$ (1,582)	\$ 36
Total income tax (benefit) expense	\$ 479	\$ (1,197)	\$ 1,043

Interest and penalties included in other income (expense), net were expense of (\$9), (\$9) and (\$28) in 2019, 2018 and 2017. The United States federal deferred income tax benefit (expense) includes the utilization of net operating loss carryforwards of \$50, \$31 and \$32 in 2019, 2018 and 2017.

Deferred Income Tax Assets and Liabilities

Deferred income tax assets:	2019	2018
Inventories	\$ 415	\$ 390
Product-related liabilities	57	60
Other accrued expenses	221	222
Depreciation and amortization	1,363	1,504
State income taxes	65	70
Share-based compensation	49	47
Net operating loss carryforwards	95	134
Other	207	177
Total deferred income tax assets	\$ 2,472	\$ 2,604
Less valuation allowances	(75)	(66)
Net deferred income tax assets	\$ 2,397	\$ 2,538
Deferred income tax liabilities:		
Depreciation and amortization	\$ (893)	\$ (865)
Undistributed earnings	(37)	(46)
Other	—	(3)
Total deferred income tax liabilities	\$ (930)	\$ (914)
Net deferred income tax assets	\$ 1,467	\$ 1,624
Reported as:		
Noncurrent deferred income tax assets	\$ 1,575	\$ 1,678
Noncurrent liabilities—Other liabilities	(108)	(54)
Total	\$ 1,467	\$ 1,624

Accrued interest and penalties were \$94 and \$85 on December 31, 2019 and 2018 which were reported in current and noncurrent accrued expenses and other liabilities.

Net operating loss carryforwards totaling \$378 on December 31, 2019 are

available to reduce future taxable earnings of certain domestic and foreign subsidiaries. United States loss carryforwards of \$358 expire through 2045. International loss carryforwards of \$20 begin to expire in 2037; however, some have no expiration. We also have a tax credit carryforward of \$65 with \$63 being subject to a full valuation allowance. The credits with a full valuation allowance

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have no expiration; however, we do not anticipate generating income tax in excess of the credits in the foreseeable future.

We recorded a transition tax on undistributed foreign earnings as required by the Tax Act. No other provision was made for United States income taxes that may result from future remittances of the undistributed earnings of foreign subsidiaries that are determined to be indefinitely reinvested. Determination of the total amount of unrecognized deferred income tax on undistributed earnings of foreign subsidiaries is not practicable.

Uncertain Income Tax Positions

	2019	2018
Beginning uncertain tax positions	\$ 528	\$ 540
Increases related to current year income tax positions	62	22
Increases related to prior year income tax positions	5	25
Decreases related to prior year income tax positions:		
Settlements and resolutions of income tax audits	(78)	(37)
Statute of limitations expirations	(40)	(14)
Foreign currency translation	(5)	(8)
Ending uncertain tax positions	\$ 472	\$ 528
Reported as:		
Noncurrent liabilities—Income taxes	\$ 472	\$ 528

Our income tax expense would have been reduced by \$468 and \$521 on December 31, 2019 and 2018 had these uncertain income tax positions been favorably resolved. It is reasonably possible that the amount of unrecognized tax benefits will significantly change due to one or more of the following events in the next 12 months: expiring statutes, audit activity, tax payments, competent authority proceedings related to transfer pricing or final decisions in matters that are the subject of controversy in various taxing jurisdictions in which we operate, including inventory transfer pricing, cost sharing, product royalty and foreign branch arrangements. We are not able to reasonably estimate the amount or the future periods in which changes in unrecognized tax benefits may be resolved. Interest and penalties incurred associated with uncertain tax positions are included in other income (expense), net.

In the normal course of business, income tax authorities in various income tax jurisdictions both within the United States and internationally conduct routine audits of our income tax returns filed in prior years. These audits are generally designed to determine if individual income tax authorities are in agreement with our interpretations of complex income tax regulations regarding the allocation of income to the various income tax jurisdictions. Income tax years are open from 2014 through the current year for the United States federal jurisdiction. Income tax years open for our other major jurisdictions range from 2005 through the current year.

NOTE 12 - RETIREMENT PLANS

Defined Contribution Plans

We provide certain employees with defined contribution plans and other types of retirement plans. A portion of our retirement plan expense under the defined contribution plans is funded with Stryker common stock. The use of Stryker common stock represents a non-cash operating activity that is not reflected in our Consolidated Statements of Cash Flows.

	2019	2018	2017
Plan expense	\$ 205	\$ 180	\$ 181
Expense funded with Stryker common stock	31	29	25
Stryker common stock held by plan:			
Dollar amount	470	358	353
Shares (in millions)	2.2	2.3	2.3
Value as a percentage of total plan assets	12%	12%	11%

Dollar amounts in millions except per share amounts or as otherwise specified.

Defined Benefit Plans

Certain of our subsidiaries have both funded and unfunded defined benefit pension plans covering some or all of their employees. Substantially all of the defined benefit pension plans have projected benefit obligations in excess of plan assets.

Discount Rate

The discount rates were selected using a hypothetical portfolio of high quality bonds on December 31 that would provide the necessary cash flows to match our projected benefit payments. Effective January 1, 2017, in countries where it was possible, we elected to change the method to calculate the service cost and interest cost components of net periodic benefit costs for our defined benefit plans and will measure these costs by applying the specific spot rates along the yield curve of the projected cash flows for the respective plans. Our defined benefit plans previously utilized the yield curve approach to establish discount rates and we believe the new approach provides a more precise measurement of service and interest costs by improving the correlation between projected cash flows and the corresponding spot yield curve rates. The change does not affect the measurement of our total benefit obligations for those plans and is accounted for as a change in accounting estimate inseparable from a change in accounting principle, which is applied prospectively. The reductions in service and interest costs for 2017 associated with this change in estimate are nominal.

Expected Return on Plan Assets

The expected return on plan assets is determined by applying the target allocation in each asset category of plan investments to the anticipated return for each asset category based on historical and projected returns.

Components of Net Periodic Pension Cost

Net periodic benefit cost:	2019	2018	2017
Service cost	\$ (41)	\$ (44)	\$ (42)
Interest cost	(12)	(11)	(10)
Expected return on plan assets	12	12	11
Amortization of prior service credit	1	1	1
Recognized actuarial loss	(9)	(11)	(9)
Net periodic benefit cost	\$ (49)	\$ (53)	\$ (49)
Changes in assets and benefit obligations recognized in OCI:			
Net actuarial gain (loss)	\$ (74)	\$ 11	\$ (25)
Recognized net actuarial loss	9	10	9
Prior service (credit) cost and transition amount	(1)	(1)	(1)
Total recognized in other comprehensive income (loss)	\$ (66)	\$ 20	\$ (17)
Total recognized in net periodic benefit cost and OCI	\$ (115)	\$ (33)	\$ (66)

Weighted-average rates used to determine net periodic benefit cost:

	2019	2018	2017
Discount rate	1.9%	1.8%	1.8%
Expected return on plan assets	3.5%	3.3%	3.3%
Rate of compensation increase	2.9%	2.8%	2.8%
Weighted-average discount rate used to determine projected benefit obligations	1.0%	1.9%	1.8%

Investment Strategy

The investment strategy for our defined benefit pension plans is to meet the liabilities of the plans as they fall due and to maximize the return on invested assets within appropriate risk tolerances.

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	2019	2018
Fair value of plan assets	\$ 428	\$ 376
Benefit obligations	(869)	(735)
Funded status	\$ (441)	\$ (359)
Reported as:		
Current liabilities—accrued compensation	\$ (2)	\$ (2)
Noncurrent liabilities—other liabilities	(439)	(357)
Pre-tax amounts recognized in AOCI:		
Unrecognized net actuarial loss	(250)	(168)
Unrecognized prior service credit	9	11
Total	\$ (241)	\$ (157)

The estimated net actuarial loss for the defined benefit pension plans to be reclassified from AOCI into net periodic benefit cost is \$12 in 2020. The total estimated amortization of prior service credit and transition asset for the defined benefit pension plans to be reclassified from AOCI into net periodic benefit credit is \$1 in 2020.

Change in Benefit Obligations

	2019	2018
Beginning projected benefit obligations	\$ 735	\$ 708
Service cost	41	44
Interest cost	12	11
Foreign exchange impact	(12)	(16)
Employee contributions	6	6
Actuarial (gains) losses	116	(1)
Acquisition	—	—
Benefits paid	(29)	(17)
Ending projected benefit obligations	\$ 869	\$ 735
Ending accumulated benefit obligations	\$ 830	\$ 702

Change in Plan Assets

	2019	2018
Beginning fair value of plan assets	\$ 376	\$ 370
Actual return	52	(2)
Employer contributions	25	22
Employee contributions	6	6
Foreign exchange impact	(5)	(6)
Acquisition	—	—
Benefits paid	(26)	(14)
Ending fair value of plan assets	\$ 428	\$ 376

Allocation of Plan Assets

	2020 Target	2019 Actual	2018 Actual
Equity securities	23%	22%	26%
Debt securities	44	44	46
Other	33	34	28
Total	100%	100%	100%

Valuation of Plan Assets

2019	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 7	\$ —	\$ —	\$ 7
Equity securities	23	86	—	109
Corporate debt securities	3	173	—	176
Other	4	52	80	136

related to actual returns and acquired assets. We expect to contribute \$24 to our defined benefit pension plans in 2020.

Estimated Future Benefit Payments

	2020	2021	2022	2023	2024	2025-2029
\$	19	\$ 18	\$ 18	\$ 19	\$ 19	115

NOTE 13 - SUMMARY OF QUARTERLY DATA (UNAUDITED)

2019 Quarters	Mar 31	Jun 30	Sep 30	Dec 31
Net sales	\$ 3,516	\$ 3,650	\$ 3,587	\$ 4,131
Gross profit	2,283	2,380	2,330	2,703
Earnings before income taxes	480	565	581	936
Net earnings	412	480	466	725
Net earnings per share of common stock:				
Basic	\$ 1.10	\$ 1.29	\$ 1.24	\$ 1.94
Diluted	\$ 1.09	\$ 1.26	\$ 1.23	\$ 1.90
Dividends declared per share of common stock	\$ 0.52	\$ 0.52	\$ 0.52	\$ 0.575
2018 Quarters	Mar 31	Jun 30	Sep 30	Dec 31
Net sales	\$ 3,241	\$ 3,322	\$ 3,242	\$ 3,796
Gross profit	2,137	2,190	2,155	2,456
Earnings before income taxes	542	623	534	657
Net earnings	443	452	590	2,068
Net earnings per share of common stock:				
Basic	\$ 1.18	\$ 1.21	\$ 1.58	\$ 5.52
Diluted	\$ 1.16	\$ 1.19	\$ 1.55	\$ 5.44
Dividends declared per share of common stock	\$ 0.47	\$ 0.47	\$ 0.47	\$ 0.52

NOTE 14 - SEGMENT AND GEOGRAPHIC DATA

We segregate our operations into three reportable business segments: Orthopaedics, MedSurg, and Neurotechnology and Spine.

The Corporate and Other category shown in the table below includes corporate and administration, corporate initiatives and share-based compensation, which includes compensation related to employee stock options, restricted stock units and performance stock unit grants and director stock options and restricted stock unit grants.

Segment Results

	2019	2018	2017
Orthopaedics	\$ 5,252	\$ 4,991	\$ 4,713
MedSurg	\$ 6,574	\$ 6,045	\$ 5,557
Neurotechnology & Spine	3,058	2,565	2,174
Net sales	\$ 14,884	\$ 13,601	\$ 12,444
Orthopaedics	\$ 348	\$ 350	\$ 337
MedSurg	379	285	315
Neurotechnology & Spine	218	176	142
Segment depreciation and amortization	\$ 945	\$ 811	\$ 794
Corporate and Other	99	155	65
Total depreciation and amortization	\$ 1,044	\$ 966	\$ 859
Orthopaedics	\$ 1,907	\$ 1,804	\$ 1,681
MedSurg	1,635	1,444	1,228
Neurotechnology & Spine	846	700	631
Segment operating income	\$ 4,388	\$ 3,948	\$ 3,540
Items not allocated to segments:			
Corporate and Other	\$ (480)	\$ (431)	\$ (402)
Acquisition and integration-related charges	(275)	(123)	(64)
Amortization of intangible assets	(464)	(417)	(371)
Restructuring related and other charges	(226)	(220)	(194)
Medical device regulations	(62)	(12)	—
Recall-related matters	(192)	(23)	(173)
Regulatory and legal matters	24	(185)	(39)
Consolidated operating income	\$ 2,713	\$ 2,537	\$ 2,297

Total	\$ 37	\$ 311	\$ 80	\$ 428
2018				
Cash and cash equivalents	\$ 10	\$ —	\$ —	10
Equity securities	20	85	—	105
Corporate debt securities	2	153	—	155
Other	7	43	56	106
Total	\$ 39	\$ 281	\$ 56	\$ 376

Our Level 3 pension plan assets consist primarily of guaranteed investment contracts with insurance companies. The insurance contracts guarantee us principal repayment and a fixed rate of return. The \$24 increase in Level 3 pension plan assets is primarily

Dollar amounts in millions except per share amounts or as otherwise specified.

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Segment Assets and Capital Spending

Assets:	2019	2018	2017
Orthopaedics	\$ 9,085	\$ 8,873	\$ 7,486
MedSurg	12,066	10,417	9,759
Neurotechnology & Spine	7,646	7,260	4,105
Total segment assets	\$ 28,797	\$ 26,550	\$ 21,350
Corporate and Other	1,370	679	847
Total assets	\$ 30,167	\$ 27,229	\$ 22,197
Capital spending:			
Orthopaedics	\$ 125	\$ 134	\$ 138
MedSurg	265	217	194
Neurotechnology & Spine	29	31	50
Total segment capital spending	\$ 419	\$ 382	\$ 382
Corporate and Other	230	190	216
Total capital spending	\$ 649	\$ 572	\$ 598

We measure the financial results of our reportable segments using an internal performance measure that excludes acquisition and integration-related charges, restructuring-related charges, reserves for certain product recall matters and reserves for certain legal and regulatory matters. Identifiable assets are those assets used exclusively in the operations of each business segment or allocated when used jointly. Corporate assets are principally cash and cash equivalents, marketable securities and property, plant and equipment.

The countries in which we have local revenue generating operations have been combined into the following geographic areas: the United States (including Puerto Rico); Europe, Middle East, Africa; Asia Pacific; and other foreign countries, which include Canada and countries in the Latin American region. Net sales are reported based off the geographic area of the Stryker location where the sales to the customer originated.

Geographic Information

	Net Sales			Net Property, Plant and Equipment	
	2019	2018	2017	2019	2018
United States	\$ 10,957	\$ 9,848	\$ 9,059	\$ 1,561	\$ 1,348
Europe, Middle East, Africa	1,888	1,793	1,567	838	669
Asia Pacific	1,617	1,532	1,413	95	96
Other countries	422	428	405	73	178
Total	\$ 14,884	\$ 13,601	\$ 12,444	\$ 2,567	\$ 2,291

Dollar amounts in millions except per share amounts or as otherwise specified.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer (the Certifying Officers), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended) (Exchange Act) as of December 31, 2019. Based on that evaluation, the Certifying Officers concluded that the Company's disclosure controls and procedures were effective as of December 31, 2019.

Changes in Internal Control over Financial Reporting

There was no change to our internal control over financial reporting during the fourth quarter of 2019 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's management assessed the effectiveness of our internal control over financial reporting on December 31, 2019. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework (2013)*. Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2019. The Company's management excluded OrthoSpace Ltd. (OrthoSpace), acquired on March 14, 2019 and Mobius Imaging and Cardan Robotics (Mobius) acquired on October 21, 2019 from its evaluation of internal control over financial reporting as of December 31, 2019. As of December 31, 2019 OrthoSpace and Mobius represented approximately 2.4% of our consolidated total assets and less than 0.1% of our consolidated net sales for 2019.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Stryker Corporation

Opinion on Internal Control over Financial Reporting

We have audited Stryker Corporation and subsidiaries' internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Stryker Corporation and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of OrthoSpace, Ltd. (OrthoSpace), Mobius Imaging and Cardan Robotics (Mobius) which are included in the December 31, 2019 consolidated financial statements of the Company and constituted 2.4% of total assets and less than 0.1% of net sales, respectively, as of, and for the year-ended, December 31, 2019. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of OrthoSpace and Mobius.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Stryker Corporation and subsidiaries as of December 31, 2019 and 2018, the related consolidated statements of earnings and comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes and the financial statement schedule listed in the Index at Item 15(a) of the Company and our report dated February 6, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability

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of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ ERNST & YOUNG LLP

Grand Rapids, Michigan
February 6, 2020

ITEM 9B. OTHER INFORMATION.

Not applicable.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

Information regarding our executive officers appears under the caption "Executive Officers" in Part I, Item 1 of this report.

Information regarding our directors and certain corporate governance and other matters appearing under the captions "Information About the Board of Directors and Corporate Governance Matters," "Proposal 1—Election of Directors," and "Additional Information—Delinquent Section 16(a) Reports" in the 2020 proxy statement is incorporated herein by reference.

The Corporate Governance Guidelines adopted by our Board of Directors, as well as the charters of each of the Audit Committee, the Governance and Nominating Committee and the Compensation Committee and the Code of Ethics applicable to the principal executive officer, president, principal financial officer and principal accounting officer or controller or persons performing similar functions are posted on the "Investor Relations—Governance" section of our website at www.stryker.com.

ITEM 11. EXECUTIVE COMPENSATION.

Information regarding the compensation of our management appearing under the captions "Compensation Discussion and Analysis," "Compensation Committee Report," "Executive Compensation" and "Compensation of Directors" in the 2020 proxy statement is incorporated herein by reference.

Dollar amounts in millions except per share amounts or as otherwise specified.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information under the caption "Stock Ownership" in the 2020 proxy statement is incorporated herein by reference.

On December 31, 2019 we had an equity compensation plan under which options were granted at a price not less than fair market value at the date of grant and under which awards of restricted stock units (RSUs) and performance stock units (PSUs) were made. Options and RSUs were also awarded under a previous plan. Additional information regarding our equity compensation plans appears in Note 1 and Note 9 to our Consolidated Financial Statements. On December 31, 2019 we also had a stock performance incentive award program pursuant to which shares of our common stock were and may be issued to certain employees with respect to performance. The status of these plans, each of which were previously submitted to and approved by our shareholders, on December 31, 2019 is as follows:

Plan	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding shares reflected in the first column)
2006 Long-Term Incentive Plan	2,343,432	\$ 58.92	—
2008 Employee Stock Purchase Plan	N/A	N/A	4,583,039
2011 Long-Term Incentive Plan ⁽¹⁾	11,489,727	\$ 125.21	30,552,781
2011 Performance Incentive Award Plan	N/A	N/A	317,381
Total			35,453,201

(1) The 2011 Long-Term Incentive Plan securities to be issued upon exercise includes 783,397 RSUs and 215,186 PSUs. The weighted average exercise prices does not take these awards into account.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information under the caption "Information About the Board of Directors and Corporate Governance Matters—Independent Directors" and "Information About the Board of Directors and Corporate Governance Matters—Certain Relationships and Related Party Transactions" in the 2020 proxy statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information under the caption "Proposal 2—Ratification of Appointment of Our Independent Registered Public Accounting Firm" in the 2020 proxy statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) 1. Financial Statements

The following Consolidated Financial Statements are set forth in Part II, Item 8 of this report.

Report of Independent Registered Public Accounting Firm	16
Consolidated Statements of Earnings for 2019, 2018, and 2017	18
Consolidated Statements of Comprehensive Income for 2019, 2018, and 2017	18
Consolidated Balance Sheets on 2019 and 2018	19
Consolidated Statements of Shareholders' Equity for 2019, 2018, and 2017	20
Consolidated Statements of Cash Flows for 2019, 2018, and 2017	21
Notes to Consolidated Financial Statements	22

(a) 2. Financial Statement Schedules

The Consolidated Financial Statement schedule of Stryker Corporation and its subsidiaries is:

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Description	Additions		Deductions		Balance at End of Period
	Balance at Beginning of Period	Charged to Costs & Expenses	Uncollectible Amounts Written Off, Net of Recoveries	Effect of Changes in Foreign Currency Exchange Rates	
DEDUCTED FROM ASSET ACCOUNTS					
Allowance for Doubtful Accounts:					
Year ended December 31, 2019	\$ 64	\$ 39	\$ 13	\$ 2	\$ 88
Year ended December 31, 2018	\$ 59	\$ 20	\$ 14	\$ 1	\$ 64
Year ended December 31, 2017	\$ 56	\$ 15	\$ 14	\$ (2)	\$ 59

All other schedules for which provision is made in the applicable accounting regulation of the U.S. Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(a) 3. Exhibits

**FORM 10-K—ITEM 15(a) 3. AND ITEM 15(c)
STRYKER CORPORATION AND SUBSIDIARIES
EXHIBIT INDEX**

Exhibit 2—	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession
(i)	Agreement and Plan of Merger, dated as of August 29, 2018, by and among Stryker Corporation, Austin Merger Sub Corp. and K2M Group Holdings, Inc. — Incorporated by reference to Exhibit 2.1 to the Company's Form 8-K dated August 29, 2018 (Commission File No. 000-09165).
(ii)	Purchase Agreement, dated as of November 4, 2019, among Stryker Corporation, Stryker B.V. and Wright Medical Group N.V. - Incorporated by reference to Exhibit 2.1 to the Company's Form 8-K dated November 6, 2019 (Commission File No. 001-13149).
Exhibit 3—	Articles of Incorporation and By-Laws
(i)	Restated Articles of Incorporation — Incorporated by reference to Exhibit 3(i) to the Company's Form 10-Q for the quarterly period ended September 30, 2018 (Commission File No. 00-09165).
(ii)	Amended and Restated Bylaws - Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K dated August 6, 2019 (Commission File No. 001-13149).
Exhibit 4—	Instruments defining the rights of security holders, including indentures—We agree to furnish to the Commission upon request a copy of each instrument pursuant to which long-term debt of Stryker Corporation and its subsidiaries not exceeding 10% of the total assets of Stryker Corporation and its consolidated subsidiaries is authorized.
(i)	Indenture, dated January 15, 2010, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.1 to the Company's Form 8-K dated January 15, 2010 (Commission File No. 000-09165).
(ii)	Fifth Supplemental Indenture (including the form of 2043 note) dated March 25, 2013, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated March 25, 2013 (Commission File No. 000-09165).
(iii)	Sixth Supplemental Indenture (including the form of 2024 note), dated May 1, 2014, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated May 1, 2014 (Commission File No. 000-09165).
(iv)	Seventh Supplemental Indenture (including the form of 2044 note), dated May 1, 2014, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated May 1, 2014 (Commission File No. 000-09165).
(v)	Eighth Supplemental Indenture (including the form of 2025 note), dated October 29, 2015, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated October 29, 2015 (Commission File No. 000-09165).
(vi)	Tenth Supplemental Indenture (including the form of the 2021 note), dated March 10, 2016, between Stryker Corporation and U.S. Bank National Association. - Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated March 10, 2016 (Commission File No. 000-09615).
(vii)	Eleventh Supplemental Indenture (including the form of the 2026 note), dated March 10, 2016, between Stryker Corporation and U.S. Bank National Association.- Incorporated by reference to Exhibit 4.4 to the Company's Form 8-K dated March 10, 2016 (Commission File No. 000-09615).
(viii)	Twelfth Supplemental Indenture (including the form of the 2046 note), dated March 10, 2016, between Stryker Corporation and U.S. Bank National Association. - Incorporated by reference to Exhibit 4.5 to the Company's Form 8-K dated March 10, 2016 (Commission File No. 000-09615).
(ix)	Fourteenth Supplemental Indenture (including the form of the 2028 note), dated March 7, 2018, between Stryker Corporation and U.S. Bank National Association. - Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated March 7, 2018 (Commission File No. 000-09615).
(x)	Fifteenth Supplemental Indenture (including the form of the 2023 note), dated November 30, 2018, between Stryker Corporation and U.S. Bank National Association. - Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated November 30, 2018 (Commission File No. 000-09615).
(xi)	Sixteenth Supplemental Indenture (including the form of the 2027 note), dated November 30, 2018, between Stryker Corporation and U.S. Bank National Association. - Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated November 30, 2018 (Commission File No. 000-09615).
(xii)	Seventeenth Supplemental Indenture (including the form of the 2030 note), dated November 30, 2018, between Stryker Corporation and U.S. Bank National Association. - Incorporated by reference to Exhibit 4.4 to the Company's Form 8-K dated November 30, 2018 (Commission File No. 000-09615).
(xiii)	Eighteenth Supplemental Indenture (including the form of the 2020 note), dated November 30, 2018, between Stryker Corporation and U.S. Bank National Association. - Incorporated by reference to Exhibit 4.5 to the Company's Form 8-K dated November 30, 2018 (Commission File No. 000-09615).
(xiv)	Nineteenth Supplemental Indenture (including the form of the 2024 note), dated December 3, 2019, between Stryker Corporation and U.S. Bank National Association. - Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated December 3, 2019 (Commission File No. 001-13149).
(xv)	Twentieth Supplemental Indenture (including the form of the 2029 note), dated December 3, 2019, between Stryker Corporation and U.S. Bank National Association. - Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated December 3, 2019 (Commission File No. 001-13149).
(xvi)	Twenty-First Supplemental Indenture (including the form of the 2031 note), dated December 3, 2019, between Stryker Corporation and U.S. Bank National Association. - Incorporated by reference to Exhibit 4.4 to the Company's Form 8-K dated December 3, 2019 (Commission File No. 001-13149).
(xvii) †	Description of Securities

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Exhibit 10—	Material contracts
(i)* †	2011 Long-Term Incentive Plan (as amended effective February 4, 2020).
(ii)* †	Form of grant notice and terms and conditions for stock options granted in 2020 under the 2011 Long-Term Incentive Plan.
(iii)* †	Form of grant notice and terms and conditions for restricted stock units granted in 2020 under the 2011 Long-Term Incentive Plan.
(iv)* †	Form of grant notice and terms and conditions for performance stock units granted in 2020 under the 2011 Long-Term Incentive Plan.
(v)* †	Form of terms and conditions for restricted stock units granted to non-employee directors in 2019 under the 2011 Long-Term Incentive Plan.
(vi)* †	Supplemental Savings and Retirement Plan (as amended effective January 1, 2008 and January 1, 2019).
(vii)*	Form of grant notice and terms and conditions for stock options granted in 2019 under the 2011 Long-Term Incentive Plan - Incorporated by reference to Exhibit 10(ii) to the Company's Form 10-K for the year ended December 31, 2018 (Commission File No. 001-13149).
(viii)*	Form of grant notice and terms and conditions for restricted stock units granted in 2019 under the 2011 Long-Term Incentive Plan - Incorporated by reference to Exhibit 10(iii) to the Company's Form 10-K for the year ended December 31, 2018 (Commission File No. 001-13149).
(ix)*	Form of grant notice and terms and conditions for performance stock units granted in 2019 under the 2011 Long-Term Incentive Plan - Incorporated by reference to Exhibit 10(iv) to the Company's Form 10-K for the year ended December 31, 2018 (Commission File No 001-13149).
(x)*	2006 Long-Term Incentive Plan (as amended effective February 7, 2017)— Incorporated by reference to Exhibit 10(ii) to the Company's Form 10-K for the year ended December 31, 2016 (Commission File No. 000-09165).
(xi)*	Form of grant notice and terms and conditions for stock options granted in 2018 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(ii) to the Company's Form 10-K for the year ended December 31, 2017 (Commission File No. 000-09165).
(xii)*	Form of grant notice and terms and conditions for restricted stock units granted in 2018 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(iii) to the Company's Form 10-K for the year ended December 31, 2017 (Commission File No. 000-09165).
(xiii)*	Form of grant notice and terms and conditions for performance stock units granted in 2018 under the 2011 Long-Term Incentive Plan — Incorporated by reference to Exhibit 10(iv) to the Company's Form 10-K for the year ended December 31, 2017 (Commission File No. 000-09165).
(xiv)*	Form of grant notice and terms and conditions for restricted stock units granted in 2018 under the 2011 Long-Term Incentive Plan to non-employee directors-Incorporated by reference to Exhibit 10(ii) to the Company's Form 10-Q for the quarterly period ended June 30, 2018 (Commission File No. 000-09165).
(xv)*	Form of grant notice and terms and conditions for stock options granted in 2017 under the 2011 Long-Term Incentive Plan— Incorporated by reference to Exhibit 10(iv) to the Company's Form 10-K for the year ended December 31, 2016 (Commission File No. 000-09165).
(xvi)*	Form of grant notice and terms and conditions for restricted stock units granted in 2017 under the 2011 Long-Term Incentive Plan— Incorporated by reference to Exhibit 10(v) to the Company's Form 10-K for the year ended December 31, 2016 (Commission File No. 000-09165).
(xvii)*	Form of grant notice and terms and conditions for performance stock units granted in 2017 under the 2011 Long-Term Incentive Plan— Incorporated by reference to Exhibit 10(vi) to the Company's Form 10-K for the year ended December 31, 2016 (Commission File No. 000-09165).
(xviii)*	Form of grant notice and terms and conditions for stock options and restricted stock units granted in 2017 under the 2011 Long-Term Incentive Plan to non-employee directors— Incorporated by reference to Exhibit 10(vi) to the Company's Form 10-K for the year ended December 31, 2016 (Commission File No. 000-09165).
(xix)*	Form of grant notice and terms and conditions for stock options granted in 2016 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iii) to the Company's Form 10-K for the year ended December 31, 2015 (Commission File No. 000-09165).
(xx)*	Form of grant notice and terms and conditions for restricted stock units granted in 2016 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iv) to the Company's Form 10-K for the year ended December 31, 2015 (Commission File No. 000-09165).
(xxi)*	Form of grant notice and terms and conditions for performance stock units granted in 2016 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(v) to the Company's Form 10-K for the year ended December 31, 2015 (Commission File No. 000-09165).
(xxii)*	Form of grant notice and terms and conditions for stock options and restricted stock units granted in 2016 under the 2011 Long-Term Incentive Plan to non-employee directors—Incorporated by reference to Exhibit 10(vi) to the Company's Form 10-K for the year ended December 31, 2015 (Commission File No. 000-09165).
(xxiii)*	Stryker Corporation Executive Bonus Plan—Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated February 21, 2007 (Commission File No. 000-09165).
(xxiv)	Form of Indemnification Agreement for Directors—Incorporated by reference to Exhibit 10 (xiv) to the Company's Form 10-K for the year ended December 31, 2008 (Commission File No. 000-09165).
(xxv)	Form of Indemnification Agreement for Certain Officers—Incorporated by reference to Exhibit 10 (xv) to the Company's Form 10-K for the year ended December 31, 2008 (Commission File No. 000-09165).
(xxvi)	Settlement Agreement between Howmedica Osteonics Corp. and the counsel listed on the signature pages thereto, dated as of November 3, 2014 (Rejuvenate and ABF II Hip Implant Products Liability Litigation)—Incorporated by reference to Exhibit 10xxiii to the Company's Form 10-K for the year ended December 31, 2014 (Commission File No. 000-09165).
(xxvii)*	Letter Agreement between Stryker Corporation and Glenn Boehnlein—Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated January 22, 2016 (Commission File No. 000-09165).

STRYKER CORPORATION 2019 FORM 10-K

(xxviii)*	Credit Agreement, dated as of August 19, 2016, among Stryker Corporation and certain subsidiaries, as designated borrowers; the lenders party thereto; and Bank of America, N.A., as administrative agent—Incorporated by reference to Exhibit 4.1 to the Company’s 8-K dated August 19, 2016 (Commission File No. 000-09165).
(xxix)*	Letter Agreement between Stryker Corporation and Lonny Carpenter—Incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K dated April 2, 2018 (Commission File No. 000-09165).
(xxx)*	Letter Agreement between Stryker Corporation and David K. Floyd—Incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K dated July 6, 2018 (Commission File No. 000-09165).
(xxxi)*	Transition and Retention Agreement between Michael Hutchinson and Stryker Corporation-Incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K dated March 27, 2019 (Commission File No. 000-13149).
Exhibit 21—	Subsidiaries of the registrant
(i) †	List of Subsidiaries.
Exhibit 23—	Consent of experts and counsel
(i) †	Consent of Independent Registered Public Accounting Firm.
Exhibit 31—	Rule 13a-14(a) Certifications
(i) †	Certification by Principal Executive Officer of Stryker Corporation.
(ii) †	Certification by Principal Financial Officer of Stryker Corporation.
Exhibit 32—	18 U.S.C. Section 1350 Certifications
(i) †	Certification by Principal Executive Officer of Stryker Corporation.
(ii) †	Certification by Principal Financial Officer of Stryker Corporation.
Exhibit 101—	iXBRL (Inline Extensible Business Reporting Language) Documents
101.INS	iXBRL Instance Document
101.SCH	iXBRL Schema Document
101.CAL	iXBRL Calculation Linkbase Document
101.DEF	iXBRL Definition Linkbase Document
101.LAB	iXBRL Label Linkbase Document
101.PRE	iXBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

* Compensation arrangement

† Furnished with this Form 10-K

^ Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Stryker hereby agrees to furnish supplementally a copy of any omitted schedule upon request by the U.S. Securities and Exchange Commission.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STRYKER CORPORATION

Date: February 6, 2020

/s/ GLENN S. BOEHNLEIN

Glenn S. Boehnlein
Vice President, Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on the date indicated above on behalf of the registrant and in the capacities indicated.

/s/ KEVIN A. LOBO

Kevin A. Lobo
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ GLENN S. BOEHNLEIN

Glenn S. Boehnlein
Vice President, Chief Financial Officer
(Principal Financial Officer)

/s/ WILLIAM E. BERRY JR.

William E. Berry, Jr.
Vice President, Corporate Controller
(Principal Accounting Officer)

/s/ ALLAN C. GOLSTON

Allan C. Golston
Lead Independent Director

/s/ LOUISE L. FRANCESCONI

Louise L. Francesconi
Director

/s/ MARY K. BRAINERD

Mary K. Brainerd
Director

/s/ SHERILYN S. MCCOY

Sherilyn S. McCoy
Director

/s/ SRIKANT M. DATAR

Srikant M. Datar, Ph.D.
Director

/s/ ANDREW K. SILVERNAIL

Andrew K. Silvernail
Director

/s/ ROCH DOLIVEUX

Roch Doliveux, DVM
Director

/s/ RONDA E. STRYKER

Ronda E. Stryker
Director

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**Description of Capital Stock**

The following description is a summary of certain terms of the capital stock of Stryker Corporation ("Stryker" or the "Company"). It does not purport to be complete and is subject in all respects to the applicable provisions of the Michigan Business Corporation Act, as amended, or the MBCA, our Restated Articles of Incorporation, as amended, or our articles, and our By-laws, as amended, or our by-laws. As used in this exhibit, and except where the context otherwise requires, "we," "us," and "our" refer to Stryker Corporation.

Capital Stock

Our authorized capital stock consists of (1) 1,000,000,000 shares of common stock, \$0.10 par value per share and (2) 500,000 shares of preferred stock, \$1.00 par value per share.

Common Stock

Each share of common stock entitles the holder thereof to one vote for each share held by it of record on each matter submitted to a vote. Other than the election of directors, if an action is to be taken by vote of the shareholders, it will be authorized by a majority of the votes cast by the holders of shares entitled to vote on the action, unless a greater vote is required in our articles or by-laws. Directors are elected by a majority of the votes cast by the holders of shares entitled to vote (and for such purpose, a majority of the votes cast means that the number of shares voted "for" a nominee must exceed the number of votes cast "against" that nominee); provided, however, that if as of the record date for a meeting at which directors will be elected, there are more nominees than positions on the board of directors to be filled by election at such meeting, each director shall be elected by a plurality of the votes cast at the election.

Subject to the prior payment or provision therefor of dividends on the preferred stock, if any, holders of the common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our Board of Directors out of funds legally available therefor. Holders of our common stock have no conversion, preemptive or other rights to subscribe for any securities of ours, and there are no redemption or sinking fund provisions with respect to such shares. In the event of any liquidation, dissolution or distribution of our assets and after satisfaction of the preferential requirements of the preferred stock, if any, holders of common stock will be entitled to share ratably in the distribution of the remaining assets of the Company available for distribution. The rights, preferences and privileges of holders of common stock are subject to applicable law and the rights of the holders of any shares of preferred stock and any additional classes of stock that we may issue in the future.

Preferred Stock

Our articles authorize our Board of Directors to issue up to 500,000 shares of preferred stock in one or more series, with such distinctive designation or title and in such number of shares as may be authorized by our Board of Directors. Our Board of Directors is authorized to

prescribe the relative rights and preferences of each series, and the limitations applicable thereto, including but not limited to the following: (1) the voting powers, full, special, or limited, or no voting powers; (2) the rate, terms and conditions on which dividends will be paid, whether such dividends will be cumulative, and what preference such dividends shall have in relation to the dividends on other series or classes of stock; (3) the rights, terms and conditions, if any, for conversion of preferred stock into shares of other series or classes of stock; (4) any right of the Company to redeem the shares of preferred stock, and the price, time and conditions of redemption, including the provisions for any sinking fund; and (5) the rights of holders of preferred stock in relation to the rights of other series and classes of stock upon the liquidation, dissolution or distribution of our assets. Unless otherwise provided by our Board of Directors, upon redemption or conversion, shares of preferred stock will revert to authorized but unissued shares and may be reissued as shares of any series of preferred stock.

Limitation of Liability

Our articles provide that, to the full extent authorized or permitted by the MBCA, directors of Stryker will not be personally liable to Stryker or its shareholders for any acts or omissions in such person's capacity as a director. Such limitation of liability does not affect the availability of equitable remedies such as injunctive relief or rescission. These provisions will not limit the liability of directors under federal securities laws.

Certain Statutory, Articles and By-law Provisions Affecting Shareholders

Certain provisions in our articles and by-laws and the MBCA may have the effect of delaying, deferring or preventing a change of control of the Company or may operate only with respect to extraordinary corporate transactions involving the Company.

Business Combination Act

We are subject to the provisions of Chapter 7A of the MBCA, which provides that business combinations between a Michigan corporation and a beneficial owner of shares entitled to 10% or more of the voting power of such corporation generally require the affirmative vote of 90% of the votes of each class of stock entitled to vote and not less than two-thirds of each class of stock entitled to vote (excluding voting shares owned by such 10% owner). Chapter 7A defines a "business combination" to encompass any merger, consolidation, share exchange, sale of assets, stock issue, liquidation, or reclassification of securities involving an interested shareholder or certain affiliates. An "interested shareholder" is generally any person who owns 10% or more of the voting shares of the corporation. An "affiliate" is a person who directly or indirectly controls, is controlled by, or is under common control with, a specified person. Such requirements do not apply if the transaction satisfies fairness standards, other specified conditions are met and the interested shareholder has been such for at least five years.

Article and By-Law Provisions

Our articles and by-laws include a number of provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our Board of Directors rather than pursue non-negotiated takeover attempts. These provisions include an advance notice requirement for director nominations and actions to be taken at annual meetings of shareholders, the inability of the shareholders to call a special

meeting of the shareholders and the availability of authorized but unissued blank check preferred stock.

Advance Notice Requirement

Our by-laws set forth advance notice procedures with regard to shareholder proposals relating to the nomination of candidates for election as directors or new business to be presented at meetings of shareholders. These procedures provide that notice of such shareholder proposals must be timely given in writing to the secretary of Stryker prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at the principal executive offices of Stryker not less than 90 days nor more than 120 days prior to the meeting. The advance notice requirement does not give the Board of Directors any power to approve or disapprove shareholder director nominations or proposals but may have the effect of precluding the consideration of certain business at a meeting if the proper notice procedures are not followed.

Special Meetings of Shareholders

Our by-laws do not grant the shareholders the right to call a special meeting of shareholders. Under our by-laws, special meetings of shareholders may be called only by the chairman of our Board of Directors, our president or by order of our Board of Directors.

Blank Check Preferred Stock

Our preferred stock could be deemed to have an anti-takeover effect in that, if a hostile takeover situation should arise, shares of preferred stock could be issued to purchasers sympathetic with our management or others in such a way as to render more difficult or to discourage a merger, tender offer, proxy contest, the assumption of control by a holder of a large block of our securities or the removal of incumbent management.

The effects of the issuance of one or more series of the preferred stock on the holders of our common stock could include:

- reduction of the amount otherwise available for payments of dividends on common stock if dividends are payable on the series of preferred stock;
 - restrictions on dividends on our common stock if dividends on the series of preferred stock are in arrears;
 - dilution of the voting power of our common stock if the series of preferred stock has voting rights, including a possible “veto” power if the series of preferred stock has class voting rights;
 - dilution of the equity interest of holders of our common stock if the series of preferred stock is convertible, and is converted, into our common stock; and
 - restrictions on the rights of holders of our common stock to share in our assets upon liquidation until satisfaction of any liquidation preference granted to the holders of the series of preferred stock.
-

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust Company, LLC.

Listing

Our common stock is listed on the New York Stock Exchange under the symbol “SYK.”

Description of Debt Securities:

1.125% Notes due 2023

2.125% Notes due 2027

2.625% Notes due 2030

Floating Rate Notes due 2020

The Company previously filed a registration statement on Form S-3 (File No. 333-209526), which was filed with the Securities and Exchange Commission on February 12, 2016 and covers the issuance of the Company's 1.125% Notes due 2023 (the "2023 fixed rate notes"), the 2.125% Notes due 2027 (the "2027 fixed rate notes"), the 2.625% Notes due 2030 (the "2030 fixed rate notes") and floating rate notes due 2020 (the "floating rate notes" and together with the 2023 fixed rate notes, the 2027 fixed rate notes and the 2030 fixed rate notes, the "notes"). The notes are governed by a base indenture dated January 15, 2010 between the Company and U.S. Bank National Association, as trustee, as supplemented by the applicable supplemental indenture governing a particular series of notes (as so supplemented, the "Indenture"). This summary is subject to and qualified in its entirety by reference to all of the provisions of the Indenture and the notes, including definitions of certain terms used in the Indenture and the notes.

General

The 2023 fixed rate notes, the 2027 fixed rate notes, the 2030 fixed rate notes and the floating rate notes were issued as separate series of debt securities under the Indenture. The notes are senior unsecured obligations of ours and rank equally in right of payment with our other existing and future senior unsecured indebtedness. The notes are not secured by any of our assets. Any future claims of our secured lenders with respect to assets securing their loans will be prior to any claim of the holders of the notes with respect to those assets. Holders of secured debt that we have now or may issue in the future may foreclose on the assets securing such debt, reducing the cash flow from the foreclosed property available for payment of unsecured debt, including the notes. Holders of our secured debt also would have priority over unsecured creditors in the event of our bankruptcy, liquidation or similar proceeding to the extent of the value of the collateral securing such debt. The notes are structurally subordinated to all liabilities of our subsidiaries, including trade payables. Because we conduct many of our operations through our subsidiaries, our right to participate in any distribution of the assets of a subsidiary when it winds up its business is subject to the prior claims of the creditors of that subsidiary. This means that your right to payment as a holder of our notes is also subject to the prior claims of these creditors if a subsidiary liquidates or reorganizes or otherwise winds up its business. If we are a creditor of any of our subsidiaries, our right as a creditor would be subordinated to any security interest in the assets of those subsidiaries and any indebtedness of our subsidiaries senior in right of payment to that held by us.

The Indenture does not limit the amount of notes, unsecured debentures or other evidences of indebtedness that we may issue under the Indenture and provides that notes, unsecured debentures or other evidences of indebtedness may be issued from time to time in one or more series. We may from time to time, without notice to or the consent of the holders of the

notes, create and issue additional notes of any series having the same ranking and terms and conditions as the notes of the same series, except for the issue date, the public offering price and, in some cases, the first interest payment date. Any additional notes having such similar terms, together with the notes offered of the same series, will constitute a single series of securities under the Indenture.

We issued the notes in fully registered book-entry form without coupons and in denominations of €100,000 and integral multiples of €1,000 thereafter.

Principal of and interest on the notes are payable, and the notes are transferable or exchangeable, at the office or offices or agency maintained by us for these purposes. Payment of interest on the notes may be made at our option by check mailed to the registered holders thereof.

The 2023 fixed rate notes, the 2027 fixed rate notes, the 2030 fixed rate notes and the floating rate notes are listed on the New York Stock Exchange under the symbols “SYK23,” “SYK27,” “SYK30” and “SYK20A,” respectively. We have no obligation to maintain such listings, and we may delist any series of the notes at any time.

Elavon Financial Services DAC is paying agent for the notes and calculation agent for the floating rate notes. U.S. Bank National Association is registrar and transfer agent for the notes. Upon notice to the trustee, we may change the calculation agent, paying agent, registrar or transfer agent.

Fixed Rate Notes

The 2023 fixed rate notes, 2027 fixed rate notes and 2030 fixed rate notes (together, the “Fixed Rates Notes”) bear interest from the date of issuance, payable annually on November 30 of each year, beginning November 30, 2019, to the persons in whose names such notes are registered at the close of business on the business day (for this purpose, a day on which Clearstream and Euroclear are open for business) immediately preceding the relevant interest payment. Interest on the Fixed Rate Notes is computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes, to, but excluding, the next scheduled interest payment date. This payment convention is referred to as Actual/Actual (ICMA) as defined in the rulebook of the International Capital Market Association.

If any interest payment date would otherwise be a day that is not a business day, such interest payment date will be postponed to the next date that is a business day and no interest will accrue on the amounts payable from and after such interest payment date to the next business day. If the maturity date of any series of Fixed Rate Notes falls on a day that is not a business day, the related payment of principal, premium, if any, and interest will be made on the next business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next business day.

Floating Rate Notes

The floating rate notes bear interest at a rate equivalent to the 3-month EURIBOR (as defined below) (the “Base Rate”) plus 0.28% per annum; provided, however, that the minimum interest rate shall be zero. The floating rate notes bear interest from November 30, 2018 or from the immediately preceding Floating Rate Interest Payment Date (as defined below) to which interest has been paid. Interest on the floating rate notes is payable quarterly on March 1, May 30, August 30 and November 30 of each year, beginning March 1, 2019 (each, a “Floating Rate Interest Payment Date”); provided that, if any Floating Rate Interest Payment Date would be a day that is not a business day, such Floating Rate Interest Payment Date will be the next succeeding day that is a business day (and no additional interest will accrue or otherwise accumulate on the amount payable for the period from and after such Floating Rate Interest Payment Date); except that if such next succeeding business day falls in the next succeeding calendar month, such Floating Rate Interest Payment Date will be the immediately preceding business day. Interest on the floating rate notes will be paid to the person in whose name the floating rate note was registered at the close of business on the February 15, May 15, August 15 or November 15, as the case may be, whether or not a business day, prior to the applicable Floating Rate Interest Payment Date, except in the case of the Floating Rate Interest Payment Date that is also the date of maturity of the floating rate note. The interest rate on the floating rate notes will be reset quarterly on each Floating Rate Interest Payment Date. The initial Base Rate for the floating rate notes is 3-month EURIBOR in effect on November 30, 2018. The interest rate on the floating rate notes will be determined on the second TARGET2 (as defined below) business day preceding the Floating Rate Interest Payment Date (a “EURIBOR Interest Determination Date”). Interest on a Floating Rate Interest Payment Date will be paid to the persons, or “holders,” in whose names the floating rate notes are registered at the close of business on the business day (for this purpose, a day on which Clearstream and Euroclear are open for business) immediately preceding the relevant interest payment. Interest on the floating rate notes is computed on the basis of a 360-day year and the actual number of days in the period for which interest is being calculated.

The Base Rate is equal to the interest rate for deposits in euro designated as “EURIBOR” and sponsored jointly by the European Banking Federation and ACI—the Financial Market Association (or any company established by the joint sponsors for purposes of compiling and publishing that rate) on each EURIBOR Interest Determination Date, and is determined in accordance with the following provisions:

- EURIBOR is the offered rate for deposits in euro having a maturity of three months, as that rate appears on Reuters Page EURIBOR01 as of 11:00 A.M., Brussels time, on the relevant EURIBOR Interest Determination Date.
 - If the rate described above does not appear on Reuters Page EURIBOR01, EURIBOR will be determined on the basis of the rates, at approximately 11:00 A.M., Brussels time, on the relevant EURIBOR Interest Determination Date, at which deposits of the following kind are offered to prime banks in the Euro-Zone interbank market by the principal Euro-Zone office of each of four major banks in that market selected by us: euro deposits having a maturity of three months and in a principal amount of not less than
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€1,000,000 that is representative for a single transaction in such market at such time. We will request the principal Euro-Zone office of each of these banks to provide to the paying agent and the calculation agent a quotation in writing of its rate. If at least two quotations are provided in writing, EURIBOR for such EURIBOR Interest Determination Date will be the arithmetic mean (rounded upwards) of such quotations calculated by the calculation agent.

- If fewer than two quotations are provided as described above, EURIBOR for the relevant EURIBOR Interest Determination Date will be the arithmetic mean of the rates for loans of the following kind to leading Euro-Zone banks quoted in writing, at approximately 11:00 A.M., Brussels time, on such EURIBOR Interest Determination Date, by three major banks in the Euro-Zone selected by us: loans of euro having a maturity of three months and in a principal amount of not less than €1,000,000 that is representative for a single transaction in such market at such time.
- If fewer than three banks selected by us are quoting as described above, EURIBOR will be the EURIBOR in effect on such EURIBOR Interest Determination Date.

Notwithstanding the paragraph immediately above, if we, in our sole discretion, determine that EURIBOR has been permanently discontinued and we have notified the calculation agent of such determination (a “EURIBOR Event”), the calculation agent will use, as a substitute for EURIBOR (the “Alternate Rate”) for each future interest determination date, the alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) that is consistent with market practice regarding a substitute for EURIBOR. As part of such substitution, the calculation agent may make such adjustments to the Alternate Rate or the spread thereon, as well as the business day convention, interest determination dates and related provisions and definitions, in each case that are consistent with market practice for the use of such Alternate Rate. If a EURIBOR Event has occurred, but for any reason an Alternate Rate has not been determined, the rate of EURIBOR for the next interest period will be set equal to the rate of EURIBOR for the then current interest period. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 8.986865% (or 0.08986865) being rounded to 8.98687% (or 0.0898687)) and all euro amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upwards). Promptly upon determination, the calculation agent will inform the trustee, if applicable, and us of the interest rate for the next interest period.

If any maturity date or earlier date of redemption of the floating rate notes falls on a day that is not a business day, the required payment shall be made on the next business day as if it were made on the date the payment was due and no interest shall accrue on the amount so payable for the period from and after that maturity date or that date of redemption, as the case may be.

The interest rate on the floating rate notes will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States laws of general application. The calculation agent will, upon the written request of any holder of the floating rate notes, provide the interest rate then in effect with respect to the floating rate notes. All calculations made by the calculation agent in the absence of manifest error will be conclusive for all purposes and binding on us and the holders of the floating rate notes.

Business Day

For purposes of the notes, a “business day” is any day that is not a Saturday, Sunday or other day on which banking institutions in New York City, London or another place of payment on the notes are authorized or required by law to close and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, is open.

Issuance in euro

All payments of interest, premium, if any, and principal, including payments made upon any redemption or repurchase of the notes, will be made in euro; provided that if the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. In such circumstances, the amount payable on any date in euro will be converted into U.S. dollars at the rate mandated by the Board of Governors of the Federal Reserve System as of the close of business on the second business day prior to the relevant payment date or, if the Board of Governors of the Federal Reserve System has not announced a rate of conversion, on the basis of the most recent U.S. dollar/euro exchange rate published in The Wall Street Journal on or prior to the second business day prior to the relevant payment date or, in the event The Wall Street Journal has not published such exchange rate, the rate is determined in our sole discretion on the basis of the most recently available market exchange rate for the euro. Any payment in respect of the notes so made in U.S. dollars do not constitute an Event of Default (as defined in the Indenture). Neither the trustee nor the paying agent shall have any responsibility for any calculation or conversion in connection with the foregoing.

Optional Redemption

We may redeem the Fixed Rate Notes prior to October 31, 2023 in the case of the 2023 fixed rate notes, August 31, 2027 in the case of the 2027 fixed rate notes and August 31, 2030 in the case of the 2030 fixed rate notes, in whole, at any time, or in part, from time to time, at our option, for cash, at a redemption price equal to the greater of:

- 1) 100% of the principal amount of the applicable series of Fixed Rate Notes to be redeemed; or
 - 2) an amount determined by the Quotation Agent (as defined below) equal to the sum of the
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present values of the remaining scheduled payments of principal, premium, if any, and interest thereon (not including any portion of such payments of interest accrued to the date of redemption) to October 31, 2023 with respect to the 2023 fixed rate notes, August 31, 2027 with respect to the 2027 fixed rate notes and August 31, 2030 with respect to the 2030 fixed rate notes, discounted to the date of redemption on an annual basis (Actual/Actual (ICMA) at the Comparable Government Bond Rate (as defined below), plus 25 basis points with respect to the 2023 fixed rate notes, 30 basis points with respect to the 2027 fixed rate notes and 35 basis points with respect to the 2030 fixed rate notes, plus accrued and unpaid interest thereon to, but not including, the date of redemption.

On or after October 31, 2023 in the case of the 2023 fixed rate notes, August 31, 2027, in the case of the 2027 fixed rate notes and August 31, 2030, in the case of the 2030 fixed rate notes, we may redeem the applicable series of Fixed Rate Notes, in whole, at any time, or in part, from time to time, at our option, for cash, at a redemption price equal to 100% of the principal amount of such series of Fixed Rate Notes, plus accrued and unpaid interest to, but not including, the redemption date.

The principal amount of any Fixed Rate Note remaining outstanding after a redemption in part shall be €100,000 or a higher integral multiple of €1,000. Notwithstanding the foregoing, installments of interest on any series of Fixed Rate Notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date.

“Comparable *Government Bond*” means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by us (the “Quotation Agent”), a German government bund whose maturity is closest to the par call date, or if such Quotation Agent in its discretion determines that such similar bond is not in issue, such other German government bund as such Quotation Agent may, with the advice of three brokers of, and/or market makers in, German government bunds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

“Comparable *Government Bond Rate*” means the price, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), at which the gross redemption yield on the notes to be redeemed, if they were to be purchased at such price on the third business day prior to the date fixed for redemption, would be equal to the gross redemption yield on such business day of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by the Quotation Agent selected by us.

Notice of any redemption will be mailed (or, in the case of notes held in book-entry form, be transmitted electronically) at least 10 days but not more than 60 days before the redemption date to each registered holder of the applicable series of Fixed Rate Notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the applicable series of Fixed Rate Notes or portions thereof called for

redemption. If less than all of the applicable series of Fixed Rate Notes are to be redeemed, the Fixed Rate Notes to be redeemed will be selected by the trustee in accordance with the standard procedures of the depository. If the Fixed Rate Notes to be redeemed are not global notes then held by Euroclear or Clearstream, the trustee will select the Fixed Rate Notes to be redeemed on a pro rata basis. If the Fixed Rate Notes are listed on the NYSE or any other national securities exchange, the trustee will select Fixed Rate Notes in compliance with the requirements of the NYSE or other principal national securities exchange on which the Fixed Rate Notes are listed.

Notwithstanding the foregoing, if less than all of a series of Fixed Rate Notes are to be redeemed, no Fixed Rate Notes of such series of a principal amount of €100,000 or less shall be redeemed in part. If money sufficient to pay the redemption price on the series of Fixed Rate Notes (or portions thereof) to be redeemed on the redemption date is deposited with the paying agent on or before the redemption date and certain other conditions are satisfied, then on and after such redemption date, interest will cease to accrue on such series of the Fixed Rate Notes (or such portion thereof) called for redemption.

The floating rate notes are not redeemable other than as described below under “—Optional Redemption for Tax Reasons.”

Optional Redemption for Tax Reasons

The notes of any series may be redeemed at our option in whole, but not in part, on not less than 10 nor more than 60 days' prior notice, at 100% of the principal amount of such series, together with accrued and unpaid interest, if any, to, but excluding, the redemption date if, as a result of any change in, or amendment to, the laws, regulations or rulings of the United States (or any political subdivision or taxing authority thereof or therein having power to tax), or any change in official position regarding application or interpretation of those laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change, amendment, application or interpretation is announced or becomes effective on or after the original issue date with respect to the notes, we become or, based upon a written opinion of independent counsel selected by us, will become obligated to pay additional amounts as described below in “—Payment of Additional Amounts.”

Payment of Additional Amounts

All payments of principal, interest, and premium, if any, in respect of the notes will be made free and clear of, and without withholding or deduction for, any present or future taxes, assessments, duties or governmental charges of whatever nature imposed, levied or collected by the United States (or any political subdivision or taxing authority thereof or therein having power to tax), unless such withholding or deduction is required by law or the official interpretation or administration thereof.

We will, subject to the exceptions and limitations set forth below, pay as additional interest in respect of the notes such additional amounts as are necessary in order that the net payment by us of the principal of, premium, if any, and interest in respect of the notes to a holder who is not a United States person (as defined below), after withholding or deduction for any present or future tax, assessment, duties or other governmental charge imposed by the United

States (or any political subdivision or taxing authority thereof or therein having power to tax), will not be less than the amount provided in the notes to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts shall not apply:

- 1) to the extent any tax, assessment or other governmental charge would not have been imposed but for the holder (or the beneficial owner for whose benefit such holder holds such note), or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:
 - a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;
 - b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the notes, the receipt of any payment in respect of the notes or the enforcement of any rights hereunder), including being or having been a citizen or resident of the United States;
 - c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for U.S. federal income tax purposes, a foreign tax-exempt organization, or a corporation that has accumulated earnings to avoid U.S. federal income tax;
 - d) being or having been a “10-percent shareholder” of the Company as defined in section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the “Code”) or any successor provision; or
 - e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business, as described in section 881(c)(3)(A) of the Code or any successor provision;
 - 2) to any holder that is not the sole beneficial owner of the notes, or a portion of the notes, or that is a fiduciary, partnership, limited liability company or other fiscally transparent entity, but only to the extent that a beneficial owner with respect to the holder, a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership, limited liability company or other fiscally transparent entity would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;
 - 3) to the extent any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of the notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States
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- is a party as a precondition to exemption from such tax, assessment or other governmental charge;
- 4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by us or a paying agent from the payment;
 - 5) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any notes, if such payment can be made without such withholding by any other paying agent;
 - 6) to any estate, inheritance, gift, sales, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge, or excise tax imposed on the transfer of notes;
 - 7) to the extent any tax, assessment or other governmental charge would not have been imposed but for the presentation by the holder of any note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later except to the extent that the beneficiary or holder thereof would have been entitled to the payment of additional amounts had such note been presented for payment on any day during such 30-day period;
 - 8) to any tax, assessment or other governmental charge imposed under sections 1471 through 1474 of the Code (or any amended or successor provisions), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code, whether currently in effect or as published and amended from time to time;
 - 9) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later; or
 - 10) in the case of any combination of the above numbered items.

The notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to the notes. Except as specifically provided under this heading “—Payment of Additional Amounts,” we are not required to make any payment for any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

As used under this heading “—Payment of Additional Amounts” and under the heading “—Optional Redemption for Tax Reasons,” the term “United States” means the United States of America, its territories and possessions, the states of the United States and the District of Columbia, and the term “United States person” means (i) any individual who is a citizen or resident of the United States for U.S. federal income tax purposes, (ii) a corporation, partnership

or other entity created or organized in or under the laws of the United States, any state of the United States or the District of Columbia (other than a partnership that is not treated as a United States person for United States federal income tax purposes), (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) any trust if a United States court can exercise primary supervision over the administration of the trust and one or more United States persons can control all substantial trust decisions, or if a valid election is in place to treat the trust as a United States person.

Repurchase at the Option of Holders Upon Change of Control Repurchase Event

If a Change of Control Repurchase Event (as defined below) occurs in respect of a series of notes, unless we have exercised our right to redeem the notes of such series as described above under “—Optional Redemption,” we will be required to make an offer (a “Change of Control Offer”) to each holder of notes of such series to repurchase all or any part (in minimum denominations of €100,000 and integral multiples of €1,000 original principal amount above that amount) of that holder’s notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to, but not including, the date of such repurchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control (as defined below), but after the public announcement of an impending Change of Control, we will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and any other securities laws and regulations thereunder, to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the notes by virtue of such conflict.

On the Change of Control Repurchase Event payment date, we will, to the extent lawful:

- accept for payment all notes or portions of notes (in minimum denominations of €100,000 and integral multiples of €1,000 original principal amount above that amount) properly tendered pursuant to our offer;
 - deposit with the paying agent an amount equal to the aggregate purchase price in respect of all notes or portions of notes properly tendered; and
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- deliver or cause to be delivered to the trustee for cancellation the notes properly accepted, together with an officers' certificate stating the aggregate principal amount of notes being repurchased by us.

The paying agent will promptly mail to each holder of notes properly tendered the purchase price for the notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any notes surrendered; provided, that each new note will be in minimum denominations of €100,000 and integral multiples of €1,000 original principal amount above that amount.

We will not be required to make a Change of Control Offer upon a Change of Control Repurchase Event if (i) a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for a Change of Control Offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer or (ii) we have previously or concurrently mailed a redemption notice with respect to all of the outstanding notes as described under "Optional Redemption" above.

If holders of not less than 90% in aggregate principal amount of the outstanding notes of any series validly tender and do not withdraw such notes in a Change of Control Offer and we, or any third party making such an offer in lieu of us as described above, purchases all of the notes of such series validly tendered and not withdrawn by such holders, we or such third party will have the right, upon not less than 10 days nor more than 60 days' prior notice, provided that such notice is given not more than 30 days following such repurchase pursuant to the Change of Control Offer described above, to redeem all notes of such series that remain outstanding following such purchase on a date specified in such notice (the "Second Change of Control Payment Date") and at a price in cash equal to 101% of the aggregate principal amount of notes of such series repurchased plus any accrued and unpaid interest on the notes repurchased to, but not including, the Second Change of Control Payment Date.

We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. We could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control but that could increase the amount of debt outstanding at such time or otherwise affect our capital structure or credit ratings.

Definitions

"Below Investment Grade Rating Event" means the notes of such series are rated below Investment Grade by each of the Rating Agencies on any date during the period commencing upon the first public notice of the occurrence of a Change of Control or our intention to effect a Change of Control and ending 60 days following public notice of the occurrence of the related Change of Control (which period shall be extended so long as the rating of the notes of such series is under publicly announced consideration for possible downgrade by any of the Rating Agencies, provided that no such extension shall occur if on such 60th day the notes of such series are rated Investment Grade by at least one of such Rating Agency and are not subject to review

for possible downgrade by such Rating Agency); provided further that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

“Change of Control” means the occurrence of any of the following:

- 1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our assets and those of our subsidiaries taken as a whole to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our subsidiaries;
- 2) the adoption of a plan relating to our liquidation or dissolution;
- 3) the first day on which a majority of the members of our Board of Directors are not Continuing Directors; or
- 4) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any “person” (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one or more of our subsidiaries, becomes the beneficial owner (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of more than 50% of the then outstanding number of shares of our Voting Stock.

Notwithstanding the foregoing, a transaction will not be considered to be a Change of Control if (a) we become a direct or indirect wholly-owned subsidiary of a holding company and (b)(i) immediately following that transaction, the direct or indirect holders of the Voting Stock of the holding company are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (ii) immediately following that transaction, no person is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

“Change of Control Repurchase Event” means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

“Continuing Directors” means, as of any date of determination, any member of our Board of Directors who (1) was a member of such Board of Directors on the date of the issuance of the notes; or (2) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a

director). “Investment Grade” means a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating categories of Moody’s) and a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P) or the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by us.

“Moody’s” means Moody’s Investors Service Inc., a subsidiary of Moody’s Corporation, and its successors.

“Rating Agency” means (1) each of Moody’s and S&P; and (2) if any of Moody’s or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) under the Exchange Act, selected by us as a replacement agency for Moody’s or S&P, or both of them, as the case may be.

“S&P” means S&P Global Ratings Inc., a division of S&P Global Inc. and its successors.

“Voting Stock” of any specified person as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person. The definition of “Change of Control” includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of “all or substantially all” of our assets and those of our subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase the notes as a result of a sale, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries, taken as a whole, to another person or group may be uncertain.

Certain Covenants

Limitation on Liens

The Indenture contains a covenant that we will not, and we will not permit any of our Restricted Subsidiaries to, issue, assume or guarantee any Indebtedness secured by any Mortgage upon any of our Principal Properties or those of any of our Restricted Subsidiaries without equally and ratably securing the notes (and, if we so determine, any other Indebtedness ranking equally with the notes) with such Indebtedness.

This covenant will not prevent us or any of our Restricted Subsidiaries from issuing, assuming or guaranteeing:

- any purchase money mortgage on such Principal Property prior to, simultaneously with or within 180 days after the later of (1) the acquisition or completion of construction or completion of substantial reconstruction, renovation, remodeling, expansion or improvement (each, a substantial improvement”) of such Principal Property or (2) the placing in operation of such property after the acquisition or completion of any such construction or substantial improvement;
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- Mortgages on a Principal Property existing at the time of acquisition, including acquisition through merger or consolidation;
 - Mortgages existing on the date of the initial issuance of the notes, Mortgages on assets of a corporation or other business entity existing on the date it becomes a Restricted Subsidiary or is merged or consolidated with us or a Restricted Subsidiary or at the time the corporation or the business entity sells, leases or otherwise disposes of its property as an entirety or substantially as an entirety to us or a Restricted Subsidiary or Mortgages on the assets of a Subsidiary that is newly designated as a Restricted Subsidiary if the Mortgage would have been permitted under the provisions of this paragraph if such Mortgage was created while the Subsidiary was a Restricted Subsidiary;
 - Mortgages in favor of us or a Restricted Subsidiary;
 - Mortgages for taxes, assessments or governmental charges or levies that are not delinquent or that are being contested in good faith;
 - Carriers', warehousemen's, materialmen's, repairmen's, mechanic's, landlords' and other similar Mortgages arising in ordinary course of business that are not delinquent or remain payable without penalty or that are being contested in good faith;
 - Mortgages (other than any Mortgage imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;
 - Easements, rights-of-way, restrictions, encroachments, imperfections and other similar encumbrances affecting real property that, in the aggregate, are not substantial in amount and do not in any case materially detract from the value of the Principal Property subject thereto or materially interfere with the ordinary conduct of our and our Subsidiaries' business, taken as a whole;
 - Mortgages arising by reason of deposits with, or the giving of any form of security to, any governmental agency or anybody created or approved by law or governmental regulation, including any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property;
 - Mortgages arising from filing Uniform Commercial Code financing statements relating solely to leases; and
 - Mortgages to secure Indebtedness incurred to extend, renew, refinance or replace Indebtedness secured by any Mortgages referred to above, provided that the principal amount of the extended, renewed, refinanced or replaced Indebtedness does not exceed the principal amount of Indebtedness so extended, renewed, refinanced or replaced, plus transaction costs and fees, and that any such Mortgage applies only to the same property or assets subject to the prior permitted Mortgage (and, in the case of real property, improvements).
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Limitations on Sale and Leaseback Transactions

The Indenture contains a covenant that we will not, and will not permit our Restricted Subsidiaries to, enter into any arrangement with any person providing for the leasing by us or any Restricted Subsidiary of any Principal Property owned or acquired thereafter that has been or is to be sold or transferred by us or such Restricted Subsidiary to such person with the intention of taking back a lease of such Principal Property, a “sale and leaseback transaction,” without equally and ratably securing the notes (and, if we shall so determine, any other Indebtedness ranking equally with the notes), unless:

- within 180 days after the receipt of the proceeds of the sale or transfer, we or any Restricted Subsidiary apply an amount equal to the greater of the net proceeds of the sale or transfer or the fair value of such Principal Property at the time of such sale or transfer to any (or a combination) of (1) the prepayment or retirement (other than any mandatory prepayment or retirement) of our Senior Funded Debt or (2) the purchase, construction, development, expansion or improvement of other comparable property, subject in each case to credits for voluntary retirements of Senior Funded Debt; or
- we or such Restricted Subsidiary would be entitled, at the effective date of the sale or transfer, to incur Indebtedness secured by a Mortgage on such Principal Property, in an amount at least equal to the Attributable Debt in respect of the sale and leaseback transaction, without equally and ratably securing the notes pursuant to “—Limitation on Liens” described above.

The foregoing restriction will not apply to:

- any sale and leaseback transaction for a term of not more than three years including renewals;
- any sale and leaseback transaction with respect to a Principal Property if a binding commitment with respect thereto is entered into within three years after the later of (1) the date of the issuance of the notes under the Supplemental Indenture, or (2) the date such Principal Property was acquired;
- any sale and leaseback transaction with respect to a Principal Property if a binding commitment with respect thereto is entered into within 180 days after the later of the date such property was acquired and, if applicable, the date such property was first placed in operation; or
- any sale and leaseback transaction between us and a Restricted Subsidiary or between Restricted Subsidiaries.

Exception to Limitations for Exempted Debt

Notwithstanding the limitations in the Indenture on liens and sale and leaseback transactions, we or our Restricted Subsidiaries may, in addition to amounts permitted under such restrictions and without equally and ratably securing the notes, create or assume and renew, extend or replace Mortgages, or enter into sale and leaseback transactions without any obligation to retire any Senior Funded Debt of us or any Restricted Subsidiary, provided that at the time of

such creation, assumption, renewal, extension or replacement of a Mortgage or at the time of entering into such sale and leaseback transactions, and after giving effect thereto, Exempted Debt does not exceed 15% of our Consolidated Net Tangible Assets.

Definitions

For purposes of the Indenture:

“Attributable Debt” in respect of a sale and leaseback transaction means, at the time of determination, the present value (discounted at the imputed rate of interest of such transaction as determined in good faith by us) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended). The term “net rental payments” under any lease for any period means the sum of the rental and other payments required to be paid in such period by the lessee thereunder, not including any amounts required to be paid by such lessee (whether or not designated as rental or additional rent) on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges required to be paid by such lessee thereunder or any amount required to be paid by lessee thereunder contingent upon the amount of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges. In the case of any lease that is terminable by the lessee upon the payment of a penalty, such net amount shall be the lesser of (x) the net amount determined assuming termination upon the first date such lease may be terminated (in which case the net amount shall also include the amount of the penalty, but shall not include any rent that would be required to be paid under such lease subsequent to the first date upon which it may be so terminated) or (y) the net amount determined assuming no such termination.

“Consolidated Net Tangible Assets” means the total amounts of assets (less depreciation and valuation reserves and other reserves and items deductible from gross book value of specific asset accounts under generally accepted accounting principles) that under generally accepted accounting principles would be included on a consolidated balance sheet of us and our consolidated Restricted Subsidiaries after deducting (1) all current liabilities, excluding current liabilities that could be classified as long-term debt under generally accepted accounting principles and current liabilities that are by their terms extendable or renewable at the obligor’s option to a time more than 12 months after the time as of which the amount of current liabilities is being computed; (2) investments in Unrestricted Subsidiaries; and (3) all trade names, trademarks, licenses, patents, copyrights and goodwill, organizational and development costs, deferred charges, other than prepaid items such as insurance, taxes, interest, commissions, rents and similar items and tangible assets being amortized, and amortized debt discount and expense, less unamortized premium.

“Exempted Debt” means the sum of the following items outstanding as of the date Exempted Debt is being determined (1) Indebtedness of us and our Restricted Subsidiaries secured by a Mortgage and not permitted to exist under the Indenture and (2) Attributable Debt of us and our Restricted Subsidiaries in respect of all sale and leaseback transactions not permitted under the Indenture.

“Funded Debt” means Indebtedness that matures more than one year from the date of creation, or that is extendable or renewable at the sole option of the obligor so that it may become payable more than one year from such date. Funded Debt does not include (1) obligations created pursuant to leases, (2) any Indebtedness or portion thereof maturing by its terms within one year from the time of any computation of the amount of outstanding Funded Debt unless such Indebtedness shall be extendable or renewable at the sole option of the obligor in such manner that it may become payable more than one year from such time, or (3) any Indebtedness for the payment or redemption of which money in the necessary amount shall have been deposited in trust either at or before the maturity date thereof.

“Indebtedness” means any and all of the obligations of a person for money borrowed that in accordance with generally accepted accounting principles would be reflected on the balance sheet of such person as a liability as of the date of which the Indebtedness is to be determined. For the avoidance of doubt, a change in generally accepted accounting principles subsequent to the issue date of the notes shall not be deemed an incurrence of Indebtedness.

“Investment” means any investment in stock, evidences of Indebtedness, loans or advances, however made or acquired, but does not include our account receivable or the accounts receivable of any Restricted Subsidiary arising from transactions in the ordinary course of business, or any evidences of Indebtedness, loans or advance made in connection with the sale to any Subsidiary of our accounts receivable or the accounts receivable of any Restricted Subsidiary arising from transactions in the ordinary course of business.

“Mortgage” means any mortgage, security interest, pledge, lien or other encumbrance.

“Principal Property” means all real property and improvements thereon owned by us or a Restricted Subsidiary, including, without limitation, any manufacturing, warehouse, distribution or research facility, and improvements therein, having a net book value in excess of 2% of Consolidated Net Tangible Assets that is located within the United States, excluding its territories and possessions and Puerto Rico. This term does not include any real property and improvements thereon that our Board of Directors declares by resolution not to be of material importance to the total business conducted by us and our Restricted Subsidiaries taken as a whole.

“Restricted Subsidiary” means a Subsidiary that owns a Principal Property.

“Senior Funded Debt” means all Funded Debt (except Funded Debt, the payment of which is subordinated to the payment of the notes).

“Subsidiary” means a corporation, partnership or other legal entity of which, in the case of a corporation, more than 50% of the outstanding voting stock is owned, directly or indirectly, by us or by one or more other Subsidiaries, or by us and one or more other Subsidiaries or, in the case of any partnership or other legal entity, more than 50% of the ordinary capital interests is, at the time, directly or indirectly owned or controlled by us or by one or more other Subsidiaries. For the purposes of this definition, “voting stock” means the equity interest that ordinarily has

voting power for the election of directors, managers or trustees of an entity, or persons performing similar functions, whether at all times or only so long as no senior class of equity interest has such voting power by reason of any contingency.

“Unrestricted Subsidiary” means any Subsidiary other than a Restricted Subsidiary.

Consolidation, Merger and Sale of Assets

We may consolidate or merge with or into any other corporation, and we may sell or transfer all or substantially all of our assets to another corporation, provided, among other things, that (a) we are the surviving corporation or the corporation formed by or resulting from any such

consolidation or merger or the transferee of such assets shall be a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia and shall expressly assume by supplemental indenture payment of the principal of, and premium, if any, and interest, if any, on the notes issued under the Indenture and the performance and observance of the Indenture and (b) we or such successor corporation shall not immediately thereafter be in default under the Indenture.

Events of Default

The following events are defined in the Indenture as “Events of Default”:

- default in the payment of any installment of interest on any series of notes for 30 days after becoming due;
- default in the payment of principal or premium, if any, of any series of notes when due;
- default in the deposit of any sinking fund payment, when due;
- default in the performance of any other covenant for 90 days after notice, which must be sent by either the trustee or holders of 25% of the principal amount of the notes of the affected series; and
- certain events of bankruptcy, insolvency or reorganization.

If an Event of Default occurs and continues with respect to a series of notes, either the trustee or the holders of at least 25% in principal amount of the outstanding notes of such series may declare the entire principal amount of all of such series to be due and payable; provided that, in the case of an Event of Default involving certain events of bankruptcy, insolvency or reorganization, such acceleration is automatic; and, provided further, that after such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of the outstanding notes of that series may, subject to certain conditions, rescind and annul such acceleration if all Events of Default, other than the nonpayment of accelerated principal, have been cured or waived.

Description of Debt Securities:

0.250% Notes due 2024

0.750% Notes due 2029

1.000 % Notes due 2031

The Company has an effective a registration statement on Form S-3 (File No. 333-229539), which was filed with the Securities and Exchange Commission on February 7, 2019 and covers the issuance of the Company's 0.250% Notes due 2024 (the "2024 notes"), the 0.750% Notes due 2029 (the "2029 notes") and the 1.000% Notes due 2031 (the "2031 notes" and together with the 2024 notes, the 2029 notes and the 2031 notes, the "notes"). The notes are governed by a base indenture dated January 15, 2010 between the Company and U.S. Bank National Association, as trustee, as supplemented by the applicable supplemental indenture governing a particular series of notes (as so supplemented, the "Indenture"). This summary is subject to and qualified in its entirety by reference to all of the provisions of the Indenture and the notes, including definitions of certain terms used in the Indenture and the notes.

General

The notes were issued as separate series of debt securities under the Indenture. The notes are senior unsecured obligations of ours and rank equally in right of payment with our other existing and future senior unsecured indebtedness. The notes are not secured by any of our assets. Any future claims of our secured lenders with respect to assets securing their loans will be prior to any claim of the holders of the notes with respect to those assets. Holders of secured debt that we have now or may issue in the future may foreclose on the assets securing such debt, reducing the cash flow from the foreclosed property available for payment of unsecured debt, including the notes. Holders of our secured debt also would have priority over unsecured creditors in the event of our bankruptcy, liquidation or similar proceeding to the extent of the value of the collateral securing such debt. The notes are structurally subordinated to all liabilities of our subsidiaries, including trade payables. Because we conduct many of our operations through our subsidiaries, our right to participate in any distribution of the assets of a subsidiary when it winds up its business is subject to the prior claims of the creditors of that subsidiary. This means that your right to payment as a holder of our notes is also subject to the prior claims of these creditors if a subsidiary liquidates or reorganizes or otherwise winds up its business. If we are a creditor of any of our subsidiaries, our right as a creditor would be subordinated to any security interest in the assets of those subsidiaries and any indebtedness of our subsidiaries senior in right of payment to that held by us.

The Indenture does not limit the amount of notes, unsecured debentures or other evidences of indebtedness that we may issue under the Indenture and provides that notes, unsecured debentures or other evidences of indebtedness may be issued from time to time in one or more series. We may from time to time, without notice to or the consent of the holders of the notes, create and issue additional notes of any series having the same ranking and terms and conditions as the notes of the same series, except for the issue date, the public offering price and, in some cases, the first interest payment date. Any additional notes having such similar terms, together with the notes offered of the same series, will constitute a single series of securities under the Indenture. If the additional notes of a series, if any, are not fungible with the notes of that series offered for U.S. federal income tax purposes, the additional notes have a separate CUSIP number.

We issued the notes in fully registered book-entry form without coupons and in denominations of €100,000 and integral multiples of €1,000 thereafter.

Principal of and interest on the notes are payable, and the notes are transferable or exchangeable, at the office or offices or agency maintained by us for these purposes. Payment of interest on the notes may be made at our option by check mailed to the registered holders thereof.

The 2024 notes, the 2029 notes and the 2031 notes are listed on the New York Stock Exchange under the symbols “SYK24A,” “SYK29” and “SYK31,” respectively. We have no obligation to maintain such listings, and we may delist any series of the notes at any time.

Elavon Financial Services DAC is paying agent for the notes. U.S. Bank National Association will be registrar and transfer agent for the notes. Upon notice to the trustee, we may change the paying agent, registrar or transfer agent.

Interest

The 2024 notes and 2031 notes bear interest from the date of issuance, payable annually on December 3 of each year, beginning December 3, 2020, and the 2029 notes bear interest from the date of issuance, payable annually on March 1 of each year, beginning March 1, 2021, to the persons in whose names such notes are registered at the close of business on the business day (for this purpose, a day on which Clearstream and Euroclear are open for business) immediately preceding the relevant interest payment. Interest on the notes is computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the notes (or December 3, 2019, if no interest has been paid on the applicable series of notes), to, but excluding, the next scheduled interest payment date. This payment convention is referred to as Actual/Actual (ICMA) as defined in the rulebook of the International Capital Market Association.

If any interest payment date would otherwise be a day that is not a business day, such interest payment date will be postponed to the next date that is a business day and no interest will accrue on the amounts payable from and after such interest payment date to the next business day. If the maturity date of any series of notes falls on a day that is not a business day, the related payment of principal, premium, if any, and interest will be made on the next business day as if it were made on the date such payment was due, and no interest will accrue on the amounts so payable for the period from and after such date to the next business day.

Business Day

For purposes of the notes, a “business day” is any day that is not a Saturday, Sunday or other day on which banking institutions in New York City, London or another place of payment on the notes are authorized or required by law to close and on which the Trans-European Automated Real-Time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, is open.

Issuance in euro

All payments of interest, premium, if any, and principal, including payments made upon any redemption or repurchase of the notes, will be made in euro; provided that if the euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or if the euro is no longer being used by the then member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of the notes will be made in U.S. dollars until the euro is again available to us or so used. In such circumstances, the amount payable on any date in euro will be converted into U.S. dollars at the rate mandated by the Board of Governors of the Federal Reserve System as of the close of business on the second business day prior to the relevant payment date or, if the Board of Governors of the Federal Reserve System has not announced a rate of conversion, on the basis of the most recent U.S. dollar/euro exchange rate published in The Wall Street Journal on or prior to the second business day prior to the relevant payment date or, in the event The Wall Street Journal has not published such exchange rate, the rate will be determined in our sole discretion on the basis of the most recently available market exchange rate for the euro. Any payment in respect of the notes so made in U.S. dollars will not constitute an Event of Default (as defined in the Indenture). Neither the trustee nor the paying agent shall have any responsibility for any calculation or conversion in connection with the foregoing.

Investors are subject to foreign exchange risks as to payments of principal, premium, if any, and interest that may have important economic and tax consequences to them.

Optional Redemption

We may redeem the notes prior to November 3, 2024 in the case of the 2024 notes, December 1, 2028 in the case of the 2029 notes and September 3, 2031 in the case of the 2031 notes, in whole, at any time, or in part, from time to time, at our option, for cash, at a redemption price equal to the greater of:

- 1) 100% of the principal amount of the applicable series of notes to be redeemed; or
- 2) an amount determined by the Quotation Agent (as defined below) equal to the sum of the present values of the remaining scheduled payments of principal, premium, if any, and interest thereon (not including any portion of such payments of interest accrued to the date of redemption) to November 3, 2024 with respect to the 2024 notes, December 1, 2028 with respect to the 2029 notes and September 3, 2031 with respect to the 2031 notes, discounted to the date of redemption on an annual basis (Actual/Actual (ICMA) at the Comparable Government Bond Rate (as defined below)), plus 15 basis points with respect to the 2024 notes, 20 basis points with respect to the 2029 notes and 25 basis points with respect to the 2031 notes,

plus accrued and unpaid interest thereon to, but not including, the date of redemption.

On or after November 3, 2024 in the case of the 2024 notes, December 1, 2028 in the case of the 2029 notes and September 3, 2031 in the case of the 2031 notes, we may redeem the applicable series of notes, in whole, at any time, or in part, from time to time, at our option, for cash, at a redemption price equal to 100% of the principal amount of such series of notes, plus accrued and unpaid interest to, but not including, the redemption date.

The principal amount of any note remaining outstanding after a redemption in part shall be €100,000 or a higher integral multiple of €1,000. Notwithstanding the foregoing, installments of interest on any series of notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date.

“*Comparable Government Bond*” means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an independent investment bank selected by us (the “Quotation Agent”), a German government bund whose maturity is closest to the par call date, or if such Quotation Agent in its discretion determines that such similar bond is not in issue, such other German government bund as such Quotation Agent may, with the advice of three brokers of, and/or market makers in, German government bunds selected by us, determine to be appropriate for determining the Comparable Government Bond Rate.

“*Comparable Government Bond Rate*” means the price, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), at which the gross redemption yield on the notes to be redeemed, if they were to be purchased at such price on the third business day prior to the date fixed for redemption, would be equal to the gross redemption yield on such business day of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 A.M. (London time) on such business day as determined by the Quotation Agent selected by us.

Notice of any redemption will be sent (or, in the case of notes held in book-entry form, be transmitted electronically) at least 10 days but not more than 60 days before the redemption date to each registered holder of the applicable series of notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the applicable series of notes or portions thereof called for redemption. If less than all of the applicable series of notes are to be redeemed, the notes to be redeemed will be selected by the trustee in accordance with the standard procedures of the depository. If the notes to be redeemed are not global notes then held by Euroclear or Clearstream, the trustee will select the notes to be redeemed on a pro rata basis. If the notes are listed on the NYSE or any other national securities exchange, the trustee will select notes in compliance with the requirements of the NYSE or other principal national securities exchange on which the notes are listed.

Notwithstanding the foregoing, if less than all of a series of notes is to be redeemed, no notes of such series of a principal amount of €100,000 or less shall be redeemed in part. If money sufficient to pay the redemption price on the series of notes (or portions thereof) to be redeemed on the redemption date is deposited with the paying agent on or before the redemption date and certain other conditions are satisfied, then on and after such redemption date, interest will cease to accrue on such series of notes (or such portion thereof) called for redemption.

Special Mandatory Redemption

If we do not satisfy the minimum tender and other conditions in the Purchase Agreement and consummate the Wright Tender Offer on or prior to February 4, 2021, or if, prior to such date, we notify the trustee in writing that the Purchase Agreement has been terminated (each, a “Special Mandatory Redemption Event”), the provisions set forth below will be applicable (other than with respect to the 2029 notes). The 2029 notes will not be subject to the special mandatory redemption and will remain outstanding (unless otherwise redeemed) even if the Wright Tender Offer is not consummated on or prior to February 4, 2021. If a Special Mandatory Redemption Event occurs, we will be required to redeem each series of notes (other than the 2029 notes) in the manner set forth below in whole and not in part at a special mandatory redemption price (the “Special Mandatory Redemption Price”) equal to 101% of the aggregate principal amount of such series, plus accrued and unpaid interest, if any, to, but excluding, the Special Mandatory

Redemption Date (as defined below) (subject to the right of holders of record on the relevant record date to receive interest due on any interest payment date that is on or prior to the Special Mandatory Redemption Date).

Upon the occurrence of a Special Mandatory Redemption Event, we will promptly (but in no event later than ten business days following such Special Mandatory Redemption Event) notify the trustee in writing of such event (such notice to include the officers' certificate required by the Indenture), and the trustee shall, no later than five business days following receipt of such notice from us, notify the holders of each series of notes (such date of notification to such holders, the "Redemption Notice Date") that all of the outstanding notes will be redeemed at the Special Mandatory Redemption Price on the third business day following the Redemption Notice Date (such date, the "Special Mandatory Redemption Date") automatically and without any further action by the holders of the notes, in each case in accordance with the applicable provisions of the Indenture. At or prior to 12:00 p.m. (New York City time) on the business day immediately preceding the Special Mandatory Redemption Date, we will deposit with the trustee funds sufficient to pay the Special Mandatory Redemption Price for the notes. If such deposit is made as provided above, the notes will cease to bear interest on and after the Special Mandatory Redemption Date.

If we fail to pay the Special Mandatory Redemption Price, it will be an event of default with respect to each series of notes (other than the 2029 notes) under the Indenture.

Optional Redemption for Tax Reasons

The notes of any series may be redeemed at our option in whole, but not in part, on not less than 10 nor more than 60 days' prior notice, at 100% of the principal amount of such series together with accrued and unpaid interest, if any, to, but excluding, the redemption date if, as a result of any change in, or amendment to, the laws, regulations or rulings of the United States (or any political subdivision or taxing authority thereof or therein having power to tax), or any change in official position regarding application or interpretation of those laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change, amendment, application or interpretation is announced or becomes effective on or after the original issue date with respect to the notes, we become or, based upon a written opinion of independent counsel selected by us, will become obligated to pay additional amounts as described below in "— Payment of Additional Amounts."

Payment of Additional Amounts

All payments of principal, interest, and premium, if any, in respect of the notes are will be made free and clear of, and without withholding or deduction for, any present or future taxes, assessments, duties or governmental charges of whatever nature imposed, levied or collected by

the United States (or any political subdivision or taxing authority thereof or therein having power to tax), unless such withholding or deduction is required by law or the official interpretation or administration thereof.

We will, subject to the exceptions and limitations set forth below, pay as additional interest in respect of the notes such additional amounts as are necessary in order that the net payment by us of the principal of, premium, if any, and interest in respect of the notes to a holder who is not a United States person (as defined below), after withholding or deduction for any present or future tax, assessment, duties or other governmental charge imposed by the United States (or any political subdivision or taxing authority thereof or therein having power to tax), will not be less than the amount provided in the notes to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts shall not apply:

- 1) to the extent any tax, assessment or other governmental charge would not have been imposed but for the holder (or the beneficial owner for whose benefit such holder holds such note), or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:
 - a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;
 - b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of the notes, the receipt of any payment in respect of the notes or the enforcement of any rights hereunder), including being or having been a citizen or resident of the United States;
 - c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for U.S. federal income tax purposes, a foreign tax-exempt organization, or a corporation that has accumulated earnings to avoid U.S. federal income tax;
 - d) being or having been a “10-percent shareholder” of the Company as defined in section 871(h)(3) of the United States Internal Revenue Code of 1986, as amended (the “Code”) or any successor provision; or
 - e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business, as described in section 881(c)(3)(A) of the Code or any successor provision;
 - 2) to any holder that is not the sole beneficial owner of the notes, or a portion of the notes, or that is a fiduciary, partnership, limited liability company or other fiscally transparent entity, but only to the extent that a beneficial owner with respect to the holder, a beneficiary or settlor with respect to the fiduciary, or a beneficial owner or member of the partnership, limited liability company or other fiscally transparent entity would not have
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- been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;
- 3) to the extent any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of the notes, if compliance is required by statute, by regulation of the United States or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;
 - 4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by us or a paying agent from the payment;
 - 5) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any notes, if such payment can be made without such withholding by any other paying agent;
 - 6) to any estate, inheritance, gift, sales, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge, or excise tax imposed on the transfer of notes;
 - 7) to the extent any tax, assessment or other governmental charge would not have been imposed but for the presentation by the holder of any note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later except to the extent that the beneficiary or holder thereof would have been entitled to the payment of additional amounts had such note been presented for payment on any day during such 30-day period;
 - 8) to any tax, assessment or other governmental charge imposed under sections 1471 through 1474 of the Code (or any amended or successor provisions), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to section 1471(b) of the Code or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such sections of the Code, whether currently in effect or as published and amended from time to time;
 - 9) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later; or
 - 10) in the case of any combination of the above numbered items.
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The notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to the notes. Except as specifically provided under this heading “—Payment of Additional Amounts,” we are not required to make any payment for any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision.

As used under this heading “—Payment of Additional Amounts” and under the heading “—Optional Redemption for Tax Reasons,” the term “United States” means the United States of America, its territories and possessions, the states of the United States and the District of Columbia, and the term “United States person” means (i) any individual who is a citizen or resident of the United States for U.S. federal income tax purposes, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States, any state of the United States or the District of Columbia (other than a partnership that is not treated as a United States person for United States federal income tax purposes), (iii) any estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) any trust if a United States court can exercise primary supervision over the administration of the trust and one or more United States persons can control all substantial trust decisions, or if a valid election is in place to treat the trust as a United States person.

Repurchase at the Option of Holders Upon Change of Control Repurchase Event

If a Change of Control Repurchase Event (as defined below) occurs in respect of a series of notes, unless we have exercised our right to redeem the notes of such series as described above under “—Optional Redemption or “Optional Redemption for Tax Reasons” or have been required to redeem the notes as described under “—Special Mandatory Redemption” we will be required to make an offer (a “Change of Control Offer”) to each holder of such series of notes to repurchase all or any part (in minimum denominations of €100,000 and integral multiples of €1,000 original principal amount above that amount) of that holder’s notes at a repurchase price in cash equal to 101% of the aggregate principal amount of notes repurchased plus any accrued and unpaid interest on the notes repurchased to, but not including, the date of such repurchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control (as defined below), but after the public announcement of an impending Change of Control, we will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice will, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice.

We will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and any other securities laws and regulations thereunder, to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the notes by virtue of such conflict.

On the Change of Control Repurchase Event payment date, we will, to the extent lawful:

- accept for payment all notes or portions of notes (in minimum denominations of €100,000 and integral multiples of €1,000 original principal amount above that amount) properly tendered pursuant to our offer;
- deposit with the paying agent an amount equal to the aggregate purchase price in respect of all notes or portions of notes properly tendered; and
- deliver or cause to be delivered to the trustee for cancellation the notes properly accepted, together with an officers' certificate stating the aggregate principal amount of notes being repurchased by us.

The paying agent will promptly mail to each holder of notes properly tendered the purchase price for the notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any notes surrendered; provided, that each new note will be in minimum denominations of €100,000 and integral multiples of €1,000 original principal amount above that amount.

We will not be required to make a Change of Control Offer upon a Change of Control Repurchase Event if (i) a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for a Change of Control Offer made by us and such third party purchases all notes properly tendered and not withdrawn under its offer or (ii) we have previously or concurrently mailed a redemption notice with respect to all of the outstanding notes as described under "Optional Redemption" above.

If holders of not less than 90% in aggregate principal amount of the outstanding notes of any series validly tender and do not withdraw such notes in a Change of Control Offer and we, or any third party making such an offer in lieu of us as described above, purchases all of the notes of such series validly tendered and not withdrawn by such holders, we or such third party will have the right, upon not less than 10 days nor more than 60 days' prior notice, provided that such notice is given not more than 30 days following such repurchase pursuant to the Change of

Control Offer described above, to redeem all notes of such series that remain outstanding following such purchase on a date specified in such notice (the “Second Change of Control Payment Date”) and at a price in cash equal to 101% of the aggregate principal amount of notes of such series repurchased plus any accrued and unpaid interest on the notes repurchased to, but not including, the Second Change of Control Payment Date.

We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we would decide to do so in the future. We could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control but that could increase the amount of debt outstanding at such time or otherwise affect our capital structure or credit ratings.

Definitions

“Below Investment Grade Rating Event” means the notes of such series are rated below Investment Grade by each of the Rating Agencies on any date during the period commencing upon the first public notice of the occurrence of a Change of Control or our intention to effect a Change of Control and ending 60 days following public notice of the occurrence of the related Change of Control (which period shall be extended so long as the rating of the notes of such series is under publicly announced consideration for possible downgrade by any of the Rating Agencies, provided that no such extension shall occur if on such 60th day the notes of such series are rated Investment Grade by at least one of such Rating Agency and are not subject to review for possible downgrade by such Rating Agency); provided further that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event).

“Change of Control” means the occurrence of any of the following:

- 1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our assets and those of our subsidiaries taken as a whole to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our subsidiaries;
 - 2) the adoption of a plan relating to our liquidation or dissolution;
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- 3) the first day on which a majority of the members of our Board of Directors are not Continuing Directors; or
- 4) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any “person” (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one or more of our subsidiaries, becomes the beneficial owner (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of more than 50% of the then outstanding number of shares of our Voting Stock.

Notwithstanding the foregoing, a transaction will not be considered to be a Change of Control if (a) we become a direct or indirect wholly-owned subsidiary of a holding company and (b)(i) immediately following that transaction, the direct or indirect holders of the Voting Stock of the holding company are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (ii) immediately following that transaction, no person is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

“Change of Control Repurchase Event” means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

“Continuing Directors” means, as of any date of determination, any member of our Board of Directors who (1) was a member of such Board of Directors on the date of the issuance of the notes; or (2) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of our proxy statement in which such member was named as a nominee for election as a director).

“Investment Grade” means a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating categories of Moody’s) and a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P) or the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by us.

“Moody’s” means Moody’s Investors Service Inc., a subsidiary of Moody’s Corporation, and its successors.

“Rating Agency” means (1) each of Moody’s and S&P; and (2) if any of Moody’s or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of our control, a “nationally recognized statistical rating organization” within the

meaning of Section 3(a) (62) under the Exchange Act, selected by us as a replacement agency for Moody's or S&P, or both of them, as the case may be.

“S&P” means S&P Global Ratings Inc., a division of S&P Global Inc. and its successors.

“Voting Stock” of any specified person as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

The definition of “Change of Control” includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of “all or substantially all” of our assets and those of our subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase the notes as a result of a sale, transfer, conveyance or other disposition of less than all of our assets and the assets of our subsidiaries, taken as a whole, to another person or group may be uncertain.

Certain Covenants

Limitation on Liens

The Indenture contains a covenant that we will not, and we will not permit any of our Restricted Subsidiaries to, issue, assume or guarantee any Indebtedness secured by any Mortgage upon any of our Principal Properties or those of any of our Restricted Subsidiaries without equally and ratably securing the notes (and, if we so determine, any other Indebtedness ranking equally with the notes) with such Indebtedness.

This covenant will not prevent us or any of our Restricted Subsidiaries from issuing, assuming or guaranteeing:

- any purchase money mortgage on such Principal Property prior to, simultaneously with or within 180 days after the later of (1) the acquisition or completion of construction or completion of substantial reconstruction, renovation, remodeling, expansion or improvement (each, a “substantial improvement”) of such Principal Property or (2) the placing in operation of such property after the acquisition or completion of any such construction or substantial improvement;
 - Mortgages on a Principal Property existing at the time of acquisition, including acquisition through merger or consolidation;
 - Mortgages existing on the date of the initial issuance of the notes, Mortgages on assets of a corporation or other business entity existing on the date it becomes a Restricted Subsidiary or is merged or consolidated with us or a Restricted Subsidiary or at the time
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the corporation or other business entity sells, leases or otherwise disposes of its property as an entirety or substantially as an entirety to us or a Restricted Subsidiary or Mortgages on the assets of a Subsidiary that is newly designated as a Restricted Subsidiary if the Mortgage would have been permitted under the provisions of this paragraph if such Mortgage was created while the Subsidiary was a Restricted Subsidiary;

- Mortgages in favor of us or a Restricted Subsidiary;
- Mortgages for taxes, assessments or governmental charges or levies that are not delinquent or that are being contested in good faith;
- Carriers', warehousemen's, materialmen's, repairmen's, mechanic's, landlords' and other similar Mortgages arising in ordinary course of business that are not delinquent or remain payable without penalty or that are being contested in good faith;
- Mortgages (other than any Mortgage imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;
- Easements, rights-of-way, restrictions, encroachments, imperfections and other similar encumbrances affecting real property that, in the aggregate, are not substantial in amount and do not in any case materially detract from the value of the Principal Property subject thereto or materially interfere with the ordinary conduct of our and our Subsidiaries' business, taken as a whole;
- Mortgages arising by reason of deposits with, or the giving of any form of security to, any governmental agency or anybody created or approved by law or governmental regulation, including any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property;
- Mortgages arising from filing Uniform Commercial Code financing statements relating solely to leases; and
- Mortgages to secure Indebtedness incurred to extend, renew, refinance or replace Indebtedness secured by any Mortgages referred to above, provided that the principal amount of the extended, renewed, refinanced or replaced Indebtedness does not exceed the principal amount of Indebtedness so extended, renewed, refinanced or replaced, plus transaction costs and fees, and that any such Mortgage applies only to the same property or assets subject to the prior permitted Mortgage (and, in the case of real property, improvements).

Limitations on Sale and Leaseback Transactions

The Indenture contains a covenant that we will not, and will not permit our Restricted Subsidiaries to, enter into any arrangement with any person providing for the leasing by us or any Restricted Subsidiary of any Principal Property owned or acquired thereafter that has been or is to be sold or transferred by us or such Restricted Subsidiary to such person with the intention of taking back a lease of such Principal Property, a "sale and leaseback transaction," without

equally and ratably securing the notes (and, if we shall so determine, any other Indebtedness ranking equally with the notes), unless:

- within 180 days after the receipt of the proceeds of the sale or transfer, we or any Restricted Subsidiary apply an amount equal to the greater of the net proceeds of the sale or transfer or the fair value of such Principal Property at the time of such sale or transfer to any (or a combination) of (1) the prepayment or retirement (other than any mandatory prepayment or retirement) of our Senior Funded Debt or (2) the purchase, construction, development, expansion or improvement of other comparable property, subject in each case to credits for voluntary retirements of Senior Funded Debt; or
- we or such Restricted Subsidiary would be entitled, at the effective date of the sale or transfer, to incur Indebtedness secured by a Mortgage on such Principal Property, in an amount at least equal to the Attributable Debt in respect of the sale and leaseback transaction, without equally and ratably securing the notes pursuant to “—Limitation on Liens” described above.

The foregoing restriction will not apply to:

- any sale and leaseback transaction for a term of not more than three years including renewals;
- any sale and leaseback transaction with respect to a Principal Property if a binding commitment with respect thereto is entered into within three years after the later of (1) the date of the issuance of the notes under the Supplemental Indenture, or (2) the date such Principal Property was acquired;
- any sale and leaseback transaction with respect to a Principal Property if a binding commitment with respect thereto is entered into within 180 days after the later of the date such property was acquired and, if applicable, the date such property was first placed in operation; or
- any sale and leaseback transaction between us and a Restricted Subsidiary or between Restricted Subsidiaries.

Exception to Limitations for Exempted Debt

Notwithstanding the limitations in the Indenture on liens and sale and leaseback transactions, we or our Restricted Subsidiaries may, in addition to amounts permitted under such restrictions and without equally and ratably securing the notes, create or assume and renew, extend or replace Mortgages, or enter into sale and leaseback transactions without any obligation to retire any Senior Funded Debt of us or any Restricted Subsidiary, provided that at the time of such creation, assumption, renewal, extension or replacement of a Mortgage or at the time of entering into such sale and leaseback transactions, and after giving effect thereto, Exempted Debt does not exceed 15% of our Consolidated Net Tangible Assets.

Definitions

For purposes of the Indenture:

“Attributable Debt” in respect of a sale and leaseback transaction means, at the time of determination, the present value (discounted at the imputed rate of interest of such transaction as determined in good faith by us) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended). The term “net rental payments” under any lease for any period means the sum of the rental and other payments required to be paid in such period by the lessee thereunder, not including any amounts required to be paid by such lessee (whether or not designated as rental or additional rent) on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges required to be paid by such lessee thereunder or any amount required to be paid by lessee thereunder contingent upon the amount of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges. In the case of any lease that is terminable by the lessee upon the payment of a penalty, such net amount shall be the lesser of (x) the net amount determined assuming termination upon the first date such lease may be terminated (in which case the net amount shall also include the amount of the penalty, but shall not include any rent that would be required to be paid under such lease subsequent to the first date upon which it may be so terminated) or (y) the net amount determined assuming no such termination.

“Consolidated Net Tangible Assets” means the total amounts of assets (less depreciation and valuation reserves and other reserves and items deductible from gross book value of specific asset accounts under generally accepted accounting principles) that under generally accepted accounting principles would be included on a consolidated balance sheet of us and our consolidated Restricted Subsidiaries after deducting (1) all current liabilities, excluding current liabilities that could be classified as long-term debt under generally accepted accounting principles and current liabilities that are by their terms extendable or renewable at the obligor’s option to a time more than 12 months after the time as of which the amount of current liabilities is being computed; (2) investments in Unrestricted Subsidiaries; and (3) all trade names, trademarks, licenses, patents, copyrights and goodwill, organizational and development costs, deferred charges, other than prepaid items such as insurance, taxes, interest, commissions, rents and similar items and tangible assets being amortized, and amortized debt discount and expense, less unamortized premium.

“Exempted Debt” means the sum of the following items outstanding as of the date Exempted Debt is being determined (1) Indebtedness of us and our Restricted Subsidiaries secured by a Mortgage and not permitted to exist under the Indenture and (2) Attributable Debt

of us and our Restricted Subsidiaries in respect of all sale and leaseback transactions not permitted under the Indenture.

“Funded Debt” means Indebtedness that matures more than one year from the date of creation, or that is extendable or renewable at the sole option of the obligor so that it may become payable more than one year from such date. Funded Debt does not include (1) obligations created pursuant to leases, (2) any Indebtedness or portion thereof maturing by its terms within one year from the time of any computation of the amount of outstanding Funded Debt unless such Indebtedness shall be extendable or renewable at the sole option of the obligor in such manner that it may become payable more than one year from such time, or (3) any Indebtedness for the payment or redemption of which money in the necessary amount shall have been deposited in trust either at or before the maturity date thereof.

“Indebtedness” means any and all of the obligations of a person for money borrowed that in accordance with generally accepted accounting principles would be reflected on the balance sheet of such person as a liability as of the date of which the Indebtedness is to be determined. Notwithstanding the foregoing, a change in generally accepted accounting principles subsequent to November 30, 2018 shall not be deemed an incurrence of Indebtedness.

“Investment” means any investment in stock, evidences of Indebtedness, loans or advances, however made or acquired, but does not include our account receivable or the accounts receivable of any Restricted Subsidiary arising from transactions in the ordinary course of business, or any evidences of Indebtedness, loans or advance made in connection with the sale to any Subsidiary of our accounts receivable or the accounts receivable of any Restricted Subsidiary arising from transactions in the ordinary course of business.

“Mortgage” means any mortgage, security interest, pledge, lien or other encumbrance.

“Principal Property” means all real property and improvements thereon owned by us or a Restricted Subsidiary, including, without limitation, any manufacturing, warehouse, distribution or research facility, and improvements therein, having a net book value in excess of 2% of Consolidated Net Tangible Assets that is located within the United States, excluding its territories and possessions and Puerto Rico. This term does not include any real property and improvements thereon that our Board of Directors declares by resolution not to be of material importance to the total business conducted by us and our Restricted Subsidiaries taken as a whole.

“Restricted Subsidiary” means a Subsidiary that owns a Principal Property.

“Senior Funded Debt” means all Funded Debt (except Funded Debt, the payment of which is subordinated to the payment of the notes).

“Subsidiary” means a corporation, partnership or other legal entity of which, in the case of a corporation, more than 50% of the outstanding voting stock is owned, directly or indirectly, by us or by one or more other Subsidiaries, or by us and one or more other Subsidiaries or, in the case of any partnership or other legal entity, more than 50% of the ordinary capital interests is, at the time, directly or indirectly owned or controlled by us or by one or more other Subsidiaries. For the purposes of this definition, “voting stock” means the equity interest that ordinarily has voting power for the election of directors, managers or trustees of an entity, or persons performing similar functions, whether at all times or only so long as no senior class of equity interest has such voting power by reason of any contingency.

“Unrestricted Subsidiary” means any Subsidiary other than a Restricted Subsidiary.

Consolidation, Merger and Sale of Assets

We may consolidate or merge with or into any other corporation, and we may sell or transfer all or substantially all of our assets to another corporation, provided, among other things, that (a) we are the surviving corporation or the corporation formed by or resulting from any such consolidation or merger or the transferee of such assets shall be a corporation organized and existing under the laws of the United States, any state thereof or the District of Columbia and shall expressly assume by supplemental indenture payment of the principal of, and premium, if any, and interest, if any, on the notes issued under the Indenture and the performance and observance of the Indenture and (b) we or such successor corporation shall not immediately thereafter be in default under the Indenture.

Events of Default

The following events are defined in the Indenture as “Events of Default”:

- default in the payment of any installment of interest on any series of notes for 30 days after becoming due;
- default in the payment of principal or premium, if any, of any series of notes when due;
- default in the deposit of any sinking fund payment, when due;
- default in the performance of any other covenant for 90 days after notice, which must be sent by either the trustee or holders of 25% of the principal amount of the notes of the affected series; and
- certain events of bankruptcy, insolvency or reorganization.

If an Event of Default occurs and continues with respect to a series of notes, either the trustee or the holders of at least 25% in principal amount of the outstanding notes of such series may declare the entire principal amount of all the notes of such series to be due and payable; provided that, in the case of an Event of Default involving certain events of bankruptcy, insolvency or reorganization, such acceleration is automatic; and, provided further, that after

such acceleration, but before a judgment or decree based on acceleration, the holders of a majority in aggregate principal amount of the outstanding notes of that series may, subject to certain conditions, rescind and annul such acceleration if all Events of Default, other than the nonpayment of accelerated principal, have been cured or waived.

STRYKER CORPORATION 2011 LONG-TERM INCENTIVE PLAN,
AS AMENDED AND RESTATED

As Amended Through February 4, 2020

Article 1. Establishment, Objectives and Duration

1.1 Establishment of this Plan. Stryker Corporation, a Michigan corporation, hereby establishes this Stryker Corporation 2011 Long-Term Incentive Plan (the “Plan”) as set forth in this document. Capitalized terms used but not otherwise defined herein will have the meanings given to them in Article 2. This Plan permits the grant of Options, Restricted Stock and Other Stock Awards.

This Plan became effective as of April 26, 2011, upon approval of the Company’s shareholders, and will remain in effect as provided in Section 1.3 hereof.

1.2 Purpose of this Plan. The purpose of this Plan is to advance the interests of the Company and its Subsidiaries (collectively, “Stryker”) by providing a larger personal and financial interest in the success of Stryker to employees and directors whose judgment, interest and special efforts Stryker is dependent upon for the successful conduct of its operations and to enable Stryker to compete effectively with others for the services of new employees and directors as may be needed for the continued improvement of the enterprise. It is believed that the acquisition of such interest will stimulate the efforts of such employees and directors on behalf of Stryker and strengthen their desire to continue to serve Stryker.

1.3 Duration of this Plan. This Plan will commence on the Effective Date and will remain in effect, subject to the right of the Committee to amend or terminate this Plan at any time pursuant to Article 10, until the earlier of (a) April 30, 2027 and (b) the date that all Shares subject to this Plan pursuant to Article 4 have been issued according to this Plan’s provisions; provided, however, that upon Plan termination, all Awards outstanding under this Plan will continue to have full force and effect in accordance with the terms of the Award Agreements evidencing such Awards.

Article 2. Definitions

Whenever used in this Plan, the following terms have the meanings set forth below, and when the meaning is intended, the initial letter of the word is capitalized:

“Award” means any Option, Restricted Stock, Other Stock Award or any other right, interest or option (including any stock appreciation right), relating to Shares granted pursuant to the provisions of this Plan.

“Award Agreement” means any written agreement, contract or other instrument or document evidencing an Award or Awards granted by the Committee hereunder, which in the sole and absolute discretion of the Company may, but need not, be signed or acknowledged by the Company and/or the Participant.

“Board” or **“Board of Directors”** means the Board of Directors of the Company.

“Business Combination” shall have the meaning provided therefor in the definition of Change in Control.

“Change in Control” means the occurrence of any one or more of the following: (a) any “person” (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), after the Effective Date, becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than fifty percent (50%) of the outstanding Shares, (b) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company (a “Business Combination”), unless immediately following such Business Combination more than sixty percent (60%) of the total voting power of (i) the company resulting from such Business Combination (the “Surviving Company”), or (ii) if applicable, the ultimate parent company that directly or indirectly has beneficial ownership of one hundred percent (100%) of the voting securities eligible to elect directors of the Surviving Company is represented by the Shares that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Shares were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Shares among the holders thereof immediately prior to the Business Combination, or (c) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or a sale of all or substantially all of the Company’s assets.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any successor act thereto.

“Committee” means the Compensation Committee of the Board of Directors or such other persons or committee to which the Board has delegated any authority, as may be appropriate. A person may serve on the Committee only if he or she is an “outside director” for purposes of Section 162(m) of the Code, is a “Non-Employee Director” within the meaning of Exchange Act Rule 16b-3 and is an “independent” Director for purposes of the Corporate Governance Standards of the New York Stock Exchange.

“Company” means Stryker Corporation, a Michigan corporation, and any successor thereto as provided in Article 12.

“Director” means a member of the Board of Directors.

“Disability” means (i) when used in the context of an Award other than an Incentive Stock Option Award, a physical or mental condition that qualifies as a disability under the long-term disability pay plan of Stryker then in effect for United States employees (irrespective of whether the Participant is eligible to participate in such plan), which disability has, in the case of an Employee, prevented such Employee from being in the full-time, active service of Stryker for the entire period of one hundred-eighty (180) days immediately preceding termination of employment; and (ii) when used in the context of an Incentive Stock Option, a physical or mental condition that qualifies as a disability within the meaning of Code Section 22(e) (3).

“Effective Date” means April 26, 2011.

“Employee” means any person employed by Stryker in a common law employee-employer relationship. A Participant shall not cease to be an Employee for purposes of this Plan in the case of (i) any leave of absence approved by Stryker or (ii) transfers between locations of the Company or among the Company, any Subsidiary or any successor. Service as a Director shall not be sufficient to constitute “employment” by Stryker.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

“Exercise Period” shall have the meaning provided therefor in Section 3.4.

“Exercise Price” means, with respect to an Option, the price at which a Share may be purchased by a Participant pursuant to the Option and, with respect to a stock appreciation right, the price at which the stock appreciation right is granted.

“Fair Market Value” of the Shares as of any date means the closing sales price of the Shares (or the closing bid, if no sales were reported) as reported on the New York Stock Exchange-Composite Transactions for the last market trading day prior to such date or, if the Shares are not then listed on the New York Stock Exchange, the fair market value of the Shares on such date as determined in good faith by the Committee.

“Incentive Stock Option” means an Option that is designated as an Incentive Stock Option and that is intended to meet the requirements of Code Section 422.

“Non-Employee Director” means a Director who is not currently an Employee.

“Nonstatutory Stock Option” means an Option that is designated as not being intended to qualify, or that has ceased to qualify, as an Incentive Stock Option.

“Option” means an option to purchase Shares granted under Article 6.

“Other Stock Award” means any right granted to a Participant by the Committee pursuant to Article 8.

"Participant" means an Employee or Non-Employee Director to whom an Award has been granted that remains outstanding.

"Performance Award" shall have the meaning provided therefor in Section 14.5.

"Restricted Stock" means any Share issued pursuant to Article 7 with a restriction on transferability, a risk of forfeiture and such other restrictions as the Committee, in its sole discretion may impose, which restrictions generally will expire on a specified date, upon the occurrence of an event and/or on an accelerated basis under certain circumstances, as specified in this Plan or the Award Agreement relating to the Restricted Stock.

"Restriction Period" means the period during which Restricted Stock remains nontransferable and subject to a risk of forfeiture.

"Retirement" means, for awards granted prior to February 5, 2020, termination of employment with or service as a Director of Stryker on or after the Participant's 65th birthday or the Participant's 60th birthday if the Participant has completed or is otherwise credited with ten (10) years of service as an Employee or Director of Stryker. Effective for Awards granted on or after February 5, 2020 and except as otherwise provided in an Award Agreement, "Retirement" means termination of employment with or service as a Director of Stryker on or after the Participant's 65th birthday or the Participant's 55th birthday if the Participant has completed or is otherwise credited with ten (10) years of service as an Employee or Director of Stryker.

"Shares" means the shares of common stock, \$.10 par value, of the Company.

"Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Code Section 424(f).

Article 3. Administration

3.1 The Committee. This Plan will be administered by the Committee. The Board of Directors may from time to time remove members from the Committee or add members thereto, and vacancies in such Committee, however caused, shall be filled by the Board.

3.2 Authority of the Committee. Except as limited by law and subject to the provisions of this Plan and such orders or resolutions not inconsistent with the provisions of this Plan as may from time to time be adopted by the Board, the Committee will have full power to (a) select Employees and Non-Employee Directors to whom Awards may from time to time be granted under this Plan, (b) determine the type or types of Awards to be granted to each Participant, (c) determine the number of Shares to be covered by or relating to each Award granted under this Plan (d) determine the terms and conditions of Awards in a manner consistent with this Plan, including the treatment of Awards upon a Participant's termination of employment or termination

of service as a Non-Employee Director, (e) determine whether, to what extent and under what circumstances Awards may be settled in Shares, cash or any other form of property, (f) determine whether, to what extent and under what circumstances payment of cash, Shares other property and other amounts payable with respect to an Award made under this Plan shall be deferred either automatically or at the election of the Participant consistent with the terms of this Plan, (g) construe and interpret this Plan and any Award Agreement (h) establish, amend or waive rules and regulations and appoint such agents as it shall deem appropriated for the proper administration of this Plan and (i) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Plan. The Committee shall be authorized to make adjustments in the terms and conditions of Awards in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in applicable laws, regulations or accounting principles. The interpretation and construction by the Committee of any provision of this Plan or any Award granted pursuant hereto shall be final and conclusive. No member of the Committee or the Board of Directors shall be liable for any action or determination made in good faith with respect to this Plan or any Award granted pursuant hereto.

3.3 Delegation. Subject to the terms of this Plan and terms and limitations as the Committee shall determine, the Committee may delegate its authority to make Awards to Employees to the Company's Chief Executive Officer, subject to annual calendar year limits of 20,000 Shares subject to Awards per Employee and 300,000 Shares subject to Awards in the aggregate in the case of Awards made (a) in situations where the Company is seeking to attract a new hire or recognize employees for special achievements, (b) to new employees as a result of the acquisition by the Company of another company, whether by merger or purchase of stock or substantially all of its assets, which Awards are deemed appropriate by the Chief Executive Officer in connection with the retention of newly acquired employees or (c) in other special circumstances, with any Share issuable in connection with an Award other than an Option or stock appreciation right being counted against such limits as 2.86 Shares, except that no such delegation may be made in the case of Awards to persons who are subject to the provisions of Section 16 of the Exchange Act or in the case of Awards intended to be qualified under Section 162(m) of the Code. To the extent that the Committee delegates its authority as provided by this Section 3.3, all references in this Plan to the Committee's authority to make Awards shall be deemed to include the Chief Executive Officer. The annual limits described in this Section 3.3 may be modified by the Committee with respect to any year or all future years and shall be subject to adjustment as provided in Section 4.3.

3.4 Change in Control. In the event of a Change in Control, the Committee shall have the discretion to accelerate the vesting of Awards, eliminate any restriction applicable to Awards, deem the performance measures, if any, to be satisfied, or take such other action as it deems appropriate, in its sole discretion. In addition, notwithstanding any other provision of this Plan, during the sixty (60)-day period from

and after a Change in Control (the "Exercise Period"), if the Committee shall determine at, or at any time after, the time of grant, a Participant holding an Option shall have the right, whether or not the Option is fully exercisable and in lieu of the payment of the Exercise Price for the Shares being purchased under the Option and by giving written notice to the Company, to elect (within the Exercise Period) to surrender all or part of the Option to the Company and to receive in cash, within thirty (30) days of such notice an amount equal to the amount by which the Fair Market Value per Share on the date of such election shall exceed the Exercise Price per Share under the Option multiplied by the number of Shares granted under the Option as to which the right granted under this Section 3.4 shall have been exercised.

Article 4. Shares Subject to this Plan and Maximum Awards

4.1 Number of Shares Available for Awards. The maximum number of Shares that may be subject to Awards under this Plan is 55,000,000. The maximum number of Shares that may be subject to all Awards, in the aggregate, granted during any calendar year to any one Participant is 2,000,000; provided, however, that, to the extent required by Section 162(m) of the Code, Shares subject to Options or stock appreciation rights that are canceled shall continue to be counted against the foregoing limit and provided, further, that such limit will apply whether the Awards are paid in Shares or settled in cash. Any Share for which an Award other than an Option or stock appreciation right is granted shall be counted against the limits described above as 2.86 Shares. Notwithstanding anything herein to the contrary, (a) the maximum grant date fair value, as determined in accordance with the Company's standard accounting principles, of Awards that may be granted to any one Non-Employee Director in any calendar year is \$500,000 and (b) the maximum amount of cash compensation payable by the Company to any one Non-Employee Director in any calendar year (measured as of the date of payment) is \$400,000. All limits described in this Section 4.1 are subject to adjustment as provided in Section 4.3.

4.2 Computation of Available Shares. Shares subject to Awards that terminate, expire or are forfeited, canceled or settled in cash, either in whole or in part, may be used for the further grant of Awards to the extent of such termination, forfeiture, cancellation or settlement. Shares that again become available for future grant pursuant to the preceding sentence shall be added back as one (1) Share if subject to an Option or a stock appreciation right and as 2.86 Shares if subject to an Award other than an Option or a stock appreciation right. Notwithstanding the foregoing, Shares subject to an Award under this Plan may not again be made available for issuance or delivery under this Plan if such Shares were tendered or withheld to pay the Exercise Price of an Option or the withholding taxes related to an Award or were subject to a stock-settled stock appreciation right and were not issued upon the net settlement or net exercise of such stock appreciation right. In addition, the Shares available for issuance or delivery under this Plan shall not be increased by Shares repurchased by the Company with Option proceeds.

4.3 Adjustments of and Changes in Shares.

- (a) In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, split-up, share combination, or other change in the corporate structure of the Company affecting the Shares or of any stock or other securities into which the Shares shall have been changed or for which Shares shall have been exchanged, such adjustment shall be made in the number and class of Shares that may be delivered under this Plan, and in the number and class of and/or price of Shares subject to outstanding Awards granted under this Plan, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights and provided that the number of Shares subject to any Award shall always be a whole number.
- (b) Fractional Shares resulting from any adjustment in Awards pursuant to this Section 4.3 may be settled in cash or otherwise as the Committee determines.
- (c) The Company will give written notice of any adjustment to each Participant who holds an Award that has been adjusted and the adjustment (whether or not that notice is given) will be effective and binding for all Plan purposes.

Article 5. Eligibility and Participation

Any Employee or Non-Employee Director shall be eligible to be selected as a Participant as provided herein; provided, however, that Incentive Stock Options shall only be awarded to Employees. Notwithstanding any provision in this Plan to the contrary, the Board (not the Committee) shall have the authority, in its sole and absolute discretion, to select Non-Employee Directors as Participants who are eligible to receive Awards other than Incentive Stock Options under this Plan and all references in this Plan to the Committee, insofar as they relate to Awards to Non-Employee Directors, shall be deemed references to the Board. The Board shall set the terms of Awards to Non-Employee Directors in its sole and absolute discretion, and the Board shall be responsible for administering and construing such Awards in substantially the same manner that the Committee administers and construes Awards to Employees.

Article 6. Options

6.1 Grant of Options. Subject to the terms and provisions of this Plan, Options may be granted to Employees and Non-Employee Directors in the number, and upon the terms, and at any time and from time to time, as determined by the Committee.

6.2 Terms and Conditions. Except as hereinafter provided, all Options granted pursuant to this Plan shall be subject to the following terms and conditions:

- (a) Price. The Exercise Price of the Shares issuable upon exercise of Options granted under this Plan shall be not less than 100% of the Fair Market Value of the Shares on the date of the grant of the Option. The Exercise Price shall be paid in full at the time of purchase by any combination of the methods set forth below. The Committee shall have the authority to grant Options that do not entitle the Participant to use all methods or that require prior written consent of the Company to use certain of the methods. The methods of payment are: (i) cash, (ii) by surrender to the Company (either by actual delivery or attestation to the ownership) of Shares with an aggregate Fair Market Value on the date of purchase that is sufficient to cover the aggregate Exercise Price or (iii) by a net exercise arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares with an aggregate Fair Market Value on the date of purchase that is sufficient to cover the aggregate Exercise Price. The Exercise Price shall be subject to adjustment, but only as provided in Section 4.3 hereof.
- (b) Duration and Exercise of Options. Options may be granted for terms of up to but not exceeding ten (10) years from the date the particular Option is granted. Options shall be exercisable as provided by the Committee at the time of grant thereof.
- (c) Termination of Employment or Service as a Director. Each Award Agreement governing an Option will set forth the treatment of the Option, whether vested or unvested, upon the Participant's termination of employment or service as a Non-Employee Director. These terms will be determined by the Committee in its sole discretion, need not be uniform among all Awards of Options, and may reflect among other things, distinctions based upon the reasons for termination of employment or service as a Non-Employee Director.
- (d) Surrender of Options. Subject to the provisions of Section 10.2 of this Plan, the Committee may require the surrender of outstanding Options as a condition precedent to the grant of new Options. Upon each such surrender, the Option or Options surrendered shall be canceled and the Shares previously subject to the Option or Options under this Plan shall thereafter be available for the grant of Options under this Plan.
- (e) Other Terms and Conditions. Options may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Committee shall deem appropriate.
- (f) Incentive Stock Options. Incentive Stock Options granted pursuant to this Plan shall be subject to all the terms and conditions included in subsections (a) through (e) of this Section 6.2 and to the following terms and conditions:

(i) No Incentive Stock Option shall be granted to an individual who is not an Employee;

(ii) No Incentive Stock Option shall be granted to an Employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company; (iii) No Incentive Stock Option may be granted under this Plan if such grant, together with any applicable prior grants that are Incentive Stock Options within the meaning of Section 422(b) of the Code, would exceed any maximum established under the Code for Incentive Stock Options that may be granted to an individual Employee; and

(iv) An Incentive Stock Option will cease to qualify as an Incentive Stock Option and shall be treated as a Nonstatutory Stock Option if not exercised on or before the earliest of (i) the time specified in the Award Agreement, (ii) three (3) months after the Participant's termination of service for a reason other than death or Disability, or (iii) twelve (12) months after the Participant's termination of service for Disability.

Article 7. Restricted Stock

7.1 Grant of Restricted Stock. Subject to the terms and provisions of this Plan, the Committee may, at any time and from time to time, grant Restricted Stock to Participants in such amounts as it determines. Restricted Stock may be issued for no cash consideration or for such minimum consideration as may be required by applicable law.

7.2 Award Agreement. Each grant of Restricted Stock will be evidenced by an Award Agreement that specifies the Restriction Period, the number of Shares granted and such other provisions as the Committee determines.

7.3 Other Restrictions. The Committee may impose such conditions or restrictions on any Restricted Stock as it deems advisable, including, without limitation, restrictions based upon the achievement of specific performance objectives (Company-wide, business unit, individual, or any combination of them), time-based restrictions on vesting and restrictions under applicable federal or state securities laws. The Committee may provide that restrictions established under this Section 7.3 as to any given Award will lapse all at once or in installments. The Company will retain the certificates representing Restricted Stock in its possession until all conditions and restrictions applicable to the Shares have been satisfied.

7.4 Payment of Awards. Except as otherwise provided in this Article 7, Shares covered by each Restricted Stock grant will become freely transferable by the Participant after the last day of the applicable Restriction Period or on the date provided in the Award Agreement.

7.5 Voting Rights. During the Restriction Period, Participants holding Restricted Stock may exercise full voting rights with respect to those Shares.

7.6 Termination of Service. Each Award Agreement will set forth the extent to which the Participant has the right to retain unvested Restricted Stock after his or her termination of employment or service as a Non-Employee Director. These terms will be determined by the Committee in its sole discretion, need not be uniform among all Awards of Restricted Stock, and may reflect, among other things, distinctions based on the reasons for termination of employment or service as a Non-Employee Director.

Article 8. Other Stock Awards

8.1 Stock and Administration. Other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares (collectively, "Other Stock Awards") may be granted hereunder to Participants, either alone or in addition to other Awards granted under this Plan, and such Other Stock Awards shall also be available as a form of payment in the settlement of other Awards granted under this Plan. Other Stock Awards may include Awards based on the achievement of pre-established performance criteria during a specified period. Stock appreciation rights may be granted for terms up to but not exceeding ten (10) years from the date the particular stock appreciation right is granted and shall be exercisable as provided by the Committee at the time of grant thereof. The Exercise Price of a stock appreciation right shall not be less than 100% of the Fair Market Value of the Shares on the date of grant. Other Stock Awards shall be subject to such other terms and conditions as the Committee shall deem advisable or appropriate, consistent with the provisions of this Plan as herein set forth and such terms and conditions shall be documented in an Award Agreement. Unless the Committee determines otherwise to address specific considerations, Other Stock Awards granted to Participants shall have a vesting period of not less than one year.

8.2 Other Provisions. Shares purchased pursuant to a purchase right awarded under Section 8.1 shall be purchased for such consideration as the Committee shall in its sole discretion determine, which shall not be less than the Fair Market Value of such Shares as of the date such purchase right is awarded. Otherwise, Shares subject to Other Stock Awards granted under Section 8.1 may be issued for no cash consideration or for such minimum consideration as may be required by applicable law.

Article 9. Rights of Participants

9.1 Employment and Service. Nothing in this Plan will confer upon any Participant any right to continue in the employ of Stryker, or interfere with or limit in any way the right of Stryker to terminate any Participant's employment or service as a Director at any time.

9.2 Participation. No Employee or Director will have the right to receive an Award under this Plan or, having received an Award, to receive a future Award.

9.3 Dividends and Other Distributions. Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award (other than an Option or stock appreciation right) may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, all cash or stock dividends that are or would be payable with respect to each Share underlying such Award (“Dividend Equivalents”). Notwithstanding the foregoing, with respect to Awards that are earned based on the achievement of performance objectives, Dividend Equivalents will only be paid upon the achievement of the respective performance objectives. The Committee may provide that the Dividend Equivalents shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Dividend Equivalents that are to be paid on a deferred basis shall be granted and administered in accordance with all applicable provisions of Code Section 409A.

Article 10. Amendment, Modification and Termination

10.1 Amendment, Modification and Termination. The Committee may at any time and from time to time, alter, amend, modify or terminate this Plan in whole or in part. The Committee will not, however, increase the number of Shares that may be issued to Participants under this Plan, as described in Section 4.1 (and subject to adjustment as provided in Section 4.3), extend the term of this Plan or of Awards granted hereunder, change the eligibility criteria in Article 5 or reduce the Exercise Price of Options or stock appreciation rights below Fair Market Value without the approval of the Company's shareholders. No termination, amendment or modification of this Plan may adversely affect in any material way any Award already granted, without the written consent of the Participant who holds the Award.

10.2 Awards Previously Granted. Subject to the terms and conditions of this Plan, the Committee may modify, extend or renew outstanding Awards under this Plan, or accept the surrender of outstanding Awards (to the extent not already exercised) and grant new Awards in substitution of them (to the extent not already exercised). Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of Shares), the terms of outstanding Awards may not be amended to reduce the Exercise Price of outstanding Options or stock appreciation rights with an Exercise Price that is less than the Exercise Price of the original Options or stock appreciation rights without shareholder approval. Furthermore, no Option or stock appreciation right will be canceled in exchange for cash or Other Stock Awards or replaced with an Option or stock appreciation right having a lower Exercise Price, without the approval of the Company's shareholders. Notwithstanding the foregoing, no modification of an Award will materially alter or impair any right or obligation under any Award already granted under this Plan without the prior written consent of the Participant.

Article 11. Withholding

The Company shall be authorized to withhold from any Award granted or payment due under this Plan the amount determined by the Company as appropriate to cover up to the maximum withholding taxes in respect of an Award or payment hereunder and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. The Committee shall be authorized to establish procedures for election by Participants to satisfy the obligation for the payment of such taxes, including by surrender to the Company (either by actual delivery or attestation to the ownership) of Shares or by directing the Company to retain Shares otherwise deliverable in connection with the Award.

Article 12. Successors

All obligations of the Company under this Plan or any Award Agreement will be binding on any successor to the Company, whether the existence of the successor results from a direct or indirect purchase of all or substantially all of the business or assets of the Company or both, or a merger or consolidation or otherwise.

Article 13. Breach of Restrictive Covenants

An Award Agreement may provide that, notwithstanding any other provision of this Plan to the contrary, if the Participant breaches any noncompetition, nonsolicitation or nondisclosure provision or provision as to Stryker's ownership of inventions contained in the Award Agreement or otherwise required as a condition to an Award, whether during or after termination of employment or service as a Director, the Participant will forfeit such Award or the Shares issued or payment received in respect thereof (in which case the Company will repay the lesser of any Exercise Price or other amount paid by the Participant or the then Fair Market Value) or pay to the Company any gain realized as a result of the disposition of Shares issued in respect of such Award, all as provided in the applicable Award Agreement.

Article 14. Miscellaneous

14.1 Number. Except where otherwise indicated by the context, any plural term used in this Plan includes the singular and a singular term includes the plural.

14.2 Severability. If any provision of this Plan is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify this Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable law or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of this Plan, it shall be stricken and the remainder of this Plan shall remain in full force and effect.

14.3 Requirements of Law. The granting of Awards and the issuance of Shares or cash payouts under this Plan will be subject to all applicable laws, rules, and

regulations, and to such approvals by governmental agencies or national securities exchanges as may be required.

14.4 Securities Law Compliance. As to any individual who is, on the relevant date, an officer, Director or ten percent beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 under the Exchange Act or any successor rule. To the extent any provision of this Plan or action by the Committee fails to so comply, it will be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

No Option or stock appreciation right granted pursuant to this Plan shall be exercisable in whole or in part, and no Shares shall be issued pursuant to an Award, if such exercise or issuance would, in the opinion of counsel for the Company, violate the Securities Act of 1933 (or other federal or state statutes having similar requirements), as in effect at that time. Each Award shall be subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to such Award under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the issue of Shares thereunder, such Award may not be exercised and no Shares may be issued in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Board of Directors.

14.5 Code Section 162(m) Provisions. Notwithstanding any other provision of this Plan, if the Committee determines at the time an Award based on the achievement of performance objectives (a "Performance Award") is granted to a Participant who is then an officer of the Company that such Participant is, or may be as of the end of the tax year in which the Company would ordinarily claim a tax deduction in connection with such Award, a covered employee within the meaning of Section 162(m)(3) of the Code, then the Committee may provide that this Section 14.5 shall be applicable to such Award. If a Performance Award is subject to this Section 14.5, then the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals pre-established by the Committee, which shall be based on the attainment of specified levels of one or any combination of revenues, cost reductions, operating income, income before taxes, net income, adjusted net income, earnings per share, adjusted earnings per share, operating margins, working capital measures, return on assets, return on equity, return on invested capital, cash flow measures, market share, stock price, shareholder return, economic value added, quality initiatives or compliance initiatives in respect of the Company or the Subsidiary or division of the Company within which the Participant is primarily employed. Such performance goals also may be based on the achievement of specified levels of Company performance (or performance of an applicable Subsidiary or division

of the Company) under one or more of the measures described above relative to the performance of other corporations or external indices. Such performance goals shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m) of the Code, or any successor provision thereto, and the regulations thereunder. Notwithstanding any provision of this Plan other than Section 3.4, with respect to any Performance Award that is subject to this Section 14.5, the Committee may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance goals except in the case of the death or Disability of the Participant, or under such other conditions where such waiver will not jeopardize the treatment of other Performance Awards as "performance-based compensation" under Section 162(m) of the Code. In addition, at the time of granting Performance Awards or at any time thereafter, in either case to the extent permitted under Section 162(m) of the Code without adversely affecting the treatment of the Performance Award as "performance-based compensation under Section 162(m), the Committee may provide for the manner in which performance will be measured against the performance goals or may adjust the performance goals to reflect the impact of specified corporate transactions, accounting or tax law changes and other extraordinary or nonrecurring events. The Committee shall have the power to impose such other restrictions on Awards as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code, or any successor provision thereto.

14.6 Section 409A Compliance. Awards under this Plan are intended to either comply with, or be exempt from, the requirements of Code Section 409A and this Plan shall be interpreted and administered in a manner consistent with such intent. If an operational failure occurs with respect to Code Section 409A requirements, the Company shall require any affected Participant or beneficiary to fully cooperate with the Company to correct the failure, to the extent possible, in accordance with any correction procedure established by the Internal Revenue Service. Payments made to a Participant in error shall be returned to the Company and do not create a legally binding right to such payments.

14.7 Awards to Foreign Nationals and Employees Outside the United States. To the extent the Committee deems it necessary, appropriate or desirable to comply with foreign law or practice and to further the purposes of this Plan, the Committee may, without amending this Plan, establish rules applicable to Awards granted to Participants who are foreign nationals or are employed outside the United States, or both, including rules that differ from those set forth in this Plan, and grant Awards to such Participants in accordance with those rules. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees on assignments outside their home country.

14.8 No Restriction on Other Compensation Arrangements. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

14.9 Non-Transferability of Awards. Unless the Committee determines otherwise at the time an Award is granted, Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised during the Participant's lifetime only by him or her or, if permissible under applicable law, by the Participant's guardian or legal representative. An Award and all rights thereunder shall terminate immediately if a Participant attempts to sell, pledge, assign, hypothecate, transfer or otherwise dispose of an Award or any rights therein to any person except as permitted herein or pursuant to the terms of such Award. For the sake of clarity, no Award may be transferred by a Participant for value or consideration.

14.10 Governing Law. To the extent not preempted by federal law, this Plan and all agreements hereunder will be construed in accordance with and governed by the laws of the State of Michigan.

14.11 No Limitation on Rights of the Company. The grant of an Award does not and will not in any way affect the right or power of the Company to make adjustments, reclassifications or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

14.12 Participant to Have No Rights as a Shareholder. Before the date as of which he or she is recorded on the books of the Company as the holder of any Shares underlying an Award, a Participant will have no rights as a shareholder with respect to those Shares.

**Kevin A. Lobo****Chairman and CEO**

2825 Airview Boulevard
Kalamazoo MI 49002 USA
P 269 389 7353
F 269 389 7209
www.stryker.com

Personal and confidential

February 5, 2020

First Name Last Name

Dear First Name:

I am pleased to inform you that you are one of a select group of individuals receiving a stock option award in 2020. We use these awards to reward performers who we believe will be key contributors to our growth well into the future. The total Award Date Value (ADV) of your award is approximately USD \$xx,xxx.

We are awarding you a nonstatutory stock option for xxx shares of Stryker Corporation Common Stock at a price of USD \$xxx.xx per share. Except as otherwise provided in the Terms and Conditions, you may exercise this option at 20% per year beginning on February 5, 2021, and it will expire on February 4, 2030.

You must "Accept" the award online via the UBS One Source web site located at www.ubs.com/onesource/SYK between March 3 and March 31, 2020. The detailed terms of the option are in the Terms and Conditions, any applicable country addendum and the provisions of the Company's 2011 Long-Term Incentive Plan. Those documents, together with the related Prospectus, are available on the UBS One Source web site, and you should read them before accepting the award.

You can find additional educational materials on the UBS One Source web site in the Resources section, including Stock Option brochures and Stock Option Tax Questions & Answers.

We want our employees to experience rewarding careers at Stryker while driving our business growth. Thank you for your efforts in helping us deliver remarkable results. With your help, I look forward to another successful year.

A handwritten signature in black ink, appearing to read "Kevin A. Lobo".

Sincerely,

Kevin A. Lobo
Chairman and CEO

STRYKER CORPORATION

**TERMS AND CONDITIONS
RELATING TO NONSTATUTORY STOCK OPTIONS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN, AS AMENDED AND RESTATED**

1. The Options to purchase Shares of Stryker Corporation (the “Company”) granted to you during 2020 are subject to these Terms and Conditions Relating to Nonstatutory Stock Options Granted Pursuant to the 2011 Long-Term Incentive Plan, as Amended and Restated (the “Terms and Conditions”) and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as Amended and Restated (the “2011 Plan”), which is incorporated herein by reference. In the case of a conflict between these Terms and Conditions and the terms of the 2011 Plan, the provisions of the 2011 Plan will govern. Capitalized terms used but not defined herein have the meaning provided therefor in the 2011 Plan. For purposes of these Terms and Conditions, “Employer” means the Company or any Subsidiary that employs you on the applicable date.

2. Upon the termination of your employment with your Employer, your right to exercise the Options shall be only as follows:

(a) If your employment is terminated by reason of Disability (as such term is defined in the 2011 Plan) or death, you, your legal representative or your estate shall have the right, for a period of one (1) year following such termination, to exercise the Options with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase such Shares had vested on or before the date of your termination by Disability or death.

(b) If your employment is terminated by reason of Retirement (as such term is defined in the 2011 Plan) prior to the date that your Options become fully vested, you will continue to vest in your Options in accordance with the vesting schedule as set forth in the award letter as if you had continued your employment with your Employer. You (or your estate in the event of your death after your termination by Retirement) shall have the right, at any time on or prior to the 10th anniversary of the grant date, to exercise the vested portion of the Options.

(c) If you cease to be an Employee for any reason other than those provided in (a) or (b) above, you or your estate (in the event of your death after such termination) may, within the 30-day period following such termination, exercise the Options with respect to only such number of Shares as to which the right of exercise had vested on or before the Termination Date. If you are a resident of or employed in the United States, “Termination Date” shall mean the effective date of termination of your employment with your Employer. If you are resident or employed outside of the United States, “Termination Date” shall mean the earliest of (i) the date on which notice of termination is provided to you, (ii) the last day of your active service with your Employer, or (iii) the last day on which you are an Employee of your Employer, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

(d) Notwithstanding the foregoing, the Options shall not be exercisable in whole or in part (i) after the 10th anniversary of the grant date or (ii) except as provided in Section 3(c) hereof or in the event of termination of employment because of Disability, Retirement or death, unless you shall have continued in the employ of the Company or one of its Subsidiaries for one (1) year following the date of grant of the Options.

(e) Notwithstanding the foregoing, if you are eligible for Retirement but cease to be an Employee for any other reason before you retire, the right to exercise the Options shall be determined as if your employment ceased by reason of Retirement.

(f) If you are both an Employee and a Director, the provisions of this Section 2 shall not apply until such time as you are neither an Employee nor a Director.

3. The number of Shares subject to the Options and the price to be paid therefor shall be subject to adjustment and the term and exercise dates hereof may be accelerated as follows:

(a) In the event that the Shares, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or if the number of such Shares shall be increased through the payment of a stock dividend or a dividend on the Shares of rights or warrants to purchase securities of the Company shall be made, then there shall be substituted for or added to each Share theretofore subject to the Options the number and kind of shares of stock or other securities into which each outstanding Share shall be so changed, or for which each such Share shall be exchanged, or to which each such Share shall be entitled. The Options shall also be appropriately amended as to price and other terms as may be necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding Shares, or of any stock or other securities into which such Common Stock shall have been exchanged, then if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the Options, such adjustment shall be made in accordance with such determination.

(b) Fractional Shares resulting from any adjustment in the Options may be settled in cash or otherwise as the Committee shall determine, in its sole discretion. Notice of any adjustment will be given to you and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes hereof.

(c) The Committee shall have the power to amend the Options to permit the exercise of the Options (and to terminate any unexercised Options) prior to the effectiveness of (i) any disposition of substantially all of the assets of the Company or your Employer, (ii) the shutdown, discontinuance of operations or dissolution of the Company or your Employer, or (iii) the merger or consolidation of the Company or your Employer with or into any other unrelated corporation.

4. To exercise the Options, you must complete the on-line exercise procedures as established through UBS, the outsourced stock plan administration vendor, at www.ubs.com/onesource/SYK or by telephone at +1 860 727 1515 (or such other direct dial-in number that may be established from time to time). As part of such procedures, you shall be required to specify the number of Shares that you elect to

purchase and the date on which such purchase is to be made, and you shall be required to make full payment of the Exercise Price. An Option shall not be deemed to have been exercised (i.e., the exercise date shall not be deemed to have occurred) until the notice of such exercise and payment in full of the Exercise Price are provided. The exercise date will be defined by the New York Stock Exchange ("NYSE") trading hours. If an exercise is completed after the market close or on a weekend, the exercise will be dated the next following trading day.

The Exercise Price may be paid in such manner as the Committee may specify from time to time in its sole discretion and as established through UBS, including (but not limited to) the two following methods: (i) by a net exercise arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares with an aggregate Fair Market Value on the date of purchase sufficient to cover the aggregate Exercise Price or (ii) cash payment. In cases where you utilize the net exercise arrangement and the Fair Market Value of the number of whole Shares withheld is greater than the aggregate Exercise Price, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable.

5. If you are resident and/or employed outside of the United States, you agree, as a condition of the grant of the Options, to repatriate all payments attributable to the Shares and/or cash acquired under the 2011 Plan (including, but not limited to, dividends and any proceeds derived from the sale of the Shares acquired pursuant to the Options) if required by and in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence (and country of employment, if different).

6. If you are resident or employed in a country that is a member of the European Union, the grant of the Options and these Terms and Conditions are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of these Terms and Conditions is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

7. Regardless of any action the Company and/or your Employer take with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and your Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including the grant of the Options, the vesting of the Options, the exercise of the Options, the subsequent sale of any Shares acquired pursuant to the Options and the receipt of any dividends and (ii) do not commit to structure the terms of the grant or any aspect of the Options to reduce or eliminate your liability for Tax-Related Items. Further, if you

become subject to taxation in more than one country between the grant date and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

Prior to the delivery of Shares upon exercise of your Options, if your country of residence (and/or your country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold a number of whole Shares otherwise issuable upon exercise of the Options that have an aggregate Fair Market Value that the Company, taking into account local requirements and administrative issues, determines in its sole discretion is appropriate to cover withholding for Tax-Related Items with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. In cases where the Fair Market Value of the number of whole Shares withheld at the time of exercise is greater than the amount required to be paid to the relevant government authorities with respect to withholding for Tax-Related Items, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. In the event that withholding in Shares is prohibited or problematic under applicable law or causes adverse consequences to the Company or your Employer, your Employer may withhold the Tax-Related Items required to be withheld with respect to the Shares in cash from your regular salary and/or wages or other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares or through your regular salary and/or wages or any other amounts payable to you by your Employer, no Shares will be issued to you (or your estate) upon exercise of the Options unless and until satisfactory arrangements (as determined by the Board of Directors) have been made by you with respect to the payment of any Tax-Related Items that the Company or your Employer determines, in its sole discretion, should be withheld or collected with respect to such Options. By accepting these Options, you expressly consent to the withholding of Shares and/or withholding from your regular salary and/or wages or other amounts payable to you as provided for hereunder. All other Tax-Related Items related to the Options and any Shares delivered in payment thereof are your sole responsibility.

8. The Options are intended to be exempt from the requirements of Code Section 409A. The 2011 Plan and these Terms and Conditions shall be administered and interpreted in a manner consistent with this intent. If the Company determines that these Terms and Conditions are subject to Code Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion and without your consent, amend these Terms and Conditions to cause them to comply with Code Section 409A or be exempt from Code Section 409A.

9. If you were required to sign the "Stryker Confidentiality, Intellectual Property, Non-Competition and Non-Solicitation Agreement" or a similar agreement in order to receive the Options or have previously signed such an agreement and you breach any non-competition, non-solicitation or non-disclosure provision or provision as to ownership of inventions contained therein at any time while employed by the Company or a Subsidiary or during the one-year period following termination of employment, any unexercised portion of the Options shall be rescinded and you shall return to the Company all Shares that were acquired upon exercise of the Options that you have not disposed of and the Company shall repay you an amount for each such Share equal to the lesser of the Exercise Price or the Fair Market Value of a Share at such time. Further, you shall pay to the Company an amount equal to the profit realized by you (if any) on all Shares that were acquired upon exercise of the Options that you have disposed of. For purposes of the preceding sentence, the profit shall be the positive difference between the Fair Market Value of the Shares at the time of disposition and the Exercise Price.

10. The Options shall be transferable only by will or the laws of descent and distribution and shall be exercisable during your lifetime only by you. If you purport to make any transfer of the Options, except as aforesaid, the Options and all rights thereunder shall terminate immediately.

11. The Options shall not be exercisable in whole or in part, and the Company shall not be obligated to issue any Shares subject to the Options, if such exercise and sale would, in the opinion of counsel for the Company, violate the Securities Act of 1933 or any other U.S. federal, state or non-U.S. statute having similar requirements as it may be in effect at the time. The Options are subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to the Options under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the issuance of Shares pursuant to the Options, the Options may not be exercised in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

12. The grant of the Options shall not confer upon you any right to continue in the employ of your Employer nor limit in any way the right of your Employer to terminate your employment at any time. You shall have no rights as a shareholder of the Company with respect to any Shares issuable upon the exercise of the Options until the date of issuance of such Shares.

13. You acknowledge and agree that the 2011 Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the Options under the 2011 Plan is a one-time benefit and does not create any contractual or other right to receive a grant of Options or any other award under the 2011 Plan or other benefits in lieu thereof in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of Shares subject to the grant, the vesting provisions and the exercise price. Any amendment, modification or termination of the 2011 Plan shall not constitute a change or impairment of the terms and conditions of your employment with your Employer.

14. Your participation in the 2011 Plan is voluntary. The value of the Options and any other awards granted under the 2011 Plan is an extraordinary item of compensation outside the scope of your employment (and your employment contract, if any). Any grant under the 2011 Plan, including the grant of the Options, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.

15. These Terms and Conditions shall bind and inure to the benefit of the Company, its successors and assigns and you and your estate in the event of your death.

16. The Options are Nonstatutory Stock Options and shall not be treated as Incentive Stock Options.

17. The Company is located at 2825 Airview Boulevard Kalamazoo, Michigan 49002, U.S.A. and grants Options under the 2011 Plan to employees of the Company and Subsidiaries in its sole discretion. In conjunction with the Company's grant of the Options under the 2011 Plan and its ongoing

administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices (“Personal Data Activities”). In accepting the grant of the Options, you expressly and explicitly consent to the Personal Data Activities as described herein.

(a) The Company collects, processes and uses your personal data, including your name, home address, email address, and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all Options or any other equity compensation awards granted, canceled, exercised, vested, or outstanding in your favor, which the Company receives from you or your Employer. In granting the Options under the Plan, the Company will collect your personal data for purposes of allocating Shares and implementing, administering and managing the 2011 Plan. The Company’s legal basis for the collection, processing and usage of your personal data is your consent.

(b) The Company transfers your personal data to UBS Financial Services Inc., an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the 2011 Plan (the “Stock Plan Administrator”). In the future, the Company may select a different Stock Plan Administrator and share your personal data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for you, if an account is not already in place, to receive and trade Shares acquired under the 2011 Plan. You will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to your ability to participate in the 2011 Plan.

(c) The Company and the Stock Plan Administrator are based in the United States. You should note that your country of residence may have enacted data privacy laws that are different from the United States. The Company’s legal basis for the transfer of your personal data to the United States is your consent.

(d) Your participation in the 2011 Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you withdraw your consent, you may be unable to participate in the 2011 Plan. This would not affect your existing employment or salary; instead, you merely may forfeit the opportunities associated with the 2011 Plan.

You may have a number of rights under the data privacy laws in your country of residence. For example, your rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in your country or residence, and/or (vi) request a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights, you should contact your local HR manager or the Company’s Human Resources Department.

18. The grant of the Options is not intended to be a public offering of securities in your country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filing(s) with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise you on whether you should purchase Shares under the 2011 Plan or provide you with any legal, tax or financial advice with respect to the grant of your Options. Investment in Shares involves a degree of risk. Before deciding to purchase Shares pursuant to the Options, you should carefully consider all risk factors and tax considerations relevant to the acquisition of Shares under the 2011 Plan or the disposition of them. Further, you should carefully review all of the materials related to the Options and the 2011 Plan, and you should consult with your personal legal, tax and financial advisors for professional advice in relation to your personal circumstances.**

19. All questions concerning the construction, validity and interpretation of the Options and the 2011 Plan shall be governed and construed according to the laws of the state of Michigan, without regard to the application of the conflicts of laws provisions thereof. Any disputes regarding the Options or the 2011 Plan shall be brought only in the state or federal courts of the state of Michigan.

20. The Company may, in its sole discretion, decide to deliver any documents related to the Options or other awards granted to you under the 2011 Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the 2011 Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. The invalidity or unenforceability of any provision of the 2011 Plan or these Terms and Conditions shall not affect the validity or enforceability of any other provision of the 2011 Plan or these Terms and Conditions.

22. If you are resident outside of the United States, you acknowledge and agree that it is your express intent that these Terms and Conditions, the 2011 Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Options be drawn up in English. If you have received these Terms and Conditions, the 2011 Plan or any other documents related to the Options translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

23. You acknowledge that, depending on your or your broker's country of residence or where the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., Options) or rights linked to the value of Shares during such times you are considered to have "inside information" regarding the Company as defined in the laws or regulations in your country of employment (and country of residence, if different). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy.

You acknowledge that it is your responsibility to comply with any restrictions and are advised to speak to your personal advisor on this matter.

24. Notwithstanding any provisions of these Terms and Conditions to the contrary, the Options shall be subject to any special terms and conditions for your country of residence (and country of employment, if different) set forth in an addendum to these Terms and Conditions (an "Addendum"). Further, if you transfer your residence and/or employment to another country reflected in an Addendum to these Terms and Conditions at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, any applicable Addendum shall constitute part of these Terms and Conditions.

25. The Company reserves the right to impose other requirements on the Options, any Shares acquired pursuant to the Options and your participation in the 2011 Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

26. **This Section 26 applies only to those persons whom the Company's Recoupment Policy applies (the corporate officers elected by the Company's Board of Directors other than Assistant Controllers, Assistant Secretaries and Assistant Treasurers).** Notwithstanding any other provision of these Terms and Conditions to the contrary, you acknowledge and agree that your Options, any Shares acquired pursuant thereto and/or any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's Recoupment Policy as in effect on the date of grant (a copy of which has been furnished to you) and as the Recoupment Policy may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to such Options and Shares. You agree and consent to the Company's application, implementation and enforcement of (a) the Recoupment Policy and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation and expressly agree that the Company may take such actions as are necessary to effectuate the Recoupment Policy (as applicable to you) or applicable law without further consent or action being required by you. For purposes of the foregoing, you expressly and explicitly authorize the Company to issue instructions, on your behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold your Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company. In the case of a conflict between these Terms and Conditions and the Recoupment Policy, the terms of the Recoupment Policy shall prevail.

27. **By accepting the grant of Options, you acknowledge that you have read these Terms and Conditions, the Addendum to these Terms and Conditions (as applicable) and the 2011 Plan and specifically accept and agree to the provisions therein.**

STRYKER CORPORATION

**ADDENDUM TO
TERMS AND CONDITIONS
RELATING TO NONSTATUTORY STOCK OPTIONS GRANTED
PURSUANT TO THE 2011 PLAN, AS AMENDED AND RESTATED**

In addition to the terms of the 2011 Plan and the Terms and Conditions, the Options are subject to the following additional terms and conditions (the "Addendum"). All capitalized terms as contained in this Addendum shall have the same meaning as set forth in the 2011 Plan and the Terms and Conditions. Pursuant to Section 24 of the Terms and Conditions, if you transfer your residence and/or employment to another country reflected in an Addendum at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

European Union ("EU") / European Economic Area ("EEA")

1. Data Privacy. If you reside and/or you are employed in the EU / EEA, the following provision replaces Section 17 of the Terms and Conditions:

The Company is located at 2825 Airview Boulevard Kalamazoo, Michigan 49002, U.S.A. and grants Options under the 2011 Plan to employees of the Company and its Subsidiaries in its sole discretion. You should review the following information about the Company's data processing practices.

(a) Data Collection, Processing and Usage. Pursuant to applicable data protection laws, you are hereby notified that the Company collects, processes and uses certain personally-identifiable information about you for the legitimate interest of implementing, administering and managing the 2011 Plan and generally administering equity awards; specifically, including your name, home address, email address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all options or any other awards granted, canceled, exercised, vested, or outstanding in your favor, which the Company receives from you or your Employer. In granting the Options under the 2011 Plan, the Company will collect your personal data for purposes of allocating Shares and implementing, administering and managing the 2011 Plan. The Company's collection, processing, use and transfer of your personal data is necessary for the performance of the Company's contractual obligations under the Plan and pursuant to the Company's legitimate interest of managing and generally administering employee equity awards. Your refusal to provide personal data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the 2011 Plan. As such, by participating in the 2011

Plan, you voluntarily acknowledge the collection, processing and use of your personal data as described herein.

(b) Stock Plan Administration Service Provider. The Company transfers participant data to UBS Financial Services Inc., an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the 2011 Plan (the “Stock Plan Administrator”). In the future, the Company may select a different Stock Plan Administrator and share your data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for you, if an account is not already in place, to receive and trade Shares acquired under the 2011 Plan. You will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to your ability to participate in the 2011 Plan.

(c) International Data Transfers. The Company and the Stock Plan Administrator are based in the United States. The Company can only meet its contractual obligations to you if your personal data is transferred to the United States. The Company’s legal basis for the transfer of your personal data to the United States is to satisfy its contractual obligations to you and/or its use of the standard data protection clauses adopted by the EU Commission.

(d) Data Retention. The Company will use your personal data only as long as is necessary to implement, administer and manage your participation in the 2011 Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs your personal data, the Company will remove it from its systems. If the Company keeps your data longer, it would be to satisfy legal or regulatory obligations and the Company’s legal basis would be for compliance with relevant laws or regulations.

(e) Data Subject Rights. You may have a number of rights under data privacy laws in your country of residence. For example, your rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in your country of residence, and/or (vi) request a list with the names and addresses of any potential recipients of the Participant’s personal data. To receive clarification regarding your rights or to exercise your rights, you should contact your local HR manager or the Company’s Human Resources Department.

ARGENTINA

No country specific provisions.

AUSTRALIA

1. Options Conditioned on Satisfaction of Regulatory Obligations. If you are (a) a director of a Subsidiary incorporated in Australia, or (b) a person who is a management-level executive of a Subsidiary incorporated in Australia and who also is a director of a Subsidiary incorporated outside of the Australia, the grant of the Options is conditioned upon satisfaction of the shareholder approval provisions of section 200B of the Corporations Act 2001 (Cth) in Australia.

The Australian Offer Document can be accessed at [UBS INSERT LINK HERE]

AUSTRIA

No country specific provisions.

BELGIUM

Name: _____ **Number of Shares:** _____

Date of Grant: _____ **Exercise Price:** _____

1. Acceptance of Options. For the Options to be subject to taxation at the time of grant, you must affirmatively accept the Options in writing within 60 days of the date of grant specified above by signing below and returning this original executed Addendum to:

Stock Plan Administration Department
2825 Airview Blvd.
Kalamazoo, Michigan 49002 (U.S.A)

I hereby accept the _____ (number) Options granted to me by the Company on the date of grant. I also acknowledge that I have been encouraged to discuss the acceptance of the Options and the applicable tax treatment with a financial and/or tax advisor, and that my decision to accept the Options is made with full knowledge of the applicable consequences.

Employee Signature: _____

Employee Printed Name: _____

Date of Acceptance: _____

If you fail to affirmatively accept the Options in writing within 60 days of the date of grant, the Options will not be subject to taxation at the time of grant but instead will be subject to taxation on the date you exercise the Options (or such other treatment as may apply under Belgian tax law at the time of exercise).

2. Payment of Exercise Price Limited to Cash Payment. Notwithstanding anything to the contrary in Section 4 of the Terms and Conditions, you shall be permitted to pay the Exercise Price only by means of a cash payment (and the net exercise method shall not be permitted).

3. Undertaking for Qualifying Options. If you are accepting the Options in writing within 60 days of the date of grant and wish to have the Options subject to a lower valuation for Belgium tax purposes pursuant to the article 43, §6 of the Belgian law of 26 March 1999, you may agree and undertake to (a) not exercise the Options before the end of the third calendar year following the calendar year in which the date of grant falls, and (b) not transfer the Options under any circumstances (except on rights your heir might have in the Options upon your death). If you wish to make this undertaking, you must sign below and return this executed Addendum to the address listed above.

Employee Signature: _____

Employee Printed Name: _____

BRAZIL

1. Labor Law Acknowledgment. By accepting the Options, you acknowledge and agree, for all legal purposes, that (a) the benefits provided under the Terms and Conditions and the 2011 Plan are the result of commercial transactions unrelated to your employment; (b) the Terms and Conditions and the 2011 Plan are not a part of the terms and conditions of your employment; and (c) the income from the Options, if any, is not part of your remuneration from employment.

2. Compliance with Law. By accepting the Options, you acknowledge and agree to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the exercise of the Options, the issuance and/or sale of Shares acquired under the 2011 Plan and the receipt of any dividends.

CANADA

1. No Exercise by Using Previously Owned Shares. Notwithstanding anything in Section 4 of the Terms and Conditions to the contrary, if you are resident in Canada, you shall not be permitted to use previously-owned Shares for exercising the Options.

2. Use of English Language. If you are a resident of Quebec, by accepting the Options, you acknowledge and agree that it is your express wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your Option, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de votre Options, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de votre Option, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM. PLEASE SIGN AND RETURN THIS

Employee Signature

Employee Name (Printed)

Date

COLOMBIA

1. Securities Law Information. The Shares subject to the Options are not and will not be registered in the Colombian registry of publicly traded securities (*Registro Nacional de Valores y Emisores*) and therefore the Shares may not be offered to the public in Colombia. Nothing in this document should be construed as the making of a public offer of securities in Colombia.

COSTA RICA

No country specific provisions.

DENMARK

1. Treatment of Options upon Termination of Employment. Notwithstanding any provision in the Terms and Conditions or the Plan to the contrary, unless you are a member of registered management who is not considered a salaried employee, the treatment of the Option upon a termination of employment which is not a result of death shall be governed by Sections 4 and 5 of the Danish Act on Stock Option in Employment Relations. However, if the provisions in the Terms and Conditions or the Plan governing the treatment of the Option upon a termination of employment are more favorable, then the provisions of the Terms and Conditions or the 2011 Plan will govern.

FINLAND

1. Withholding of Tax-Related Items. Notwithstanding anything in Section 5 of the Terms and Conditions to the contrary, if you are a local national of Finland, any Tax-Related Items shall be withheld only in cash from your regular salary/wages or other amounts payable to you in cash or such other withholding methods as may be permitted under the 2011 Plan and allowed under local law.

FRANCE

1. Use of English Language. By accepting the Options, you acknowledge and agree that it is your express wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your Option, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de votre Option, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de votre Option, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2020 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

GERMANY

No country specific provisions.

HONG KONG

1. Important Notice. Warning: The contents of the Terms and Conditions, this Addendum, the 2011 Plan, and all other materials pertaining to the Options and/or the 2011 Plan have not been reviewed by any regulatory authority in Hong Kong. You are hereby advised to exercise caution in relation to the offer thereunder. If you have any doubts about any of the contents of the aforesaid materials, you should obtain independent professional advice.

2. Lapse of Restrictions. If, for any reason, Shares are issued to you within six (6) months of the grant date, you agree that you will not sell or otherwise dispose of any such Shares prior to the six-month anniversary of the grant date.

3. Settlement in Shares. Notwithstanding anything to the contrary in this Addendum, the Terms and Conditions or the 2011 Plan, the Options shall be settled only in Shares (and may not be settled in cash).

4. Nature of the Plan. The Company specifically intends that the 2011 Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the

2011 Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of the Options shall be null and void.

INDIA

1. Repatriation Requirements. You expressly agree to repatriate all sale proceeds and dividends attributable to Shares acquired under the 2011 Plan in accordance with local foreign exchange rules and regulations. Neither the Company, your Employer or any of the Company's Subsidiaries shall be liable for any fines or penalties resulting from your failure to comply with applicable laws, rules or regulations.

IRELAND

No country specific provisions.

ITALY

No country specific provisions.

JAPAN

No country specific provisions.

MEXICO

1. Commercial Relationship. You expressly recognize that your participation in the 2011 Plan and the Company's grant of the Options does not constitute an employment relationship between you and the Company. You have been granted the Options as a consequence of the commercial relationship between the Company and the Subsidiary in Mexico that employs you, and the Company's Subsidiary in Mexico is your sole employer. Based on the foregoing, (a) you expressly recognize the 2011 Plan and the benefits you may derive from your participation in the 2011 Plan do not establish any rights between you and the Company's Subsidiary in Mexico that employs you, (b) the 2011 Plan and the benefits you may derive from your participation in the 2011 Plan are not part of the employment conditions and/or benefits provided by the Company's Subsidiary in Mexico that employs you, and (c) any modification or amendment of the 2011 Plan by the Company, or a termination of the 2011 Plan by the Company, shall not constitute a change or impairment of the terms and conditions of your employment with the Company's Subsidiary in Mexico that employs you.

2. Extraordinary Item of Compensation. You expressly recognize and acknowledge that your participation in the 2011 Plan is a result of the discretionary and unilateral decision of the Company, as well as your free and voluntary decision to participate in the 2011 Plan in accord with the terms and conditions of the 2011 Plan, the Terms and Conditions, and this Addendum. As such, you acknowledge and agree that the Company may, in its sole discretion, amend and/or discontinue your participation in the 2011 Plan at any time and without any liability. The value of the Options is an extraordinary item of compensation outside the scope of your employment contract, if any. The Options are not part of your regular or expected compensation for purposes of calculating any severance, resignation, redundancy,

end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of the Company's Subsidiary in Mexico that employs you.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2020 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

NETHERLANDS

1. Waiver of Termination Rights. As a condition to the grant of the Options, you hereby waive any and all rights to compensation or damages as a result of the termination of your employment with the Company and your Employer for any reason whatsoever, insofar as those rights result or may result from (a) the loss or diminution in value of such rights or entitlements under the 2011 Plan, or (b) you ceasing to have rights under or ceasing to be entitled to any awards under the 2011 Plan as a result of such termination.

NEW ZEALAND

1. WARNING. You are being offered Options in Stryker Corporation. If the Company runs into financial difficulties and is wound up, you may lose some or all your investment. New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision. The usual rules do not apply to this offer because it is an offer made under the Employee Share Scheme exemption. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment. You should ask questions, read all documents carefully, and seek independent financial advice before accepting the offer. The Company's Shares are currently traded on the New York Stock Exchange under the ticker symbol "SYK" and Shares acquired under the 2011 Plan may be sold through this exchange. You may end up selling the Shares at a price that is lower than the value of the Shares when you acquired them. The price will depend on the demand for the Company's Shares. *The Company's most recent annual report (which includes the Company's financial statements) is available at <http://phx.corporate-ir.net/phoenix.zhtml?c=118965&p=irol-irhome>. You are entitled to receive a copy of this report, free of charge, upon written request to the Company at STOCKPLANADMINISTRATION@STRYKER.COM.*

NORWAY

No country specific provisions.

POLAND

No country specific provisions.

PORTUGAL

No country specific provisions.

PUERTO RICO

No country specific provisions.

SINGAPORE

1. Qualifying Person Exemption. The following provision shall replace Section 18 of the Terms and Conditions:

The grant of the Options under the 2011 Plan is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2011 Ed.) (“SFA”). The 2011 Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that, as a result, the Options are subject to section 257 of the SFA and you will not be able to make (a) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the Options in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289, 2011 Ed.).

2. CEO and Director Reporting Notification. If you are the Chief Executive Officer (“CEO”) or a director, associate director or shadow director of a Singapore company, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore company in writing when you receive an interest (e.g., Options or Shares) in the Company or any related company. In addition, you must notify the Singapore company when you sell Shares (including when you sell Shares acquired upon exercise of the Options). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of Participant’s interests in the Company or any related company within two business days of becoming the CEO or a director.

SOUTH AFRICA

1. Withholding Taxes. The following provision supplements Section 5 of the Terms and Conditions: By accepting the Options, you agree to notify your Employer in South Africa of the amount of any gain realized upon exercise of the Options. If you fail to advise the Company of the gain realized upon exercise, you may be liable for a fine. You will be responsible for paying any difference between the actual tax liability and the amount withheld.

2. Exchange Control Obligations. You are solely responsible for complying with applicable exchange control regulations and rulings (the “Exchange Control Regulations”) in South Africa. As the Exchange Control Regulations change frequently and without notice, you should consult your legal advisor prior to the acquisition or sale of Shares under the 2011 Plan to ensure compliance with current Exchange Control Regulations. Neither the Company nor any of its Subsidiaries will be liable for any fines or penalties resulting from your failure to comply with applicable laws.

3. Securities Law Information and Deemed Acceptance of Options. Neither the Options nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority. Pursuant to Section 96 of the Companies Act, the Options offer must be finalized on or before the 60th day following the grant date. If you do not want to accept the Options, you are required to decline the Options no later than the 60th day following the grant date. If you do not reject the Options on or before the 60th day following the grant date, you will be deemed to accept the Options.

SOUTH KOREA

No country specific provisions.

SPAIN

1. Acknowledgement of Discretionary Nature of the 2011 Plan; No Vested Rights. In accepting the Options, you acknowledge that you consent to participation in the 2011 Plan and have received a copy of the 2011 Plan. You understand that the Company has unilaterally, gratuitously and in its sole discretion granted Options under the 2011 Plan to individuals who may be employees of the Company or its Subsidiaries throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Subsidiaries on an ongoing basis. Consequently, you understand that the Options are granted on the assumption and condition that the Options and the Shares acquired upon exercise of the Options shall not become a part of any employment contract (either with the Company or any of its Subsidiaries) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that this grant would not be made to you but for the assumptions and conditions referenced above. Thus, you acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the Options shall be null and void.

You understand and agree that, as a condition of the grant of the Options, any unvested Options as of the date you cease active employment and any vested portion of the Options not exercised within the post-termination exercise period set out in the Terms and Conditions will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of the termination of employment by reason of, but not limited to, (i) material modification of the terms of employment under Article 41 of the Workers’ Statute or (ii) relocation under Article 40 of the Workers’ Statute. You acknowledge that you have read and specifically accept the conditions referred to in the Terms and Conditions regarding the impact of a termination of employment on your Options.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2020 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

SWEDEN

1. Exercise by Cash Payment Only. Notwithstanding anything in Section 4 of the Terms and Conditions to the contrary, if you are a local national of Sweden, you may exercise the Options only by means of a cash payment or such other methods as may be permitted under the 2011 Plan and allowed under local law.

2. Withholding of Tax-Related Items. Notwithstanding anything in Section 5 of the Terms and Conditions to the contrary, if you are a local national of Sweden, any Tax-Related Items shall be withheld only in cash from your regular salary/wages or other amounts payable to you in cash, or such other withholding methods as may be permitted under the 2011 Plan and allowed under local law.

SWITZERLAND

No country specific provisions.

TAIWAN

No country specific provisions.

TURKEY

1. Securities Law Information. Under Turkish law, you are not permitted to sell any Shares acquired under the 2011 Plan within Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol "SYK" and the Shares may be sold through this exchange.

2. Financial Intermediary Obligation. You acknowledge that any activity related to investments in foreign securities (e.g., the sale of Shares) should be conducted through a bank or financial intermediary institution licensed by the Turkey Capital Markets Board and should be reported to the Turkish Capital Markets Board. You solely are responsible for complying with this requirement

and should consult with a personal legal advisor for further information regarding any obligations in this respect.

UNITED ARAB EMIRATES

No country specific provisions.

UNITED KINGDOM

1. No Exercise by Using Existing Shares. Notwithstanding anything in Section 4 of the Terms and Conditions to the contrary, if you are resident in the United Kingdom, you shall not be permitted to use existing Shares for exercising the Options and paying the Exercise Price.

2. Income Tax and Social Insurance Contribution Withholding. The following provision shall supplement Section 6 of the Terms and Conditions:

Without limitation to Section 6 of the Terms and Conditions, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company, your Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and your Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on your behalf (or any other tax authority or any other relevant authority).

3. Exclusion of Claim. You acknowledge and agree that you will have no entitlement to compensation or damages in consequence of the termination of your employment with the Company and the Subsidiary that employs you for any reason whatsoever and whether or not in breach of contract, insofar as any purported claim to such entitlement arises or may arise from your ceasing to have rights under or to be entitled to exercise the Options as a result of such termination of employment (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the Options. Upon the grant of the Options, you shall be deemed irrevocably to have waived any such entitlement.

**Kevin A. Lobo****Chairman and CEO**

2825 Airview Boulevard
Kalamazoo MI 49002 USA
P 269 389 7353
F 269 389 7209
www.stryker.com

Personal and confidential

February 5, 2020

First Name Last Name

Dear First Name:

I am pleased to inform you that you are one of a select group of individuals receiving a restricted stock units (RSUs) award in 2020. We use these awards to reward performers who we believe will be key contributors to our growth well into the future. The total Award Date Value (ADV) of your award is approximately USD \$xx,xxx.

You are receiving xx RSUs with respect to Common Stock of Stryker Corporation. Except as otherwise provided in the Terms and Conditions, one-third of these RSUs will vest on March 21 of each of the three years beginning March 21, 2021.

You must "Accept" the award online via the UBS One Source web site located at www.ubs.com/onesource/SYK between March 3 and March 31, 2020. The detailed terms of the RSUs are in the Terms and Conditions, any applicable country addendum and the provisions of the Company's 2011 Long-Term Incentive Plan. Those documents, together with the related Prospectus, are available on the UBS One Source web site, and you should read them before accepting the award.

You can find additional educational materials on the UBS One Source web site in the Resources section, including RSUs brochures and RSUs Tax Questions & Answers.

We want our employees to experience rewarding careers at Stryker while driving our business growth. Thank you for your efforts in helping us deliver remarkable results. With your help, I look forward to another successful year.



Sincerely,

Kevin A. Lobo
Chairman and CEO

STRYKER CORPORATION

TERMS AND CONDITIONS

**RELATING TO RESTRICTED STOCK UNITS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN, AS AMENDED AND RESTATED**

1. The Restricted Stock Units (“RSUs”) with respect to Common Stock of Stryker Corporation (the “Company”) granted to you during 2020 are subject to these Terms and Conditions Relating to Restricted Stock Units Granted Pursuant to the 2011 Long-Term Incentive Plan, as Amended and Restated (the “Terms and Conditions”) and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as Amended and Restated (the “2011 Plan”), which is incorporated herein by reference. In the case of a conflict between these Terms and Conditions and the terms of the 2011 Plan, the provisions of the 2011 Plan will govern. Capitalized terms used but not defined herein have the meaning provided therefor in the 2011 Plan. For purposes of these Terms and Conditions, “Employer” means the Company or any Subsidiary that employs you on the applicable date.

2. Your right to receive the Shares issuable pursuant to the RSUs shall be only as follows:

(a) If you continue to be an Employee, you will receive the Shares underlying the RSUs that have become vested as soon as administratively possible following the vesting date as set forth in the award letter.

(b) If you cease to be an Employee by reason of Disability (as such term is defined in the 2011 Plan or determined under local law) or death prior to the date that your RSUs become fully vested, you or your estate will become fully vested in your RSUs, and you, your legal representative or your estate will receive all of the underlying Shares as soon as administratively practicable following your termination by Disability or death.

(c) If you cease to be an Employee by reason of Retirement (as such term is defined in the 2011 Plan or determined under local law) prior to the date that your RSUs become fully vested, you (or your estate in the event of your death after your termination by Retirement) will continue to vest in your RSUs in accordance with the vesting schedule as set forth in the award letter as if you had continued your employment with your Employer.

(d) If you cease to be an Employee prior to the date that your RSUs become fully vested for any reason other than those provided in (b) or (c) above, you shall cease vesting in your RSUs effective as of your Termination Date. If you are a resident of or employed in the United States, “Termination Date” shall mean the effective date of termination of your employment with your Employer. If you are resident or employed outside of the United States, “Termination Date” shall mean the earliest of (i) the date on which notice of termination is provided to you, (ii) the last day of your active service with your Employer, or (iii) the last day on which you are an Employee of your Employer, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

(e) Notwithstanding the foregoing, the Company may, in its sole discretion, settle your RSUs in the form of: (i) a cash payment to the extent settlement in Shares (1) is prohibited under local law, (2) would require you, the Company and/or your Employer to obtain the approval of any governmental and/or regulatory body in your country of residence (and country of employment, if different), or (3) is administratively burdensome; or (ii) Shares, but require you to immediately sell such Shares (in which case, the Company shall have the authority to issue sales instructions in relation to such Shares on your behalf).

3. The number of Shares subject to the RSUs shall be subject to adjustment and the vesting dates hereof may be accelerated as follows:

(a) In the event that the Shares, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or if the number of such Shares shall be increased through the payment of a stock dividend or a dividend on the Shares of rights or warrants to purchase securities of the Company shall be made, then there shall be substituted for or added to each Share theretofore subject to the RSUs the number and kind of shares of stock or other securities into which each outstanding Share shall be so changed, or for which each such Share shall be exchanged, or to which each such Share shall be entitled. The other terms of the RSUs shall also be appropriately amended as may be necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding Shares, or of any stock or other securities into which such Shares shall have been exchanged, then if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the RSUs, such adjustment shall be made in accordance with such determination.

(b) Fractional Shares resulting from any adjustment in the RSUs may be settled in cash or otherwise as the Committee shall determine, in its sole discretion. Notice of any adjustment will be given to you and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes hereof.

(c) The Committee shall have the power to amend the RSUs to permit the immediate vesting of the RSUs (and to terminate any unvested RSUs) and the distribution of the underlying Shares prior to the effectiveness of (i) any disposition of substantially all of the assets of the Company or your Employer, (ii) the shutdown, discontinuance of operations or dissolution of the Company or your Employer, or (iii) the merger or consolidation of the Company or your Employer with or into any other unrelated corporation.

4. If you are resident and/or employed outside of the United States, you agree, as a condition of the grant of the RSUs, to repatriate all payments attributable to the Shares and/or cash acquired under the 2011 Plan (including, but not limited to, dividends, dividend equivalents and any proceeds derived from the sale of the Shares acquired pursuant to the RSUs) if required by and in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations

under local laws, rules and regulations in your country of residence (and country of employment, if different).

5. If you are resident and/or employed in a country that is a member of the European Union, the grant of the RSUs and these Terms and Conditions are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of these Terms and Conditions is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

6. Regardless of any action the Company and/or your Employer take with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and your Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the RSUs, the vesting of the RSUs, the subsequent sale of any Shares acquired pursuant to the RSUs and the receipt of any dividends or dividend equivalents and (ii) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country between the grant date and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that your Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

Prior to any taxable event, if your country of residence (and/or your country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a number of whole Shares that have an aggregate Fair Market Value that the Company, taking into account local requirements and administrative issues, determines in its sole discretion is appropriate to cover withholding for Tax-Related Items with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. In cases where the Fair Market Value of the number of whole Shares withheld is greater than the amount required to be paid to the relevant government authorities with respect to withholding for Tax-Related Items, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. In the event that withholding in Shares is prohibited or problematic under applicable law or otherwise may trigger adverse consequences to the Company or your Employer, your Employer shall withhold the Tax-Related Items required to be withheld with respect to the Shares in cash from your regular salary and/or wages or other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares or through your regular salary and/or wages or any other amounts payable to you by your Employer, no Shares will be issued to you (or your estate) unless and until satisfactory arrangements (as determined by the Board of Directors) have been made by you with respect to the payment of any Tax-Related Items that the Company or your Employer determines, in its sole discretion, should be withheld or collected with respect to such RSUs. By accepting these RSUs, you expressly consent to the withholding of Shares and/or withholding from your regular salary and/or wages or other amounts payable to you as provided for hereunder. All other Tax-Related Items related to the RSUs and any Shares delivered in payment thereof are your sole responsibility.

7. The RSUs are intended to be exempt from the requirements of Code Section 409A. The 2011 Plan and these Terms and Conditions shall be administered and interpreted in a manner consistent with this intent. If the Company determines that these Terms and Conditions are subject to Code Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion and without your consent, amend these Terms and Conditions to cause them to comply with Code Section 409A or be exempt from Code Section 409A.

8. If you were required to sign the "Stryker Confidentiality, Intellectual Property, Non-Competition and Non-Solicitation Agreement" or a similar agreement in order to receive the RSUs or have previously signed such an agreement and you breach any non-competition, non-solicitation or non-disclosure provision or provision as to ownership of inventions contained therein at any time while employed by the Company or a Subsidiary, or during the one-year period following termination of employment, any unvested RSUs shall be rescinded and you shall return to the Company all Shares that were acquired upon vesting of the RSUs that you have not disposed of. Further, you shall pay to the Company an amount equal to the profit realized by you (if any) on all Shares that were acquired upon vesting of the RSUs that you have disposed of. For purposes of the preceding sentence, the profit shall be the Fair Market Value of the Shares at the time of disposition.

9. The RSUs shall be transferable only by will or the laws of descent and distribution. If you purport to make any transfer of the RSUs, except as aforesaid, the RSUs and all rights thereunder shall terminate immediately.

10. The RSUs shall not be vested in whole or in part, and the Company shall not be obligated to issue any Shares subject to the RSUs, if such issuance would, in the opinion of counsel for the Company, violate the Securities Act of 1933 or any other U.S. federal, state or non-U.S. statute having similar requirements as it may be in effect at the time. The RSUs are subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to the RSUs under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the issuance of Shares pursuant to the RSUs, the RSUs may not be vested in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. The grant of the RSUs shall not confer upon you any right to continue in the employ of your Employer nor limit in any way the right of your Employer to terminate your employment at any time. You shall have no rights as a shareholder of the Company with respect to any Shares issuable upon the vesting of the RSUs until the date of issuance of such Shares.

12. You acknowledge and agree that the 2011 Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the RSUs under the 2011 Plan is a one-time benefit and does not create any contractual or other right to receive a grant of RSUs or any other award under the 2011 Plan or other benefits in lieu thereof in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of Shares subject to the grant, and the vesting provisions. Any amendment, modification or termination of the 2011 Plan shall not constitute a change or impairment of the terms and conditions of your employment with your Employer.

13. Your participation in the 2011 Plan is voluntary. The value of the RSUs and any other awards granted under the 2011 Plan is an extraordinary item of compensation outside the scope of your employment (and your employment contract, if any). Any grant under the 2011 Plan, including the grant of the RSUs, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.

14. These Terms and Conditions shall bind and inure to the benefit of the Company, its successors and assigns and you and your estate in the event of your death.

15. The Company is located at 2825 Airview Boulevard Kalamazoo, Michigan 49002, U.S.A. and grants RSUs under the 2011 Plan to employees of the Company and Subsidiaries in its sole discretion. In conjunction with the Company's grant of the RSUs under the 2011 Plan and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices ("Personal Data Activities"). In accepting the grant of the RSUs, you expressly and explicitly consent to the Personal Data Activities as described herein.

(a) The Company collects, processes and uses your personal data, including your name, home address, email address, and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all RSUs or any other equity compensation awards granted, canceled, exercised, vested, or outstanding in your favor, which the Company receives from you or your Employer. In granting the RSUs under the Plan, the Company will collect your personal data for purposes of allocating Shares and implementing, administering and managing the 2011 Plan. The Company's legal basis for the collection, processing and usage of your personal data is your consent.

(b) The Company transfers your personal data to UBS Financial Services Inc., an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the 2011 Plan (the "Stock Plan Administrator"). In the future, the Company may select a different Stock Plan Administrator and share your personal data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for you, if an account is not already in place, to receive and trade Shares acquired under the 2011 Plan. You will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to your ability to participate in the 2011 Plan.

(c) The Company and the Stock Plan Administrator are based in the United States. You should note that your country of residence may have enacted data privacy laws that are different from the United States. The Company's legal basis for the transfer of your personal data to the United States is your consent.

(d) Your participation in the 2011 Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you withdraw your consent, you

may be unable to participate in the 2011 Plan. This would not affect your existing employment or salary; instead, you merely may forfeit the opportunities associated with the 2011 Plan.

(e) You may have a number of rights under the data privacy laws in your country of residence. For example, your rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in your country or residence, and/or (vi) request a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights, you should contact your local HR manager or the Company's Human Resources Department.

16. The grant of the RSUs is not intended to be a public offering of securities in your country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filing(s) with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise you on whether you should acquire Shares under the 2011 Plan or provide you with any legal, tax or financial advice with respect to the grant of the RSUs. The acquisition of Shares involves certain risks, and you should carefully consider all risk factors and tax considerations relevant to the acquisition of Shares under the 2011 Plan or the disposition of them. Further, you should carefully review all of the materials related to the RSUs and the 2011 Plan, and you should consult with your personal legal, tax and financial advisors for professional advice in relation to your personal circumstances.**

17. All questions concerning the construction, validity and interpretation of the RSUs and the 2011 Plan shall be governed and construed according to the laws of the state of Michigan, without regard to the application of the conflicts of laws provisions thereof. Any disputes regarding the RSUs or the 2011 Plan shall be brought only in the state or federal courts of the state of Michigan.

18. The Company may, in its sole discretion, decide to deliver any documents related to the RSUs or other awards granted to you under the 2011 Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the 2011 Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

19. The invalidity or unenforceability of any provision of the 2011 Plan or these Terms and Conditions shall not affect the validity or enforceability of any other provision of the 2011 Plan or these Terms and Conditions.

20. If you are resident outside of the United States, you acknowledge and agree that it is your express intent that these Terms and Conditions, the 2011 Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the RSUs be drawn up in English. If you have received these Terms and Conditions, the 2011 Plan or any other documents related to the RSUs translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

21. You acknowledge that, depending on your or your broker's country of residence or where the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws which

may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., RSUs) or rights linked to the value of Shares during such times you are considered to have “inside information” regarding the Company as defined in the laws or regulations in your country of employment (and country of residence, if different). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a “need to know” basis) and (ii) “tipping” third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any restrictions and are advised to speak to your personal advisor on this matter.

22. Notwithstanding any provisions of these Terms and Conditions to the contrary, the RSUs shall be subject to any special terms and conditions for your country of residence (and country of employment, if different) set forth in an addendum to these Terms and Conditions (an “Addendum”). Further, if you transfer your residence and/or employment to another country reflected in an Addendum to these Terms and Conditions at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, any applicable Addendum shall constitute part of these Terms and Conditions.

23. The Company reserves the right to impose other requirements on the RSUs, any Shares acquired pursuant to the RSUs and your participation in the 2011 Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

24. **This Section 24 applies only to those persons whom the Company’s Recoupment Policy applies (the corporate officers elected by the Company’s Board of Directors other than Assistant Controllers, Assistant Secretaries and Assistant Treasurers).** Notwithstanding any other provision of these Terms and Conditions to the contrary, you acknowledge and agree that your RSUs, any Shares acquired pursuant thereto and/or any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company’s Recoupment Policy as in effect on the date of grant (a copy of which has been furnished to you) and as the Recoupment Policy may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to such RSUs and Shares. You agree and consent to the Company’s application, implementation and enforcement of (a) the Recoupment Policy and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation and expressly agree that the Company may take such actions as are necessary to effectuate the Recoupment Policy (as applicable to you) or applicable law without further consent or action being required by you. For purposes of the foregoing, you expressly and explicitly authorize the Company to issue instructions, on your behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold your Shares and other amounts acquired under the 2011 Plan to re-convey, transfer or

otherwise return such Shares and/or other amounts to the Company. In the case of a conflict between these Terms and Conditions and the Recoupment Policy, the terms of the Recoupment Policy shall prevail.

25. **By accepting the grant of the RSUs, you acknowledge that you have read these Terms and Conditions, the Addendum to these Terms and Conditions (as applicable) and the 2011 Plan and specifically accept and agree to the provisions therein.**

STRYKER CORPORATION

**ADDENDUM TO
TERMS AND CONDITIONS
RELATING TO RESTRICTED STOCK UNITS GRANTED
PURSUANT TO THE 2011 PLAN, AS AMENDED AND RESTATED**

In addition to the terms of the 2011 Plan and the Terms and Conditions, the RSUs are subject to the following additional terms and conditions (the “Addendum”). All capitalized terms as contained in this Addendum shall have the same meaning as set forth in the 2011 Plan and the Terms and Conditions. Pursuant to Section 22 of the Terms and Conditions, if you transfer your residence and/or employment to another country reflected in an Addendum at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

European Union (“EU”) / European Economic Area (“EEA”)

1. Data Privacy. If you reside and/or you are employed in the EU / EEA, the following provision replaces Section 15 of the Terms and Conditions:

The Company is located at 2825 Airview Boulevard Kalamazoo, Michigan 49002, U.S.A. and grants RSUs under the 2011 Plan to employees of the Company and its Subsidiaries in its sole discretion. You should review the following information about the Company’s data processing practices.

(a) Data Collection, Processing and Usage. Pursuant to applicable data protection laws, you are hereby notified that the Company collects, processes and uses certain personally-identifiable information about you for the legitimate interest of implementing, administering and managing the 2011 Plan and generally administering equity awards; specifically, including your name, home address, email address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all options or any other awards granted, canceled, exercised, vested, or outstanding in your favor, which the Company receives from you or your Employer. In granting the RSUs under the 2011 Plan, the Company will collect your personal data for purposes of allocating Shares and implementing, administering and managing the 2011 Plan. The Company’s collection, processing, use and transfer of your personal data is necessary for the performance of the Company’s contractual obligations under the Plan and pursuant to the Company’s legitimate interest of managing and generally administering employee equity awards. Your refusal to provide personal data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the 2011 Plan. As such, by participating in the 2011 Plan, you voluntarily acknowledge the collection, processing and use of your personal data as described herein.

(b) Stock Plan Administration Service Provider. The Company transfers participant data to UBS Financial Services Inc., an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the 2011 Plan (the “Stock Plan Administrator”). In the future, the Company may select a different Stock Plan Administrator and share your data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for you, if an account is not already in place, to receive and trade Shares acquired under the 2011 Plan. You will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to your ability to participate in the 2011 Plan.

(c) International Data Transfers. The Company and the Stock Plan Administrator are based in the United States. The Company can only meet its contractual obligations to you if your personal data is transferred to the United States. The Company’s legal basis for the transfer of your personal data to the United States is to satisfy its contractual obligations to you and/or its use of the standard data protection clauses adopted by the EU Commission.

(d) Data Retention. The Company will use your personal data only as long as is necessary to implement, administer and manage your participation in the 2011 Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs your personal data, the Company will remove it from its systems. If the Company keeps your data longer, it would be to satisfy legal or regulatory obligations and the Company’s legal basis would be for compliance with relevant laws or regulations.

(e) Data Subject Rights. You may have a number of rights under data privacy laws in your country of residence. For example, your rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in your country of residence, and/or (vi) request a list with the names and addresses of any potential recipients of the Participant’s personal data. To receive clarification regarding your rights or to exercise your rights, you should contact your local HR manager or the Company’s Human Resources Department.

ARGENTINA

No country specific provisions.

AUSTRALIA

1. RSUs Conditioned on Satisfaction of Regulatory Obligations. If you are (a) a director of a Subsidiary incorporated in Australia, or (b) a person who is a management-level executive of a Subsidiary incorporated in Australia and who also is a director of a Subsidiary incorporated outside of the Australia, the grant of the RSUs is conditioned upon satisfaction of the shareholder approval provisions of section 200B of the Corporations Act 2001 (Cth) in Australia.

The Australian Offer document can be accessed here [UBS INSERT LINK HERE]

AUSTRIA

No country specific provisions.

BELGIUM

No country specific provisions.

BRAZIL

1. Labor Law Acknowledgment. By accepting the RSUs, you acknowledge and agree, for all legal purposes, that (a) the benefits provided under the Terms and Conditions and the 2011 Plan are the result of commercial transactions unrelated to your employment; (b) the Terms and Conditions and the 2011 Plan are not a part of the terms and conditions of your employment; and (c) the income from the RSUs, if any, is not part of your remuneration from employment.

2. Compliance with Law. By accepting the RSUs, you acknowledge and agree to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the RSUs, the issuance and/or sale of Shares acquired under the 2011 Plan and the receipt of any dividends.

CANADA

1. Settlement in Shares. Notwithstanding anything to the contrary in the Terms and Conditions or the 2011 Plan, the RSUs shall be settled only in Shares (and may not be settled in cash).

2. Use of English Language. If you are a resident of Quebec, by accepting your RSUs, you acknowledge and agree that it is your wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your RSUs, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de vos RSUs, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de vos RSUs, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2020 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

CHILE

1. Private Placement. The following provision shall replace Section 16 of the Terms and Conditions:

The grant of the RSUs hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement.

- a) The starting date of the offer will be the grant date, and this offer conforms to General Ruling no. 336 of the Chilean Commission for the Financial Markets ("CMF");
 - b) The offer deals with securities not registered in the registry of securities or in the registry of foreign securities of the CMF, and therefore such securities are not subject to its oversight;
 - c) The Company, as the issuer, is not obligated to provide public information in Chile regarding the foreign securities, as such securities are not registered with the CMF; and
 - d) The Shares, as foreign securities, shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.
-
- a) La fecha de inicio de la oferta será el de la fecha de otorgamiento y esta oferta se acoge a la norma de Carácter General n° 336 de la *Comisión para el Mercado Financiero Chilena* ("CMF");
 - b) La oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de ésta;
 - c) Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y
 - d) Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.

CHINA

1. RSUs Conditioned on Satisfaction of Regulatory Obligations. If you are a People's Republic of China ("PRC") national, the grant of the RSUs is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange to permit the operation of the 2011 Plan and the participation of PRC nationals employed by your Employer, as determined by the Company in its sole discretion.

2. Sale of Shares. Notwithstanding anything to the contrary in the 2011 Plan, upon any termination of employment with your Employer, you shall be required to sell all Shares acquired under the 2011 Plan within such time period as may be established by the PRC State Administration of Foreign Exchange.

3. Exchange Control Restrictions. You acknowledge and agree that you will be required immediately to repatriate to the PRC the proceeds from the sale of any Shares acquired under the 2011 Plan, as well as any other cash amounts attributable to the Shares acquired under the 2011 Plan (collectively, "Cash Proceeds"). Further, you acknowledge and agree that the repatriation of the Cash Proceeds must be effected through a special bank account established by your Employer, the Company or one of its Subsidiaries, and you hereby consent and agree that the Cash Proceeds may be transferred to such account by the Company on your behalf prior to being delivered to you. The Cash Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the Cash Proceeds are paid to you in U.S. dollars, you understand that a U.S. dollar bank account must be established and maintained in China so that the proceeds may be deposited into such account. If the Cash Proceeds are paid to you in local currency, you acknowledge and agree that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the Cash Proceeds to local currency due to exchange control restrictions. You agree to bear any currency fluctuation risk between the time the Shares are sold and the Cash Proceeds are converted into local currency and distributed to you. You further agree to comply with any other requirements that may be imposed by your Employer, the Company and its Subsidiaries in the future in order to facilitate compliance with exchange control requirements in the PRC.

COLOMBIA

1. Securities Law Information. The Shares subject to the RSUs are not and will not be registered in the Colombian registry of publicly traded securities (*Registro Nacional de Valores y Emisores*) and therefore the Shares may not be offered to the public in Colombia. Nothing in this document should be construed as the making of a public offer of securities in Colombia.

COSTA RICA

No country specific provisions.

DENMARK

1. Treatment of RSUs upon Termination of Employment. Notwithstanding any provision in the Terms and Conditions or the 2011 Plan to the contrary, unless you are a member of registered management who is not considered a salaried employee, the treatment of the RSUs upon a termination of employment which is not a result of death shall be governed by Sections 4 and 5 of the Danish Act on Stock Option in Employment Relations. However, if the provisions in the Terms and Conditions or the Plan governing the treatment of the RSUs upon a termination of employment are more favorable, then the provisions of the Terms and Conditions or the 2011 Plan will govern.

FINLAND

1. Withholding of Tax-Related Items. Notwithstanding anything in Section 6 of the Terms and Conditions to the contrary, if you are a local national of Finland, any Tax-Related Items shall be withheld only in cash from your regular salary/wages or other amounts payable to you in cash or such other withholding methods as may be permitted under the 2011 Plan and allowed under local law.

FRANCE

1. Use of English Language. By accepting your RSUs, you acknowledge and agree that it is your wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your RSUs, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de vos RSUs, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de vos RSUs, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2020 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

GERMANY

No country specific provisions.

HONG KONG

1. Important Notice. Warning: The contents of the Terms and Conditions, this Addendum, the 2011 Plan, and all other materials pertaining to the RSUs and/or the 2011 Plan have not been reviewed by any regulatory authority in Hong Kong. You are hereby advised to exercise caution in relation to the offer thereunder. If you have any doubts about any of the contents of the aforesaid materials, you should obtain independent professional advice.

2. Lapse of Restrictions. If, for any reason, Shares are issued to you within six (6) months of the grant date, you agree that you will not sell or otherwise dispose of any such Shares prior to the six-month anniversary of the grant date.

3. Settlement in Shares. Notwithstanding anything to the contrary in this Addendum, the Terms and Conditions or the 2011 Plan, the RSUs shall be settled only in Shares (and may not be settled in cash).

4. Nature of the Plan. The Company specifically intends that the 2011 Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the 2011 Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of the RSUs shall be null and void.

INDIA

1. Repatriation Requirements. You expressly agree to repatriate all sale proceeds and dividends attributable to Shares acquired under the 2011 Plan in accordance with local foreign exchange rules and regulations. Neither the Company, your Employer or any of the Company's Subsidiaries shall be liable for any fines or penalties resulting from your failure to comply with applicable laws, rules or regulations.

IRELAND

No country specific provisions.

ITALY

No country specific provisions.

JAPAN

No country specific provisions.

MEXICO

1. Commercial Relationship. You expressly recognize that your participation in the 2011 Plan and the Company's grant of the RSUs does not constitute an employment relationship between you and

the Company. You have been granted the RSUs as a consequence of the commercial relationship between the Company and the Subsidiary in Mexico that employs you, and the Company's Subsidiary in Mexico is your sole employer. Based on the foregoing, (a) you expressly recognize the 2011 Plan and the benefits you may derive from your participation in the 2011 Plan do not establish any rights between you and the Company's Subsidiary in Mexico that employs you, (b) the 2011 Plan and the benefits you may derive from your participation in the 2011 Plan are not part of the employment conditions and/or benefits provided by the Company's Subsidiary in Mexico that employs you, and (c) any modification or amendment of the 2011 Plan by the Company, or a termination of the 2011 Plan by the Company, shall not constitute a change or impairment of the terms and conditions of your employment with the Company's Subsidiary in Mexico that employs you.

2. Extraordinary Item of Compensation. You expressly recognize and acknowledge that your participation in the 2011 Plan is a result of the discretionary and unilateral decision of the Company, as well as your free and voluntary decision to participate in the 2011 Plan in accord with the terms and conditions of the 2011 Plan, the Terms and Conditions, and this Addendum. As such, you acknowledge and agree that the Company may, in its sole discretion, amend and/or discontinue your participation in the 2011 Plan at any time and without any liability. The value of the RSUs is an extraordinary item of compensation outside the scope of your employment contract, if any. The RSUs are not part of your regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of the Company's Subsidiary in Mexico that employs you.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2020 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

NETHERLANDS

1. Waiver of Termination Rights. As a condition to the grant of the RSUs, you hereby waive any and all rights to compensation or damages as a result of the termination of your employment with the Company and your Employer for any reason whatsoever, insofar as those rights result or may result from (a) the loss or diminution in value of such rights or entitlements under the 2011 Plan, or (b) you ceasing to have rights under or ceasing to be entitled to any awards under the 2011 Plan as a result of such termination.

2. Tax Deferral Upon Retirement. Unless you otherwise elect by contacting Stryker no later than April 30, 2020, you hereby agree that upon Retirement eligibility, the RSUs shall not become taxable until the date of settlement when Shares are actually delivered or otherwise made available.

NEW ZEALAND

1. WARNING. You are being offered RSUs to be settled in the form of shares of Stryker Corporation common stock. If the Company runs into financial difficulties and is wound up, you may lose some or all your investment. New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision. The usual rules do not apply to this offer because it is an offer made under the Employee Share Scheme exemption. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment. You should ask questions, read all documents carefully, and seek independent financial advice before accepting the offer. The Company's Shares are currently traded on the New York Stock Exchange under the ticker symbol "SYK" and Shares acquired under the 2011 Plan may be sold through this exchange. You may end up selling the Shares at a price that is lower than the value of the Shares when you acquired them. The price will depend on the demand for the Company's Shares. *The Company's most recent annual report (which includes the Company's financial statements) is available at <http://phx.corporate-ir.net/phoenix.zhtml?c=118965&p=irol-irhome>. You are entitled to receive a copy of this report, free of charge, upon written request to the Company at STOCKPLANADMINISTRATION@STRYKER.COM.*

NORWAY

No country specific provisions.

POLAND

No country specific provisions.

PORTUGAL

No country specific provisions.

PUERTO RICO

No country specific provisions.

RUSSIA

1. IMPORTANT EMPLOYEE NOTIFICATION. If you are a citizen of the Russian Federation, any cash proceeds derived from the 2011 Plan (including any dividend equivalents payable in cash but excluding cash dividends) must be remitted directly to a personal bank account opened with an authorized bank in the Russian Federation (an "Authorized Russian Account"). Thereafter, you may, in your sole

discretion, personally transfer such amounts from your Authorized Russian Account to a bank account legally established outside of the Russian Federation with a non-Russian bank located in the Organization for Economic Co-operation and Development or the Financial Action Task Force countries (an “Authorized Foreign Account”). Cash dividends (but not dividend equivalents payable in cash) can be remitted directly to an Authorized Foreign Account. However, you are required to notify the Russian tax authorities within one month of opening or closing an Authorized Foreign Account or changing the account details. You also are required to file quarterly reports of any transactions involving any Authorized Foreign Account you hold with the Russian tax authorities.

2. **SECURITIES LAW NOTIFICATION.** The grant of RSUs and the issuance of Shares upon vesting are not intended to be an offering of securities with the Russian Federation, and the Terms and Conditions, the 2011 Plan, this Addendum and all other materials that you receive in connection with the grant of RSUs and your participation in the 2011 Plan (collectively, “Grant Materials”) do not constitute advertising or a solicitation within the Russian Federation. In connection with your grant of RSUs, the Company has not submitted any registration statement, prospectus or other filing with the Russian Federal Bank or any other governmental or regulatory body within the Russian Federation, and the Grant Materials expressly may not be used, directly or indirectly, for the purpose of making a securities offering or public circulation of Shares within the Russian Federation.

SINGAPORE

1. **Qualifying Person Exemption.** The following provision shall replace Section 16 of the Terms and Conditions:

The grant of the RSUs under the 2011 Plan is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2011 Ed.) (“SFA”). The 2011 Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that, as a result, the RSUs are subject to section 257 of the SFA and you will not be able to make (a) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the RSUs in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289, 2011 Ed.).

2. **CEO and Director Reporting Notification.** If you are the Chief Executive Officer (“CEO”) or a director, associate director or shadow director of a Singapore company, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore company in writing when you receive an interest (*e.g.*, RSUs or Shares) in the Company or any related company. In addition, you must notify the Singapore company when you sell Shares (including when you sell Shares acquired at vesting of the Restricted Stock Units). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of Participant’s interests in the Company or any related company within two business days of becoming the CEO or a director.

SOUTH AFRICA

1. Withholding Taxes. The following provision supplements Section 6 of the Terms and Conditions: By accepting the RSUs, you agree to notify your Employer in South Africa of the amount of any gain realized upon vesting of the RSUs. If you fail to advise your Employer of the gain realized upon vesting of the RSUs, you may be liable for a fine. You will be responsible for paying any difference between the actual tax liability and the amount withheld.

2. Exchange Control Obligations. You are solely responsible for complying with applicable exchange control regulations and rulings (the "Exchange Control Regulations") in South Africa. As the Exchange Control Regulations change frequently and without notice, you should consult your legal advisor prior to the acquisition or sale of Shares under the 2011 Plan to ensure compliance with current Exchange Control Regulations. Neither the Company nor any of its Subsidiaries will be liable for any fines or penalties resulting from your failure to comply with applicable laws.

3. Securities Law Information and Deemed Acceptance of RSUs. Neither the RSUs nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority. Pursuant to Section 96 of the Companies Act, the RSU offer must be finalized on or before the 60th day following the grant date. If you do not want to accept the RSUs, you are required to decline the RSUs no later than the 60th day following the grant date. If you do not reject the RSUs on or before the 60th day following the grant date, you will be deemed to accept the RSUs.

SOUTH KOREA

No country specific provisions.

SPAIN

1. Acknowledgement of Discretionary Nature of the 2011 Plan; No Vested Rights. In accepting the RSUs, you acknowledge that you consent to participation in the 2011 Plan and have received a copy of the 2011 Plan. You understand that the Company has unilaterally, gratuitously and in its sole discretion granted RSUs under the 2011 Plan to individuals who may be employees of the Company or its Subsidiaries throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Subsidiaries on an ongoing basis. Consequently, you understand that the RSUs are granted on the assumption and condition that the RSUs and the Shares acquired upon vesting of the RSUs shall not become a part of any employment contract (either with the Company or any of its Subsidiaries) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that this grant would not be made to you but for the assumptions and conditions referenced above. Thus, you acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the RSUs shall be null and void.

You understand and agree that, as a condition of the grant of the RSUs, any unvested RSUs as of the date you cease active employment will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of the termination of employment by reason of, but not limited to,

(i) material modification of the terms of employment under Article 41 of the Workers' Statute or (ii) relocation under Article 40 of the Workers' Statute. You acknowledge that you have read and specifically accept the conditions referred to in the Terms and Conditions regarding the impact of a termination of employment on your RSUs.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2020 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

SWITZERLAND

No country specific provisions.

TAIWAN

No country specific provisions.

THAILAND

No country specific provisions.

TURKEY

1. Securities Law Information. Under Turkish law, you are not permitted to sell any Shares acquired under the 2011 Plan within Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol "SYK" and the Shares may be sold through this exchange.

2. Financial Intermediary Obligation. You acknowledge that any activity related to investments in foreign securities (e.g., the sale of Shares) should be conducted through a bank or financial intermediary institution licensed by the Turkey Capital Markets Board and should be reported to the Turkish Capital Markets Board. You solely are responsible for complying with this requirement and should consult with a personal legal advisor for further information regarding any obligations in this respect.

UNITED ARAB EMIRATES

No country specific provisions.

UNITED KINGDOM

1. Income Tax and Social Insurance Contribution Withholding. The following provision shall supplement Section 6 of the Terms and Conditions:

Without limitation to Section 6 of the Terms and Conditions, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company, your Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and your Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on your behalf (or any other tax authority or any other relevant authority).

2. Exclusion of Claim. You acknowledge and agree that you will have no entitlement to compensation or damages in consequence of the termination of your employment with the Company and your Employer for any reason whatsoever and whether or not in breach of contract, insofar as any purported claim to such entitlement arises or may arise from your ceasing to have rights under or to be entitled to vest in the RSUs as a result of such termination of employment (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the RSUs. Upon the grant of the RSUs, you shall be deemed irrevocably to have waived any such entitlement.

**Kevin A. Lobo****Chairman and CEO**

2825 Airview Boulevard
Kalamazoo MI 49002 USA
P 269 389 7353
F 269 389 7209
www.stryker.com

Personal and confidential

February 5, 2020

First Name Last Name

Dear First Name:

I am pleased to inform you that as an SLT member, you are receiving a performance stock units (PSUs) award in 2020. We use these awards to reward performers who we believe will be key contributors to our growth well into the future. The total Award Date Value (ADV) of your awards is approximately USD \$xx,xxx.

You are receiving xxx PSUs. The number of PSUs actually earned will be dependent upon Stryker's financial performance during the three-year period ending December 31, 2022. Refer to the Terms and Conditions accompanying the 2020 PSUs award for specific criteria associated with vesting in such award. In order to earn any of the PSUs, you must be continuously employed with Stryker through the vesting date of March 21, 2023 except as otherwise provided in the Terms and Conditions.

You must "Accept" all awards online via the UBS One Source web site located at www.ubs.com/onesource/SYK between March 3 and March 31, 2020. The detailed terms of the PSUs are in the Terms and Conditions, any applicable country addendum and the provisions of the Company's 2011 Long-Term Incentive Plan. Those documents, together with the related Prospectus, are available on the UBS One Source web site, and you should read them before accepting the awards.

Thank you for your efforts in helping us deliver remarkable results. With your help, I look forward to another successful year.

A handwritten signature in black ink, appearing to read "Kevin A. Lobo".

Sincerely,

Kevin A. Lobo
Chairman and CEO

STRYKER CORPORATION

TERMS AND CONDITIONS

RELATING TO PERFORMANCE STOCK UNITS GRANTED PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN, AS AMENDED AND RESTATED

1. The Performance Stock Units with respect to Common Stock of Stryker Corporation (the “Company”) granted to you during 2020 (the “PSUs”) are subject to these Terms and Conditions Relating to Performance Stock Units Granted Pursuant to the 2011 Long-Term Incentive Plan, as Amended and Restated (the “Terms and Conditions”) and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as Amended and Restated (the “2011 Plan”), which is incorporated herein by reference. In the case of a conflict between these Terms and Conditions and the terms of the 2011 Plan, the provisions of the 2011 Plan will govern. Capitalized terms used but not defined herein have the meaning provided therefor in the 2011 Plan. For purposes of these Terms and Conditions, “Employer” means the Company or any Subsidiary that employs you on the applicable date.

2. Vesting. Except as provided in Section 8(a), the vesting of your PSUs is dependent upon your remaining continuously employed with your Employer through March 21, 2023 (the “Vesting Date”) as well as upon the Company’s financial performance during the three-year period ending December 31, 2022 (the “Performance Period”). Specifically, the vesting of any of the PSUs is dependent upon attainment of the Threshold Performance Target as set forth in Section 3. If the Threshold Performance Target is attained, then the vesting of 50% of the PSUs (the “EPS PSUs”) is dependent on Adjusted EPS Growth as set forth in Section 4, and vesting of the remaining 50% of the PSUs (the “Sales Growth PSUs”) is dependent on the Sales Growth Percentile Ranking as set forth in Section 5. The actual number of your PSUs that become vested, if any, shall be determined based on exercise of negative discretion by the Committee in accordance with Sections 4, 5 and 6 below.

3. Threshold Performance Target. If the Company’s Adjusted EPS Growth as of the last day of the Performance Period is less than 3.0%, none of your PSUs shall become vested and all of your PSUs shall be forfeited as of the last day of the Performance Period. If the Company’s Adjusted EPS Growth as of the last day of the Performance Period is 3.0% or greater (the “Threshold Performance Target”) and, except as provided in Section 8(a), you remain in the continuous employment of Stryker through the Vesting Date, you shall become eligible to vest in up to 200% of your PSUs, although the actual number of your PSUs that become vested shall be determined based on exercise of negative discretion by the Committee in accordance with Sections 4, 5 and 6 below.

4. Adjusted EPS Growth.

(a) If the Threshold Performance Target is attained and, except as provided in Section 8(a), you have remained in the continuous employment of Stryker through the Vesting Date, then subject to Section 6 you shall become vested in the percentage of the EPS PSUs determined based on the Company’s Adjusted EPS Growth using the table below, applying straight line interpolation rounded down to the

nearest whole number of EPS PSUs for Adjusted EPS Growth resulting in vested EPS PSUs between 50% and 100% or between 100% and 200%.

	< Minimum	Minimum	Target	Maximum
Adjusted EPS Growth	Less than 7.0%	7.0%	10.0%	12% or more
Vested Percent of EPS PSUs	0%	50%	100%	200%

Any EPS PSUs that do not become vested in accordance with the foregoing shall be forfeited.

(b) As soon as administratively practicable following the Vesting Date (but in no event later than December 31, 2023), the Company shall issue you the Shares underlying the vested EPS PSUs.

(c) For purposes of these Terms and Conditions:

(i) “Adjusted EPS” for a calendar year shall mean the Company’s diluted net earnings per share for such year as determined under U.S. generally accepted accounting principles (“GAAP”) but subject to such adjustments, if any, for non-GAAP financial measures that are reflected in a reconciliation to the GAAP financial statements included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission.

(ii) “Adjusted EPS Growth” shall mean the sum of the Annual Percentage Change in Adjusted EPS for the three (3) calendar years in the Performance Period divided by three (3).

(iii) “Annual Percentage Change in Adjusted EPS” for a calendar year shall mean the amount by which the Adjusted EPS for such calendar year has increased or decreased relative to the immediately preceding calendar year, expressed as a positive or negative percentage (depending on whether Adjusted EPS increased or decreased) of the Adjusted EPS for such preceding calendar year.

(d) Notwithstanding anything to the contrary herein, the Committee shall have discretion to make such adjustments to the foregoing metrics as it deems appropriate to reflect the impact of corporate transactions, accounting or tax law changes or extraordinary, unusual, nonrecurring or infrequent items; provided, however, that for purposes of calculating the Threshold Performance Target in Section 3, in no case shall such adjustments have the net aggregate effect of increasing Adjusted EPS Growth.

5. Sales Growth Percentile Ranking.

(a) If the Threshold Performance Target is attained and, except as provided in Section 8(a), you have remained in the continuous employment of Stryker through the Vesting Date, then subject to Section 6 you shall become vested in the percentage of the Sales Growth PSUs based upon the Company’s Sales Growth Percentile Ranking, as determined using the table below, applying straight line interpolation rounded down to the nearest whole number of Sales Growth PSUs for Sales Growth Percentile Ranking resulting in vested Sales Growth PSUs between 50% and 100% or between 100% and 200%.

Sales Growth Percentile Ranking	75 th and Above	50 th	33 rd	Below 33 rd
Vested Percent of Sales Growth PSUs	200%	100%	50%	0%

Any Sales Growth PSUs that do not become vested in accordance with the foregoing shall be forfeited, and if the Company's Average Sales Growth in the Performance Period is equal to or less than zero, all of the Sales Growth PSUs shall be forfeited (irrespective of the Sales Growth Percentile Ranking).

(b) As soon as administratively practicable following the Vesting Date (but in no event later than December 31, 2023), the Company shall issue you the Shares underlying the vested Sales Growth PSUs.

(c) For purposes of these Terms and Conditions and subject to Section 5(d) below:

(i) "Average Sales Growth" shall mean, for the Company and each company in the Comparison Group, the sum of the Sales Growth for each Reporting Period ending within the Performance Period divided by three;

(ii) "Comparison Group" shall mean:

- Abbott Laboratories
 - Agilent Technologies, Inc.
 - Baxter International Inc.
 - Becton, Dickinson and Company
 - Boston Scientific Corporation
 - Cerner Corporation
 - Danaher Corporation
 - Fresenius Medical Care AG & Co. KGaA
 - General Electric Company (Healthcare)
 - Johnson & Johnson (Medical Devices & Diagnostics)
 - Laboratory Corporation of America Holdings
 - Medtronic plc
 - Quest Diagnostics Incorporated
 - Royal Philips (combined segments of Diagnosis & Treatment and Connected Care)
 - Siemens Healthineers AG
 - Smith & Nephew plc
 - Thermo Fisher Scientific Inc.
 - 3M Company (Healthcare)
 - Varian Medical Systems, Inc.
 - Zimmer Biomet Holdings, Inc.
-

For purposes of the foregoing, any company for which Sales Growth cannot be calculated for three full annual Reporting Periods ending within the Performance Period shall be excluded.

(iii) "Net Sales" shall mean, for the Company and each company in the Comparison Group, net sales as publicly reported for the applicable Reporting Period.

(iv) "Reporting Period" shall mean a calendar year in the case of the Company and each company in the Comparison Group that reports on a calendar year basis, and in the case of any other company in the Comparison Group, the four fiscal quarters that include the last fiscal quarter ending prior to December 31 for which such company has publicly reported prior to the following February 28.

(v) "Sales Growth" for a Reporting Period shall mean the amount by which Net Sales has increased or decreased relative to the immediately preceding Reporting Period, expressed as a positive or negative percentage (depending on whether Net Sales increased or decreased) of the Net Sales for such preceding Reporting Period.

(vi) "Sales Growth Percentile Ranking" shall mean the percentile ranking of the Company's Average Sales Growth relative to the Average Sales Growth for each company in the Comparison Group, rounded to the whole nearest percentile. For this purpose, the percentile ranking shall be calculated as $1 - (\text{Rank}-1)/(\text{Total of the Comparison Group plus the Company}-1)$. For example, if the Company ranked 5th out of 21 companies including itself, the percentile rank would be calculated as $1 - (5-1)/(21-1)$ or $1 - (4/20)$ or 1-0.2 or the 80th percentile.

(d) The Committee may make such revisions and adjustments to each of the items set forth in Sections 5(c)(i)-(vi) as it may determine necessary and appropriate in its discretion.

6. Discretion of the Committee. Notwithstanding anything in these Terms or Conditions or the 2011 Plan to the contrary, provided that the Threshold Performance Target has been attained, the Committee shall have the power and authority, in its sole and absolute exercise of negative discretion, to reduce or increase the vested PSUs such that the actual earned PSUs will be greater than or less than the vested PSUs, which increase or reduction may be made by taking into account any criteria the Committee deems appropriate; provided further that notwithstanding anything in these Terms or Conditions to the contrary you shall not become vested in more than 200% of your PSUs.

7. Dividend Equivalents. In connection with your PSUs, you shall be entitled to receive all of the cash dividends for which the record date occurs during the period between the commencement of the Performance Period and the Vesting Date with respect to each Share underlying your vested PSUs ("Dividend Equivalents"). Dividend Equivalents shall be converted into their equivalent number of additional PSUs rounded down to the nearest whole number of PSUs based on the Fair Market Value of a Share on the Vesting Date, provided, that the maximum number of additional PSUs you may receive upon such conversion shall be equal to 200% of your originally granted PSUs. Such additional PSUs shall be subject to the terms and conditions applicable to the PSUs to which the Dividend Equivalents relate, including, without limitation, the vesting, forfeiture, and payment form and timing provisions contained herein.

8. In the event you cease to remain in the continuous employment of the Company or a Subsidiary for the entire period commencing on the grant date and ending on the applicable Vesting Date, your right to receive the Shares issuable pursuant to the PSUs shall be only as follows:

(a) If you cease to be an Employee prior to the Vesting Date by reason of Disability (as such term is defined in the 2011 Plan), death or Retirement (as such term is defined in the 2011 Plan), you or your estate will become vested on the Vesting Date in a pro-rata portion (determined by dividing (a) the number of days during the Performance Period in which you were an Employee by (b) the total number of days during the Performance Period) of your PSUs based upon the Company's Adjusted EPS Growth and Sales Growth Percentile Ranking for the Performance Period as determined pursuant to Sections 3, 4 and 5 of these Terms and Conditions. You, your legal representative or your estate will receive all of the underlying Shares attributable to the vested PSUs as soon as administratively practicable following (and in no event more than ninety (90) days after) the Vesting Date.

(b) If you cease to be an Employee for any reason other than those provided in (a) above and your Termination Date is prior to the Vesting Date, you shall immediately forfeit all PSUs granted hereunder effective as of your Termination Date. If you are a resident of or employed in the United States, "Termination Date" shall mean the effective date of termination of your employment with your Employer. If you are resident or employed outside of the United States, "Termination Date" shall mean the earliest of (i) the date on which notice of termination is provided to you, (ii) the last day of your active service with your Employer, or (iii) the last day on which you are an Employee of your Employer, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

9. Notwithstanding the foregoing, the Company may, in its sole discretion, settle the PSUs (and any Dividend Equivalents) in the form of: (i) a cash payment to the extent settlement in Shares (1) is prohibited under local law, (2) would require you, the Company and/or your Employer to obtain the approval of any governmental and/or regulatory body in your country of residence (and country of employment, if different), or (3) is administratively burdensome; or (ii) Shares, but require you to immediately sell such Shares (in which case, the Company shall have the authority to issue sales instructions in relation to such Shares on your behalf).

10. The number of Shares subject to the PSUs shall be subject to adjustment and the vesting dates hereof may be accelerated as follows:

(a) In the event that the Shares, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or if the number of such Shares shall be increased through the payment of a stock dividend or a dividend on the Shares of rights or warrants to purchase securities of the Company shall be made, then there shall be substituted for or added to each Share theretofore subject to the PSUs the number and kind of shares of stock or other securities into which each outstanding Share shall be so changed, or for which each such Share shall be exchanged, or to which each such Share shall be entitled. The other terms of the PSUs shall also be appropriately amended as may be necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding Shares, or of any stock or other securities into which such Shares shall have been exchanged,

then if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the PSUs, such adjustment shall be made in accordance with such determination.

(b) Fractional Shares resulting from any adjustment in the PSUs may be settled in cash or otherwise as the Committee shall determine, in its sole discretion. Notice of any adjustment will be given to you and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes hereof.

(c) The Committee shall have the power to amend the PSUs to permit the immediate vesting of the PSUs (and to terminate any unvested PSUs) and the distribution of the underlying Shares prior to the effectiveness of (i) any disposition of substantially all of the assets of the Company or your Employer, (ii) the shutdown, discontinuance of operations or dissolution of the Company or your Employer, or (iii) the merger or consolidation of the Company or your Employer with or into any other unrelated corporation.

11. If you are resident or employed outside of the United States, you agree, as a condition of the grant of the PSUs, to repatriate all payments attributable to the Shares and/or cash acquired under the 2011 Plan (including, but not limited to, dividends, dividend equivalents and any proceeds derived from the sale of the Shares acquired pursuant to the PSUs) if required by and in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence (and country of employment, if different).

12. If you are resident and/or employed in a country that is a member of the European Union, the grant of the PSUs and these Terms and Conditions are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of these Terms and Conditions are invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

13. Regardless of any action the Company and/or your Employer take with respect to any or all income tax (including U.S. federal, state and local taxes or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and your Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs, including the grant of the PSUs, the vesting of the PSUs, the subsequent sale of any Shares acquired pursuant to the PSUs and the receipt of any dividends or dividend equivalents and (ii) do not commit to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country between the grant date and the date of any relevant taxable

or tax withholding event, as applicable, you acknowledge that your Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

Prior to any taxable event, if your country of residence (and/or your country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a number of whole Shares that have an aggregate Fair Market Value that the Company, taking into account local requirements and administrative issues, determines in its sole discretion is appropriate to cover withholding for Tax-Related Items with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. In cases where the Fair Market Value of the number of whole Shares withheld is greater than the amount required to be paid to the relevant government authorities with respect to withholding for Tax-Related Items, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. In the event that withholding in Shares is prohibited or problematic under applicable law or otherwise may trigger adverse consequences to the Company or your Employer, your Employer shall withhold the Tax-Related Items required to be withheld with respect to the Shares in cash from your regular salary and/or wages or other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares or through your regular salary and/or wages or any other amounts payable to you by your Employer, no Shares will be issued to you (or your estate) unless and until satisfactory arrangements (as determined by the Board of Directors) have been made by you with respect to the payment of any Tax-Related Items that the Company or your Employer determines, in its sole discretion, should be withheld or collected with respect to such PSUs. By accepting these PSUs, you expressly consent to the withholding of Shares and/or withholding from your regular salary and/or wages or other amounts payable to you as provided for hereunder. All other Tax-Related Items related to the PSUs and any Shares delivered in payment thereof are your sole responsibility.

14. The PSUs are intended to be exempt from the requirements of Code Section 409A. The 2011 Plan and these Terms and Conditions shall be administered and interpreted in a manner consistent with this intent. If the Company determines that these Terms and Conditions are subject to Code Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion and without your consent, amend these Terms and Conditions to cause them to comply with Code Section 409A or be exempt from Code Section 409A.

15. If you were required to sign the "Stryker Confidentiality, Intellectual Property, Non-Competition and Non-Solicitation Agreement" or a similar agreement in order to receive the PSUs or have previously signed such an agreement and you breach any non-competition, non-solicitation or non-disclosure provision or provision as to ownership of inventions contained therein at any time while employed by the Company or a Subsidiary, or during the one-year period following termination of employment, any unvested PSUs shall be rescinded and you shall return to the Company all Shares that were acquired upon vesting of the PSUs that you have not disposed of. Further, you shall pay to the Company an amount equal to the profit realized by you (if any) on all Shares that were acquired upon vesting of the PSUs that you have disposed of. For purposes of the preceding sentence, the profit shall be the Fair Market Value of the Shares at the time of disposition.

16. The PSUs shall be transferable only by will or the laws of descent and distribution. If you shall purport to make any transfer of the PSUs, except as aforesaid, the PSUs and all rights thereunder shall terminate immediately.

17. The PSUs shall not be vested in whole or in part, and the Company shall not be obligated to issue any Shares subject to the PSUs, if such issuance would, in the opinion of counsel for the Company, violate the Securities Act of 1933 or any other U.S. federal, state or non-U.S. statute having similar requirements as it may be in effect at the time. The PSUs are subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to the PSUs under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the issuance of Shares pursuant to the PSUs, the PSUs may not be vested in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

18. The grant of the PSUs shall not confer upon you any right to continue in the employ of your Employer nor limit in any way the right of your Employer to terminate your employment at any time. You shall have no rights as a shareholder of the Company with respect to any Shares issuable upon the vesting of the PSUs until the date of issuance of such Shares.

19. You acknowledge and agree that the 2011 Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the PSUs under the 2011 Plan is a one-time benefit and does not create any contractual or other right to receive a grant of PSUs or any other award under the 2011 Plan or other benefits in lieu thereof in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of Shares subject to the grant, and the vesting provisions. Any amendment, modification or termination of the 2011 Plan shall not constitute a change or impairment of the terms and conditions of your employment with your Employer.

20. Your participation in the 2011 Plan is voluntary. The value of the PSUs and any other awards granted under the 2011 Plan is an extraordinary item of compensation outside the scope of your employment (and your employment contract, if any). Any grant under the 2011 Plan, including the grant of the PSUs, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.

21. These Terms and Conditions shall bind and inure to the benefit of the Company, its successors and assigns and you and your estate in the event of your death.

22. The Company is located at 2825 Airview Boulevard Kalamazoo, Michigan 49002, U.S.A. and grants PSUs under the 2011 Plan to employees of the Company and Subsidiaries in its sole discretion. In conjunction with the Company's grant of the PSUs under the 2011 Plan and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices ("Personal Data Activities"). In accepting the grant of the PSUs, you expressly and explicitly consent to the Personal Data Activities as described herein.

(a) The Company collects, processes and uses your personal data, including your name, home address, email address, and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all PSUs or any other equity compensation awards granted, canceled, exercised, vested, or outstanding in your favor, which the

Company receives from you or your Employer. In granting the PSUs under the Plan, the Company will collect your personal data for purposes of allocating Shares and implementing, administering and managing the 2011 Plan. The Company's legal basis for the collection, processing and usage of your personal data is your consent.

(b) The Company transfers your personal data to UBS Financial Services Inc., an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the 2011 Plan (the "Stock Plan Administrator"). In the future, the Company may select a different Stock Plan Administrator and share your personal data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for you, if an account is not already in place, to receive and trade Shares acquired under the 2011 Plan. You will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to your ability to participate in the 2011 Plan.

(c) The Company and the Stock Plan Administrator are based in the United States. You should note that your country of residence may have enacted data privacy laws that are different from the United States. The Company's legal basis for the transfer of your personal data to the United States is your consent.

(d) Your participation in the 2011 Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you withdraw your consent, you may be unable to participate in the 2011 Plan. This would not affect your existing employment or salary; instead, you merely may forfeit the opportunities associated with the 2011 Plan.

You may have a number of rights under the data privacy laws in your country of residence. For example, your rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in your country or residence, and/or (vi) request a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights, you should contact your local HR manager or the Company's Human Resources Department.

23. The grant of the PSUs is not intended to be a public offering of securities in your country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filing(s) with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise you on whether you should acquire Shares under the 2011 Plan or provide you with any legal, tax or financial advice with respect to the grant of the PSUs. The acquisition of Shares involves certain risks, and you should carefully consider all risk factors and tax considerations relevant to the acquisition of Shares under the 2011 Plan or the disposition of them. Further, you should carefully review all of the materials related to the PSUs and the 2011 Plan, and you should consult with your personal legal, tax and financial advisors for professional advice in relation to your personal circumstances.**

24. All questions concerning the construction, validity and interpretation of the PSUs and the 2011 Plan shall be governed and construed according to the laws of the state of Michigan, without regard to the application of the conflicts of laws provisions thereof. Any disputes regarding the PSUs or the 2011 Plan shall be brought only in the state or federal courts of the state of Michigan.

25. The Company may, in its sole discretion, decide to deliver any documents related to the PSUs or other awards granted to you under the 2011 Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the 2011 Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

26. The invalidity or unenforceability of any provision of the 2011 Plan or these Terms and Conditions shall not affect the validity or enforceability of any other provision of the 2011 Plan or these Terms and Conditions.

27. If you are resident outside of the United States, you acknowledge and agree that it is your express intent that these Terms and Conditions, the 2011 Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the PSUs be drawn up in English. If you have received these Terms and Conditions, the 2011 Plan or any other documents related to the PSUs translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

28. You acknowledge that, depending on your or your broker's country of residence or where the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (e.g., PSUs) or rights linked to the value of Shares during such times you are considered to have "inside information" regarding the Company as defined in the laws or regulations in your country of employment (and country of residence, if different). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Third parties include fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. You acknowledge that it is your responsibility to comply with any restrictions and are advised to speak to your personal advisor on this matter.

29. Notwithstanding any provisions of these Terms and Conditions to the contrary, the PSUs shall be subject to any special terms and conditions for your country of residence (and country of employment, if different) set forth in an addendum to these Terms and Conditions (an "Addendum"). Further, if you transfer your residence and/or employment to another country reflected in an Addendum to these Terms and Conditions at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, any applicable Addendum shall constitute part of these Terms and Conditions.

30. The Company reserves the right to impose other requirements on the PSUs, any Shares acquired pursuant to the PSUs and your participation in the 2011 Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

31. Notwithstanding any other provision of these Terms and Conditions to the contrary, you acknowledge and agree that your PSUs, any Shares acquired pursuant thereto and/or any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's Recoupment Policy as in effect on the date of grant (a copy of which has been furnished to you) and as the Recoupment Policy may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to such PSUs and Shares. You agree and consent to the Company's application, implementation and enforcement of (a) the Recoupment Policy and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation and expressly agree that the Company may take such actions as are necessary to effectuate the Recoupment Policy (as applicable to you) or applicable law without further consent or action being required by you. For purposes of the foregoing, you expressly and explicitly authorize the Company to issue instructions, on your behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold your Shares and other amounts acquired under the 2011 Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company. In the case of a conflict between these Terms and Conditions and the Recoupment Policy, the terms of the Recoupment Policy shall prevail.

32. By accepting the grant of the PSUs, you acknowledge that you have read these Terms and Conditions, the Addendum to these Terms and Conditions (as applicable) and the 2011 Plan and specifically accept and agree to the provisions therein.

STRYKER CORPORATION

**ADDENDUM TO
TERMS AND CONDITIONS
RELATING TO PERFORMANCE STOCK UNITS GRANTED
PURSUANT TO THE 2011 PLAN, AS AMENDED AND RESTATED**

In addition to the terms of the 2011 Plan and the Terms and Conditions, the PSUs are subject to the following additional terms and conditions (the "Addendum"). All capitalized terms as contained in this Addendum shall have the same meaning as set forth in the 2011 Plan and the Terms and Conditions. Pursuant to Section 29 of the Terms and Conditions, if you transfer your residence and/or employment to another country reflected in an Addendum at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

European Union ("EU") / European Economic Area ("EEA")

1. Data Privacy. If you reside and/or you are employed in the EU / EEA, the following provision replaces Section 22 of the Terms and Conditions:

The Company is located at 2825 Airview Boulevard Kalamazoo, Michigan 49002, U.S.A. and grants PSUs under the 2011 Plan to employees of the Company and its Subsidiaries in its sole discretion. You should review the following information about the Company's data processing practices.

(a) Data Collection, Processing and Usage. Pursuant to applicable data protection laws, you are hereby notified that the Company collects, processes and uses certain personally-identifiable information about you for the legitimate interest of implementing, administering and managing the 2011 Plan and generally administering equity awards; specifically, including your name, home address, email address and telephone number, date of birth, social insurance number or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all options or any other awards granted, canceled, exercised, vested, or outstanding in your favor, which the Company receives from you or your Employer. In granting the PSUs under the 2011 Plan, the Company will collect your personal data for purposes of allocating Shares and implementing, administering and managing the 2011 Plan. The Company's collection, processing, use and transfer of your personal data is necessary for the performance of the Company's contractual obligations under the Plan and pursuant to the Company's legitimate interest of managing and generally administering employee equity awards. Your refusal to provide personal data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the 2011 Plan. As such, by participating in the 2011 Plan, you voluntarily acknowledge the collection, processing and use of your personal data as described herein.

(b) Stock Plan Administration Service Provider. The Company transfers participant data to UBS Financial Services Inc., an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the 2011 Plan (the “Stock Plan Administrator”). In the future, the Company may select a different Stock Plan Administrator and share your data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for you, if an account is not already in place, to receive and trade Shares acquired under the 2011 Plan. You will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to your ability to participate in the 2011 Plan.

(c) International Data Transfers. The Company and the Stock Plan Administrator are based in the United States. The Company can only meet its contractual obligations to you if your personal data is transferred to the United States. The Company’s legal basis for the transfer of your personal data to the United States is to satisfy its contractual obligations to you and/or its use of the standard data protection clauses adopted by the EU Commission.

(d) Data Retention. The Company will use your personal data only as long as is necessary to implement, administer and manage your participation in the 2011 Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs your personal data, the Company will remove it from its systems. If the Company keeps your data longer, it would be to satisfy legal or regulatory obligations and the Company’s legal basis would be for compliance with relevant laws or regulations.

(e) Data Subject Rights. You may have a number of rights under data privacy laws in your country of residence. For example, your rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in your country of residence, and/or (vi) request a list with the names and addresses of any potential recipients of the Participant’s personal data. To receive clarification regarding your rights or to exercise your rights, you should contact your local HR manager or the Company’s Human Resources Department.

ARGENTINA

No country specific provisions.

AUSTRALIA

1. PSUs Conditioned on Satisfaction of Regulatory Obligations. If you are (a) a director of a Subsidiary incorporated in Australia, or (b) a person who is a management-level executive of a Subsidiary incorporated in Australia and who also is a director of a Subsidiary incorporated outside of the Australia,

the grant of the PSUs is conditioned upon satisfaction of the shareholder approval provisions of section 200B of the Corporations Act 2001 (Cth) in Australia.

The Australian Offer document can be accessed here [UBS INSERT LINK HERE]

AUSTRIA

No country specific provisions.

BELGIUM

No country specific provisions.

BRAZIL

1. **Labor Law Acknowledgment.** By accepting the PSUs, you acknowledge and agree, for all legal purposes, that (a) the benefits provided under the Terms and Conditions and the 2011 Plan are the result of commercial transactions unrelated to your employment; (b) the Terms and Conditions and the 2011 Plan are not a part of the terms and conditions of your employment; and (c) the income from the PSUs, if any, is not part of your remuneration from employment.

2. **Compliance with Law.** By accepting the PSUs, you acknowledge and agree to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the PSUs, the issuance and/or sale of Shares acquired under the 2011 Plan and the receipt of any dividends.

CANADA

1. **Settlement in Shares.** Notwithstanding anything to the contrary in the Terms and Conditions or the 2011 Plan, the PSUs shall be settled only in Shares (and may not be settled in cash).

2. **Use of English Language.** If you are a resident of Quebec, by accepting your PSUs, you acknowledge and agree that it is your wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your PSUs, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de vos PSUs, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de vos PSUs, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2020 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

CHILE

1. Private Placement. The following provision shall replace Section 23 of the Terms and Conditions:

The grant of the PSUs hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement.

- a) The starting date of the offer will be the grant date, and this offer conforms to General Ruling no. 336 of the Chilean Commission for the Financial Markets ("CMF");
- b) The offer deals with securities not registered in the registry of securities or in the registry of foreign securities of the CMF, and therefore such securities are not subject to its oversight;
- c) The Company, as the issuer, is not obligated to provide public information in Chile regarding the foreign securities, as such securities are not registered with the CMF; and
- d) The Shares, as foreign securities, shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.

- a) La fecha de inicio de la oferta será el de la fecha de otorgamiento y esta oferta se acoge a la norma de Carácter General n° 336 de la *Comisión para el Mercado Financiero Chilena* ("CMF");
- b) La oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de ésta;
- c) Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y
- d) Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.

CHINA

1. PSUs Conditioned on Satisfaction of Regulatory Obligations. If you are a People's Republic of China ("PRC") national, the grant of the PSUs is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange to permit the operation of the 2011 Plan and the participation of PRC nationals employed by your Employer, as determined by the Company in its sole discretion.
-

2. Sale of Shares. Notwithstanding anything to the contrary in the 2011 Plan, upon any termination of employment with your Employer, you shall be required to sell all Shares acquired under the 2011 Plan within such time period as may be established by the PRC State Administration of Foreign Exchange.

3. Exchange Control Restrictions. You acknowledge and agree that you will be required immediately to repatriate to the PRC the proceeds from the sale of any Shares acquired under the 2011 Plan, as well as any other cash amounts attributable to the Shares acquired under the 2011 Plan (collectively, "Cash Proceeds"). Further, you acknowledge and agree that the repatriation of the Cash Proceeds must be effected through a special bank account established by your Employer, the Company or one of its Subsidiaries, and you hereby consent and agree that the Cash Proceeds may be transferred to such account by the Company on your behalf prior to being delivered to you. The Cash Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the Cash Proceeds are paid to you in U.S. dollars, you understand that a U.S. dollar bank account must be established and maintained in China so that the proceeds may be deposited into such account. If the Cash Proceeds are paid to you in local currency, you acknowledge and agree that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the Cash Proceeds to local currency due to exchange control restrictions. You agree to bear any currency fluctuation risk between the time the Shares are sold and the Cash Proceeds are converted into local currency and distributed to you. You further agree to comply with any other requirements that may be imposed by your Employer, the Company and its Subsidiaries in the future in order to facilitate compliance with exchange control requirements in the PRC.

COLOMBIA

1. Securities Law Information. The Shares subject to the PSUs are not and will not be registered in the Colombian registry of publicly traded securities (*Registro Nacional de Valores y Emisores*) and therefore the Shares may not be offered to the public in Colombia. Nothing in this document should be construed as the making of a public offer of securities in Colombia.

COSTA RICA

No country specific provisions.

DENMARK

1. Treatment of PSUs upon Termination of Employment. Notwithstanding any provision in the Terms and Conditions or the 2011 Plan to the contrary, unless you are a member of registered management who is not considered a salaried employee, the treatment of the PSUs upon a termination of employment which is not a result of death shall be governed by Sections 4 and 5 of the Danish Act on Stock Option in Employment Relations. However, if the provisions in the Terms and Conditions or the Plan governing the treatment of the PSUs upon a termination of employment are more favorable, then the provisions of the Terms and Conditions or the 2011 Plan will govern.

FINLAND

1. Withholding of Tax-Related Items. Notwithstanding anything in Section 13 of the Terms and Conditions to the contrary, if you are a local national of Finland, any Tax-Related Items shall be withheld only in cash from your regular salary/wages or other amounts payable to you in cash or such other withholding methods as may be permitted under the 2011 Plan and allowed under local law.

FRANCE

1. Use of English Language. By accepting your PSUs, you acknowledge and agree that it is your wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your PSUs, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de vos PSUs, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de vos PSUs, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2020 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature Employee Name (Printed)

Date

GERMANY

No country specific provisions.

HONG KONG

1. Importance Notice. Warning: The contents of the Terms and Conditions, this Addendum, the 2011 Plan, and all other materials pertaining to the PSUs and/or the 2011 Plan have not been reviewed by any regulatory authority in Hong Kong. You are hereby advised to exercise caution in relation to the offer thereunder. If you have any doubts about any of the contents of the aforesaid materials, you should obtain independent professional advice.

2. Lapse of Restrictions. If, for any reason, Shares are issued to you within six (6) months of the grant date, you agree that you will not sell or otherwise dispose of any such Shares prior to the six-month anniversary of the grant date.

3. Settlement in Shares. Notwithstanding anything to the contrary in this Addendum, the Terms and Conditions or the 2011 Plan, the PSUs shall be settled only in Shares (and may not be settled in cash).

4. Nature of the Plan. The Company specifically intends that the 2011 Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the 2011 Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of the PSUs shall be null and void.

INDIA

1. Repatriation Requirements. You expressly agree to repatriate all sale proceeds and dividends attributable to Shares acquired under the 2011 Plan in accordance with local foreign exchange rules and regulations. Neither the Company, your Employer or any of the Company's Subsidiaries shall be liable for any fines or penalties resulting from your failure to comply with applicable laws, rules or regulations.

IRELAND

No country specific provisions.

ITALY

No country specific provisions.

JAPAN

No country specific provisions.

MEXICO

1. Commercial Relationship. You expressly recognize that your participation in the 2011 Plan and the Company’s grant of the PSUs does not constitute an employment relationship between you and the Company. You have been granted the PSUs as a consequence of the commercial relationship between the Company and the Subsidiary in Mexico that employs you, and the Company’s Subsidiary in Mexico is your sole employer. Based on the foregoing, (a) you expressly recognize the 2011 Plan and the benefits you may derive from your participation in the 2011 Plan do not establish any rights between you and the Company’s Subsidiary in Mexico that employs you, (b) the 2011 Plan and the benefits you may derive from your participation in the 2011 Plan are not part of the employment conditions and/or benefits provided by the Company’s Subsidiary in Mexico that employs you, and (c) any modification or amendment of the 2011 Plan by the Company, or a termination of the 2011 Plan by the Company, shall not constitute a change or impairment of the terms and conditions of your employment with the Company’s Subsidiary in Mexico that employs you.

2. Extraordinary Item of Compensation. You expressly recognize and acknowledge that your participation in the 2011 Plan is a result of the discretionary and unilateral decision of the Company, as well as your free and voluntary decision to participate in the 2011 Plan in accord with the terms and conditions of the 2011 Plan, the Terms and Conditions, and this Addendum. As such, you acknowledge and agree that the Company may, in its sole discretion, amend and/or discontinue your participation in the 2011 Plan at any time and without any liability. The value of the PSUs is an extraordinary item of compensation outside the scope of your employment contract, if any. The PSUs are not part of your regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of the Company’s Subsidiary in Mexico that employs you.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2020 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature Employee Name (Printed)

Date

NETHERLANDS

1. Waiver of Termination Rights. As a condition to the grant of the PSUs, you hereby waive any and all rights to compensation or damages as a result of the termination of your employment with the Company and your Employer for any reason whatsoever, insofar as those rights result or may result from (a) the loss or diminution in value of such rights or entitlements under the 2011 Plan, or (b) you

ceasing to have rights under or ceasing to be entitled to any awards under the 2011 Plan as a result of such termination.

2. **Tax Deferral Upon Retirement.** Unless you otherwise elect by contacting Stryker no later than April 30, 2020, you hereby agree that upon Retirement eligibility, the PSUs shall not become taxable until the date of settlement when Shares are actually delivered or otherwise made available.

NEW ZEALAND

1. **WARNING.** You are being offered PSUs to be settled in the form of shares of Stryker Corporation common stock. If the Company runs into financial difficulties and is wound up, you may lose some or all your investment. New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important for investors to make an informed decision. The usual rules do not apply to this offer because it is an offer made under the Employee Share Scheme exemption. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment. You should ask questions, read all documents carefully, and seek independent financial advice before accepting the offer. The Company's Shares are currently traded on the New York Stock Exchange under the ticker symbol "SYK" and Shares acquired under the 2011 Plan may be sold through this exchange. You may end up selling the Shares at a price that is lower than the value of the Shares when you acquired them. The price will depend on the demand for the Company's Shares. *The Company's most recent annual report (which includes the Company's financial statements) is available at <http://phx.corporate-ir.net/phoenix.zhtml?c=118965&p=irol-irhome>. You are entitled to receive a copy of this report, free of charge, upon written request to the Company at STOCKPLANADMINISTRATION@STRYKER.COM.*

POLAND

No country specific provisions.

PUERTO RICO

No country specific provisions.

RUSSIA

1. **IMPORTANT EMPLOYEE NOTIFICATION.** If you are a citizen of the Russian Federation, any cash proceeds derived from the 2011 Plan (including any dividend equivalents payable in cash but excluding cash dividends) must be remitted directly to a personal bank account opened with an authorized bank in the Russian Federation (an "Authorized Russian Account"). Thereafter, you may, in your sole discretion, personally transfer such amounts from your Authorized Russian Account to a bank account legally established outside of the Russian Federation with a non-Russian bank located in the Organization for Economic Co-operation and Development or the Financial Action Task Force countries (an "Authorized Foreign Account"). Cash dividends (but not dividend equivalents payable in cash) can be remitted directly to an Authorized Foreign Account. However, you are required to notify the Russian tax authorities within one month of opening or closing an Authorized Foreign Account or changing the account details. You also are required to file quarterly reports of any transactions involving any Authorized Foreign Account you hold with the Russian tax authorities.

2. **SECURITIES LAW NOTIFICATION.** The grant of PSUs and the issuance of Shares upon vesting are not intended to be an offering of securities with the Russian Federation, and the Terms and Conditions, the 2011 Plan, this Addendum and all other materials that you receive in connection with the grant of PSUs and your participation in the 2011 Plan (collectively, “Grant Materials”) do not constitute advertising or a solicitation within the Russian Federation. In connection with your grant of PSUs, the Company has not submitted any registration statement, prospectus or other filing with the Russian Federal Bank or any other governmental or regulatory body within the Russian Federation, and the Grant Materials expressly may not be used, directly or indirectly, for the purpose of making a securities offering or public circulation of Shares within the Russian Federation.

SINGAPORE

1. **Qualifying Person Exemption.** The following provision shall replace Section 23 of the Terms and Conditions:

The grant of the PSUs under the 2011 Plan is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2011 Ed.) (“SFA”). The 2011 Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that, as a result, the PSUs are subject to section 257 of the SFA and you will not be able to make (a) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the PSUs in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289, 2011 Ed.).

2. **CEO and Director Reporting Notification.** If you are the Chief Executive Officer (“CEO”) or a director, associate director or shadow director of a Singapore company, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore company in writing when you receive an interest (e.g., PSUs or Shares) in the Company or any related company. In addition, you must notify the Singapore company when you sell Shares (including when you sell Shares acquired at vesting of the Performance Stock Units). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of Participant’s interests in the Company or any related company within two business days of becoming the CEO or a director.

SOUTH AFRICA

1. **Withholding Taxes.** The following provision supplements Section 13 of the Terms and Conditions: By accepting the PSUs, you agree to notify your Employer in South Africa of the amount of any gain realized upon vesting of the PSUs. If you fail to advise your Employer of the gain realized upon vesting of the PSUs, you may be liable for a fine. You will be responsible for paying any difference between the actual tax liability and the amount withheld.

2. **Exchange Control Obligations.** You are solely responsible for complying with applicable exchange control regulations and rulings (the “Exchange Control Regulations”) in South Africa. As the Exchange Control Regulations change frequently and without notice, you should consult your legal advisor prior to the acquisition or sale of Shares under the 2011 Plan to ensure compliance with current Exchange

Control Regulations. Neither the Company nor any of its Subsidiaries will be liable for any fines or penalties resulting from your failure to comply with applicable laws.

3. Securities Law Information and Deemed Acceptance of PSUs. Neither the PSUs nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority. Pursuant to Section 96 of the Companies Act, the PSU offer must be finalized on or before the 60th day following the grant date. If you do not want to accept the PSUs, you are required to decline the PSUs no later than the 60th day following the grant date. If you do not reject the PSUs on or before the 60th day following the grant date, you will be deemed to accept the PSUs.

SOUTH KOREA

No country specific provisions.

SPAIN

1. Acknowledgement of Discretionary Nature of the 2011 Plan; No Vested Rights. In accepting the PSUs, you acknowledge that you consent to participation in the 2011 Plan and have received a copy of the 2011 Plan. You understand that the Company has unilaterally, gratuitously and in its sole discretion granted PSUs under the 2011 Plan to individuals who may be employees of the Company or its Subsidiaries throughout the world. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any of its Subsidiaries on an ongoing basis. Consequently, you understand that the PSUs are granted on the assumption and condition that the PSUs and the Shares acquired upon vesting of the PSUs shall not become a part of any employment contract (either with the Company or any of its Subsidiaries) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that this grant would not be made to you but for the assumptions and conditions referenced above. Thus, you acknowledge and freely accept that should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, the PSUs shall be null and void.

You understand and agree that, as a condition of the grant of the PSUs, any unvested PSUs as of the date you cease active employment will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of the termination of employment by reason of, but not limited to, (i) material modification of the terms of employment under Article 41 of the Workers' Statute or (ii) relocation under Article 40 of the Workers' Statute. You acknowledge that you have read and specifically accept the conditions referred to in the Terms and Conditions regarding the impact of a termination of employment on your PSUs.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2020 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

SWITZERLAND

No country specific provisions.

TAIWAN

No country specific provisions.

THAILAND

No country specific provisions.

TURKEY

1. Securities Law Information. Under Turkish law, you are not permitted to sell any Shares acquired under the 2011 Plan within Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol "SYK" and the Shares may be sold through this exchange.

2. Financial Intermediary Obligation. You acknowledge that any activity related to investments in foreign securities (e.g., the sale of Shares) should be conducted through a bank or financial intermediary institution licensed by the Turkey Capital Markets Board and should be reported to the Turkish Capital Markets Board. You solely are responsible for complying with this requirement and should consult with a personal legal advisor for further information regarding any obligations in this respect.

UNITED ARAB EMIRATES

No country specific provisions.

UNITED KINGDOM

1. Income Tax and Social Insurance Contribution Withholding. The following provision shall supplement Section 13 of the Terms and Conditions:

Without limitation to Section 13 of the Terms and Conditions, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company, your Employer or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and your Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on your behalf (or any other tax authority or any other relevant authority).

2. Exclusion of Claim. You acknowledge and agree that you will have no entitlement to compensation or damages in consequence of the termination of your employment with the Company and your Employer for any reason whatsoever and whether or not in breach of contract, insofar as any purported claim to such entitlement arises or may arise from your ceasing to have rights under or to be entitled to vest in the PSUs as a result of such termination of employment (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the PSUs. Upon the grant of the PSUs, you shall be deemed irrevocably to have waived any such entitlement.

STRYKER CORPORATION
TERMS AND CONDITIONS
RELATING TO RESTRICTED STOCK UNITS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN, AS AMENDED AND RESTATED
NON-EMPLOYEE DIRECTORS

1. The Restricted Stock Units (“RSUs”) with respect to Common Stock of Stryker Corporation (the “Company”) granted to you during 2019 are subject to these Terms and Conditions Relating to Restricted Stock Units Granted Pursuant to the 2011 Long-Term Incentive Plan, as Amended and Restated (the “Terms and Conditions”) and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as Amended and Restated (the “2011 Plan”), which is incorporated herein by reference. In the case of a conflict between these Terms and Conditions and the terms of the 2011 Plan, the provisions of the 2011 Plan will govern. Capitalized terms used but not defined herein have the meaning provided therefor in the 2011 Plan.

2. Your right to receive the Shares issuable pursuant to the RSUs shall be only as follows:

(a) If you continue to be a Director, you will receive the Shares underlying the RSUs that have become vested as soon as administratively possible following the vesting date as set forth in the award letter.

(b) If you cease to be a Director by reason of Disability (as such term is defined in the 2011 Plan) or death prior to the date that your RSUs become fully vested, you or your estate will become fully vested in your RSUs, and you, your legal representative or your estate will receive all of the underlying Shares as soon as administratively practicable following your termination by Disability or death.

(c) If you cease to be a Director by reason of Retirement (as such term is defined in the 2011 Plan) prior to the date that your RSUs become fully vested, you (or your estate in the event of your death after your termination by Retirement) will continue to vest in your RSUs in accordance with the vesting schedule as set forth in the award letter as if you had continued your service as a Director.

(d) If you cease to be a Director prior to the date that your RSUs become fully vested for any reason other than those provided in (b) or (c) above, you shall cease vesting in your RSUs effective as of your Termination Date, which shall be the last day of your active service as a Director.

(e) Notwithstanding the foregoing, the Company may, in its sole discretion, settle your RSUs in the form of: (i) a cash payment to the extent settlement in Shares (1) is

prohibited under local law, (2) would require you or the Company to obtain the approval of any governmental and/or regulatory body in your country of residence or (3) is administratively burdensome; or (ii) Shares, but require you to immediately sell such Shares (in which case, the Company shall have the authority to issue sales instructions in relation to such Shares on your behalf).

(f) You may elect to defer delivery of the Shares that are otherwise issuable upon the vesting date by completing a prescribed deferral election form and returning it to the Company according to the instructions on such deferral election form. The deferral election form will be distributed to you separately. If made, the deferral election shall be irrevocable. You generally shall receive your Shares at such time(s) specified in the deferral election form.

3. The number of Shares subject to the RSUs shall be subject to adjustment and the vesting dates hereof may be accelerated as follows:

(a) In the event that the Shares, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or if the number of such Shares shall be increased through the payment of a stock dividend or a dividend on the Shares of rights or warrants to purchase securities of the Company shall be made, then there shall be substituted for or added to each Share theretofore subject to the RSUs the number and kind of shares of stock or other securities into which each outstanding Share shall be so changed, or for which each such Share shall be exchanged, or to which each such Share shall be entitled. The other terms of the RSUs shall also be appropriately amended as may be necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding Shares, or of any stock or other securities into which such Shares shall have been exchanged, then if the Board of Directors shall, in its sole discretion, determine that such change equitably requires an adjustment in the RSUs, such adjustment shall be made in accordance with such determination.

(b) Fractional Shares resulting from any adjustment in the RSUs may be settled in cash or otherwise as the Board of Directors shall determine, in its sole discretion. Notice of any adjustment will be given to you and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes hereof.

(c) The Board of Directors shall have the power to amend the RSUs to permit the immediate vesting of the RSUs (and to terminate any unvested RSUs) and the distribution of the underlying Shares prior to the effectiveness of (i) any disposition of substantially all of the assets of the Company, (ii) the shutdown, discontinuance of operations or dissolution of the Company, or (iii) the merger or consolidation of the Company with or into any other unrelated corporation.

4. If you are resident outside of the United States, you agree, as a condition of the grant of the RSUs, to repatriate all payments attributable to the Shares and/or cash acquired under the 2011 Plan (including, but not limited to, dividends, dividend equivalents and any

proceeds derived from the sale of the Shares acquired pursuant to the RSUs) required by and in accordance with local foreign exchange rules and regulations in your country of residence. In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in your country of residence. Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence.

5. If you are resident in a country that is a member of the European Union, the grant of the RSUs and these Terms and Conditions are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of these Terms and Conditions is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

6. Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local taxes or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the RSUs, the vesting of the RSUs, the subsequent sale of any Shares acquired pursuant to the RSUs and the receipt of any dividends or dividend equivalents and (ii) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country between the grant date and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company may be required to withhold or account for Tax-Related Items in more than one country.

Prior to any taxable event (or such later date(s) as specified in a valid deferral election form), if your country of residence (and/or the country services as a director occur, if different) requires withholding of Tax-Related Items, the Company shall withhold a number of whole Shares that have an aggregate Fair Market Value that the Company, taking into account local requirements and administrative issues, determines in its sole discretion is appropriate to cover withholding for Tax-Related Items with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. In cases where the Fair Market Value of the number of whole Shares withheld is greater than the amount required to be paid to the relevant government authorities with respect to withholding for Tax-Related Items, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. In the event that withholding in Shares is prohibited or problematic under applicable law or otherwise may trigger adverse consequences to the Company, the Company shall withhold the Tax-Related Items required to be withheld with respect to the Shares in cash from your director fees or other amounts payable to you. In the

event the withholding requirements are not satisfied through the withholding of Shares or through your director fees or other amounts payable to you by the Company, no Shares will be issued to you (or your estate) unless and until satisfactory arrangements have been made by you with respect to the payment of any Tax-Related Items that the Company determines, in its sole discretion, should be withheld or collected with respect to such RSUs. By accepting these RSUs, you expressly consent to the withholding of Shares and/or withholding from your director fees or other amounts payable to you as provided for hereunder. All other Tax-Related Items related to the RSUs and any Shares delivered in payment thereof are your sole responsibility.

7. The RSUs are intended to be exempt from the requirements of Code Section 409A. The 2011 Plan and these Terms and Conditions shall be administered and interpreted in a manner consistent with this intent. If the Company determines that these Terms and Conditions are subject to Code Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion, and without your consent, amend these Terms and Conditions to cause them to comply with Code Section 409A or be exempt from Code Section 409A.

8. The RSUs shall be transferable only by will or the laws of descent and distribution. If you purport to make any transfer of the RSUs, except as aforesaid, the RSUs and all rights thereunder shall terminate immediately.

9. The RSUs shall not be vested in whole or in part, and the Company shall not be obligated to issue any Shares subject to the RSUs, if such issuance would, in the opinion of counsel for the Company, violate the Securities Act of 1933 or any other U.S. federal, state or non-U.S. statute having similar requirements as it may be in effect at the time. The RSUs are subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to the RSUs under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the issuance of Shares pursuant to the RSUs, the RSUs may not be vested in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

10. The grant of the RSUs shall not confer upon you any right to serve as a Director of the Company nor limit in any way the right of the Company to terminate your service as a Director at any time. You shall have no rights as a shareholder of the Company with respect to any Shares issuable upon the vesting of the RSUs until the date of issuance of such Shares.

11. You acknowledge and agree that the 2011 Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the RSUs under the 2011 Plan is a one-time benefit and does not create any contractual or other right to receive a grant of RSUs or any other award under the 2011 Plan or other benefits in lieu thereof in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of Shares subject to the grant, and the vesting provisions. Any amendment, modification or

termination of the 2011 Plan shall not constitute a change or impairment of the terms and conditions of your service as a Director of the Company.

12. Your participation in the 2011 Plan is voluntary.

13. These Terms and Conditions shall bind and inure to the benefit of the Company, its successors and assigns and you and your estate in the event of your death.

14. The Company is located at 2825 Airview Boulevard Kalamazoo, Michigan 49002, U.S.A. and grants RSUs under the 2011 Plan to employees and directors of the Company and Subsidiaries in its sole discretion. In conjunction with the Company's grant of the RSUs under the 2011 Plan and its ongoing administration of such awards, the Company is providing the following information about its data collection, processing and transfer practices ("Personal Data Activities"). In accepting the grant of the RSUs, you expressly and explicitly consent to the Personal Data Activities as described herein.

(a) The Company collects, processes and uses your personal data, including your name, home address, email address, and telephone number, date of birth, social insurance number or other identification number, citizenship, any Shares or directorships held in the Company, and details of all RSUs or any other equity compensation awards granted, canceled, exercised, vested, or outstanding in your favor, which the Company receives from you. In granting the RSUs under the Plan, the Company will collect your personal data for purposes of allocating Shares and implementing, administering and managing the 2011 Plan. The Company's legal basis for the collection, processing and usage of your personal data is your consent.

(b) The Company transfers your personal data to UBS Financial Services Inc., an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the 2011 Plan (the "Stock Plan Administrator"). In the future, the Company may select a different Stock Plan Administrator and share your personal data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for you, if an account is not already in place, to receive and trade Shares acquired under the 2011 Plan. You will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to your ability to participate in the 2011 Plan.

(c) The Company and the Stock Plan Administrator are based in the United States. You should note that your country of residence may have enacted data privacy laws that are different from the United States. The Company's legal basis for the transfer of your personal data to the United States is your consent.

(d) Your participation in the 2011 Plan and your grant of consent is purely voluntary. You may deny or withdraw your consent at any time. If you do not consent, or if you withdraw your consent, you may be unable to participate in the 2011 Plan. This would not affect your existing directorship or your annual cash retainer; instead, you merely may forfeit the opportunities associated with the 2011 Plan.

You may have a number of rights under the data privacy laws in your country of residence. For example, your rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in your country or residence, and/or (vi) request a list with the names and addresses of any potential recipients of your personal data. To receive clarification regarding your rights or to exercise your rights, you should contact the Company's Human Resources Department.

15. The grant of the RSUs is not intended to be a public offering of securities in your country of residence. The Company has not submitted any registration statement, prospectus or other filing(s) with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise you on whether you should acquire Shares under the 2011 Plan or provide you with any legal, tax or financial advice with respect to the grant of the RSUs. The acquisition of Shares involves certain risks, and you should carefully consider all risk factors and tax considerations relevant to the acquisition of Shares under the 2011 Plan or the disposition of them. Further, you should carefully review all of the materials related to the RSUs and the 2011 Plan, and you should consult with your personal legal, tax and financial advisors for professional advice in relation to your personal circumstances.**

16. All questions concerning the construction, validity and interpretation of the RSUs and the 2011 Plan shall be governed and construed according to the laws of the state of Michigan, without regard to the application of the conflicts of laws provisions thereof. Any disputes regarding the RSUs or the 2011 Plan shall be brought only in the state or federal courts of the state of Michigan.

17. The Company may, in its sole discretion, decide to deliver any documents related to the RSUs or other awards granted to you under the 2011 Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the 2011 Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. The invalidity or unenforceability of any provision of the 2011 Plan or these Terms and Conditions shall not affect the validity or enforceability of any other provision of the 2011 Plan or these Terms and Conditions.

19. If you are resident outside of the United States, you acknowledge and agree that it is your express intent that these Terms and Conditions, the 2011 Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the RSUs be drawn up in English. If you have received these Terms and Conditions, the 2011 Plan or any other documents related to the RSUs translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

20. Notwithstanding any provisions of these Terms and Conditions to the contrary, the RSUs shall be subject to any special terms and conditions for your country of residence set forth in an addendum to these Terms and Conditions (an "Addendum"). Further, if you transfer your residence to another country reflected in an Addendum to these Terms and Conditions at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, any applicable Addendum shall constitute part of these Terms and Conditions.

21. The Company reserves the right to impose other requirements on the RSUs, any Shares acquired pursuant to the RSUs, and your participation in the 2011 Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

STRYKER CORPORATION

**ADDENDUM TO
TERMS AND CONDITIONS
RELATING TO RESTRICTED STOCK UNITS GRANTED
PURSUANT TO THE 2011 PLAN, AS AMENDED AND RESTATED**

In addition to the terms of the 2011 Plan and the Terms and Conditions, the RSUs are subject to the following additional terms and conditions (the “Addendum”). All capitalized terms as contained in this Addendum shall have the same meaning as set forth in the 2011 Plan and the Terms and Conditions. Pursuant to Section 20 of the Terms and Conditions, if you transfer your residence and/or employment to another country reflected in an Addendum at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

European Union (“EU”) / European Economic Area (“EEA”)

1. Data Privacy. If you reside and/or you work in the EU / EEA, the following provision replaces Section 14 of the Terms and Conditions:

The Company is located at 2825 Airview Boulevard Kalamazoo, Michigan 49002, U.S.A. and grants RSUs under the 2011 Plan to employees and directors of the Company and its Subsidiaries in its sole discretion. You should review the following information about the Company’s data processing practices.

(a) Data Collection, Processing and Usage. Pursuant to applicable data protection laws, you are hereby notified that the Company collects, processes and uses certain personally-identifiable information about you for the legitimate interest of implementing, administering and managing the 2011 Plan and generally administering equity awards; specifically, including your name, home address, email address and telephone number, date of birth, social insurance number or other identification number, citizenship, any Shares or directorships held in the Company, and details of all options or any other awards granted, canceled, exercised, vested, or outstanding in your favor, which the Company receives from you. In granting the RSUs under the 2011 Plan, the Company will collect your personal data for purposes of allocating Shares and implementing, administering and managing the 2011 Plan. The Company’s collection, processing, use and transfer of your personal data is necessary for the performance of the Company’s contractual obligations under the Plan and pursuant to the Company’s legitimate interest of managing and generally administering equity awards. Your refusal to provide personal data would make it impossible for the Company to perform its contractual obligations and may affect your ability to participate in the 2011 Plan. As such, by participating in the

2011 Plan, you voluntarily acknowledge the collection, processing and use of your personal data as described herein.

(b) Stock Plan Administration Service Provider. The Company transfers participant data to UBS Financial Services Inc., an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the 2011 Plan (the “Stock Plan Administrator”). In the future, the Company may select a different Stock Plan Administrator and share your data with another company that serves in a similar manner. The Stock Plan Administrator will open an account for you, if an account is not already in place, to receive and trade Shares acquired under the 2011 Plan. You will be asked to agree on separate terms and data processing practices with the Stock Plan Administrator, which is a condition to your ability to participate in the 2011 Plan.

(c) International Data Transfers. The Company and the Stock Plan Administrator are based in the United States. The Company can only meet its contractual obligations to you if your personal data is transferred to the United States. The Company’s legal basis for the transfer of your personal data to the United States is to satisfy its contractual obligations to you and/or its use of the standard data protection clauses adopted by the EU Commission.

(d) Data Retention. The Company will use your personal data only as long as is necessary to implement, administer and manage your participation in the 2011 Plan or as required to comply with legal or regulatory obligations, including under tax and security laws. When the Company no longer needs your personal data, the Company will remove it from its systems. If the Company keeps your data longer, it would be to satisfy legal or regulatory obligations and the Company’s legal basis would be for compliance with relevant laws or regulations.

(e) Data Subject Rights. You may have a number of rights under data privacy laws in your country of residence. For example, your rights may include the right to (i) request access or copies of personal data the Company processes, (ii) request rectification of incorrect data, (iii) request deletion of data, (iv) place restrictions on processing, (v) lodge complaints with competent authorities in your country of residence, and/or (vi) request a list with the names and addresses of any potential recipients of the Participant’s personal data. To receive clarification regarding your rights or to exercise your rights, you should contact the Company’s Human Resources Department.

AUSTRALIA

1. RSUs Conditioned on Satisfaction of Regulatory Obligations. If you are (a) a director of a Subsidiary incorporated in Australia, or (b) a person who is a management-level executive of a Subsidiary incorporated in Australia and who also is a director of a Subsidiary incorporated outside of the Australia, the grant of the RSUs is conditioned upon satisfaction of the shareholder approval provisions of section 200B of the Corporations Act 2001 (Cth) in Australia.

The Australian Offer document can be accessed here [UBS INSERT LINK HERE]

BRAZIL

1. Compliance with Law. By accepting the RSUs, you acknowledge and agree to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the RSUs, the issuance and/or sale of Shares acquired under the 2011 Plan and the receipt of any dividends.

CANADA

1. Settlement in Shares. Notwithstanding anything to the contrary in the Terms and Conditions or the 2011 Plan, the RSUs shall be settled only in Shares (and may not be settled in cash).

2. Use of English Language. If you are a resident of Quebec, by accepting your RSUs, you acknowledge and agree that it is your wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your RSUs, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de vos RSUs, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de vos RSUs, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2019 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Signature

Name (Printed)

Date

CHINA

1. RSUs Conditioned on Satisfaction of Regulatory Obligations. If you are a People's Republic of China ("PRC") national, the grant of the RSUs is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange to permit the operation of the 2011 Plan and the participation of PRC nationals, as determined by the Company in its sole discretion.

2. Sale of Shares. Notwithstanding anything to the contrary in the 2011 Plan, upon any termination of your relationship with the Company, you shall be required to sell all Shares acquired under the 2011 Plan within such time period as may be established by the PRC State Administration of Foreign Exchange.

3. Exchange Control Restrictions. You acknowledge and agree that you will be required immediately to repatriate to the PRC the proceeds from the sale of any Shares acquired under the 2011 Plan, as well as any other cash amounts attributable to the Shares acquired under the 2011 Plan (collectively, "Cash Proceeds"). Further, you acknowledge and agree that the repatriation of the Cash Proceeds must be effected through a special bank account established by the local company, the Company or one of its Subsidiaries, and you hereby consent and agree that the Cash Proceeds may be transferred to such account by the Company on your behalf prior to being delivered to you. The Cash Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the Cash Proceeds are paid to you in U.S. dollars, you understand that a U.S. dollar bank account must be established and maintained in China so that the proceeds may be deposited into such account. If the Cash Proceeds are paid to you in local currency, you acknowledge and agree that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the Cash Proceeds to local currency due to exchange control restrictions. You agree to bear any currency fluctuation risk between the time the Shares are sold and the Cash Proceeds are converted into local currency and distributed to you. You further agree to comply with any other requirements that may be imposed by the local company, the Company and its Subsidiaries in the future in order to facilitate compliance with exchange control requirements in the PRC.

FINLAND

1. Withholding of Tax-Related Items. Notwithstanding anything in Section 6 of the Terms and Conditions to the contrary, if you are a local national of Finland, any Tax-Related Items shall be withheld only in cash or other amounts payable to you in cash or such other withholding methods as may be permitted under the 2011 Plan and allowed under local law.

FRANCE

1. Use of English Language. By accepting your RSUs, you acknowledge and agree that it is your wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your RSUs, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de vos RSUs, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de vos RSUs, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2019 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Signature

Name (Printed)

Date

HONG KONG

1. Important Notice. Warning: The contents of the Terms and Conditions, this Addendum, the 2011 Plan, and all other materials pertaining to the RSUs and/or the 2011 Plan have not been reviewed by any regulatory authority in Hong Kong. You are hereby advised to exercise caution in relation to the offer thereunder. If you have any doubts about any of the contents of the aforesaid materials, you should obtain independent professional advice.

2. Lapse of Restrictions. If, for any reason, Shares are issued to you within six (6) months of the grant date, you agree that you will not sell or otherwise dispose of any such Shares prior to the six-month anniversary of the grant date.

3. Settlement in Shares. Notwithstanding anything to the contrary in this Addendum, the Terms and Conditions or the 2011 Plan, the RSUs shall be settled only in Shares (and may not be settled in cash).

4. Nature of the Plan. The Company specifically intends that the 2011 Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the 2011 Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of the RSUs shall be null and void.

INDIA

1. Repatriation Requirements. You expressly agree to repatriate all sale proceeds and dividends attributable to Shares acquired under the 2011 Plan in accordance with local foreign exchange rules and regulations. Neither the Company, the local company or any of the Company's Subsidiaries shall be liable for any fines or penalties resulting from your failure to comply with applicable laws, rules or regulations.

NETHERLANDS

1. Waiver of Termination Rights. As a condition to the grant of the RSUs, you hereby waive any and all rights to compensation or damages as a result of the termination of your relationship with the Company and the local company for any reason whatsoever, insofar as those rights result or may result from (a) the loss or diminution in value of such rights or entitlements under the 2011 Plan, or (b) you ceasing to have rights under or ceasing to be entitled to any awards under the 2011 Plan as a result of such termination.

2. Tax Deferral Upon Retirement. Unless you otherwise elect by contacting Stryker no later than April 30, 2019, you hereby agree that upon Retirement eligibility, the RSUs shall not become taxable until the date of settlement when Shares are actually delivered or otherwise made available.

RUSSIA

1. IMPORTANT NOTIFICATION. If you are a citizen of the Russian Federation, any cash proceeds derived from the 2011 Plan (including any dividend equivalents payable in cash but excluding cash dividends) must be remitted directly to a personal bank account opened with an authorized bank in the Russian Federation (an "Authorized Russian Account"). Thereafter, you may, in your sole discretion, personally transfer such amounts from your Authorized Russian Account to a bank account legally established outside of the Russian Federation with a non-Russian bank located in the Organization for Economic Co-operation and Development or the Financial Action Task Force countries (an "Authorized Foreign Account"). Cash dividends (but not dividend equivalents payable in cash) can be remitted directly to an Authorized Foreign Account. However, you are required to notify the Russian tax authorities within one month of opening or closing an Authorized Foreign Account or changing the account details. You also are required to file quarterly reports of any transactions involving any Authorized Foreign Account you hold with the Russian tax authorities.

2. SECURITIES LAW NOTIFICATION. The grant of RSUs and the issuance of Shares upon vesting are not intended to be an offering of securities with the Russian Federation, and the Terms and Conditions, the 2011 Plan, this Addendum and all other materials that you receive in connection with the grant of RSUs and your participation in the 2011 Plan (collectively, "Grant Materials") do not constitute advertising or a solicitation within the Russian Federation. In connection with your grant of RSUs, the Company has not submitted any registration statement, prospectus or other filing with the Russian Federal Bank or any other governmental or regulatory body within the Russian Federation, and the Grant Materials expressly may not be used, directly or indirectly, for the purpose of making a securities offering or public circulation of Shares within the Russian Federation.

SINGAPORE

1. Qualifying Person Exemption. The following provision shall replace Section 15 of the Terms and Conditions:

The grant of the RSUs under the 2011 Plan is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2011 Ed.) (“SFA”). The 2011 Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that, as a result, the RSUs are subject to section 257 of the SFA and you will not be able to make (a) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the RSUs in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289, 2011 Ed.).

SOUTH AFRICA

1. Exchange Control Obligations. You are solely responsible for complying with applicable exchange control regulations and rulings (the “Exchange Control Regulations”) in South Africa. As the Exchange Control Regulations change frequently and without notice, you should consult your legal advisor prior to the acquisition or sale of Shares under the 2011 Plan to ensure compliance with current Exchange Control Regulations. Neither the Company nor any of its Subsidiaries will be liable for any fines or penalties resulting from your failure to comply with applicable laws.

2. Securities Law Information and Deemed Acceptance of RSUs. Neither the RSUs nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority. Pursuant to Section 96 of the Companies Act, the RSU offer must be finalized on or before the 60th day following the grant date. If you do not want to accept the RSUs, you are required to decline the RSUs no later than the 60th day following the grant date. If you do not reject the RSUs on or before the 60th day following the grant date, you will be deemed to accept the RSUs.

SOUTH KOREA

1. Consent to Collection, Processing and Transfer of Personal Data. By electronically accepting the Terms and Conditions, you agree to the collection, use, processing and transfer of Data as described in Section 14 of the Terms and Conditions; and you agree to the processing of your unique identifying information (resident registration number) as described in Section 14 of the Terms and Conditions.

TURKEY

1. Securities Law Information. Under Turkish law, you are not permitted to sell any Shares acquired under the 2011 Plan within Turkey. The Shares are currently traded on the New York Stock Exchange, which is located outside of Turkey, under the ticker symbol “SYK” and the Shares may be sold through this exchange.

2. Financial Intermediary Obligation. You acknowledge that any activity related to investments in foreign securities (e.g., the sale of Shares) should be conducted through a bank or financial intermediary institution licensed by the Turkey Capital Markets Board and

should be reported to the Turkish Capital Markets Board. You solely are responsible for complying with this requirement and should consult with a personal legal advisor for further information regarding any obligations in this respect.

UNITED KINGDOM

1. Income Tax and Social Insurance Contribution Withholding. The following provision shall supplement Section 6 of the Terms and Conditions:

Without limitation to Section 6 of the Terms and Conditions, you agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company, the local company or by Her Majesty's Revenue and Customs ("HMRC") (or any other tax authority or any other relevant authority). You also agree to indemnify and keep indemnified the Company and/or the local company against any Tax-Related Items that they are required to pay or withhold or have paid or will pay to HMRC on your behalf (or any other tax authority or any other relevant authority).

2. Exclusion of Claim. You acknowledge and agree that you will have no entitlement to compensation or damages in consequence of the termination of your service with the Company and the local company for any reason whatsoever and whether or not in breach of contract, insofar as any purported claim to such entitlement arises or may arise from your ceasing to have rights under or to be entitled to vest in the RSUs as a result of such termination of service (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the RSUs. Upon the grant of the RSUs, you shall be deemed irrevocably to have waived any such entitlement.

STRYKER CORPORATION
SUPPLEMENTAL SAVINGS AND RETIREMENT PLAN
(As Amended Effective January 1, 2008)

1. Purpose of the Plan and Effective Date

- 1.01 Purpose. The purpose of this Stryker Corporation Supplemental Savings and Retirement Plan is to provide a select group of the Company's executives with an opportunity to defer a portion of their annual pay and to receive the benefit of Company contributions, to the extent such benefits are unavailable to such executives under the Savings Plan (as hereinafter defined) as a result of limitations imposed by the Internal Revenue Code of 1986, as amended, or other limitations imposed by the terms of such plan.
- 1.02 Effective Date. This amendment and restatement of the Plan, which is intended to implement the requirements of Section 409A of the Code, is generally effective January 1, 2008; provided, however, that notwithstanding anything herein to the contrary the Pre-2005 Plan shall continue to apply to the portion (if any) of a Participant's Account that was vested as of December 31, 2004, including credited earnings and losses with respect thereto, and the Pre-2005 Plan shall be deemed to constitute a separate plan for purposes of Section 409A.

2. Definitions

- 2.01 "Account" shall mean the bookkeeping account maintained for a Participant to record his or her Pay Deferrals, Matching Contributions, and Company Discretionary Contributions, together with earnings and losses with respect thereto credited pursuant to Section 7.03.
- 2.02 "Administrator" shall mean the Company. The Company may periodically delegate some or all of its duties as Administrator to a committee appointed by the Board.
- 2.03 "Board" shall mean the Board of Directors of the Company.
- 2.04 "Bonus" shall mean Compensation consisting of a bonus with respect to a Service Year under the Company's annual bonus program that meets the following requirements:
- (a) The Service Year begins on or after the date his or her participation in the Plan commences;
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- (b) The amount of, or entitlement to, such bonus is contingent on the satisfaction of preestablished organizational or individual performance criteria relating to the full 12-month period comprising such Service Year.
- (c) Such preestablished criteria are established in writing by the 90th day of the Service Year and their outcome remains substantially uncertain through June 30 of the Service Year.
- (d) With respect to any criteria that are subjective, such criteria relate either to the Participant, to a group of employees that includes the Participant, or to a business unit (which may be the entire Company) for which the Participant performs services, and the determination that any subjective criteria have been met is not made by the Participant, a member of the Participant's family, or a person under the effective control of the Participant or a member of his or her family and no amount of the compensation of the person making such determination is effectively controlled by the Participant or a member of his or her family.

2.05 "Bonus Deferral Election" shall mean an election described in Section 4.03(b).

2.06 "Change in Control" shall mean a "Change in Control" as defined in the Stryker Corporation 2006 Long-Term Incentive Plan, as amended from time to time, or successor thereto.

2.07 "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.08 "Company" shall mean Stryker Corporation and any successor thereto. Where the context requires, "Company" shall also include any employer related to the Company any of whose employees have been designated as eligible to participate in the Plan.

2.09 "Company Discretionary Contribution" shall mean the amount credited to a Participant's Account pursuant to Section 6.

2.10 "Compensation" shall mean the following elements of compensation received from the Company:

- (a) A Participant's wages, salaries, professional service fees and other amounts received that are included in the Participant's taxable income (regardless of whether paid in cash) during a Plan Year for personal services provided to the Company;
 - (b) Commissions, payments based upon profits, commissions on insurance premiums, tips, and cash bonuses; and
 - (c) Pay reduction contributions under this Plan or under Sections 125, 132(f), or 402(e)(3) of the Code;
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provided, however, that “Compensation” shall not include any of the following items: (i) amounts paid to the Participant before the requirements for participation in the Plan were satisfied; (ii) employer contributions to a plan of deferred compensation not includible in taxable income, except as otherwise provided in this Section; (iii) employer contributions to a simplified employee pension plan that are deductible by an Employee; (iv) income realized upon the exercise of a nonqualified stock option; (v) income under Section 83 of the Code which is realized because the property becomes transferable or not forfeitable; (vi) income realized on the sale, exchange, or other disposition of stock acquired under a qualified stock option; (vii) amounts subject to special tax benefits which are not includible in income; (viii) reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation, and welfare benefits; or (ix) severance pay.

- 2.11 “Deferrable Non-Bonus Compensation” shall mean a Participant’s Non-Bonus Compensation for a Plan Year that is payable after the Participant’s pay deferrals under the Savings Plan have attained the dollar limitation under Section 402(g)(1) of the Code (or such other limitation on pay deferrals as may apply to the Participant under the terms of the Savings Plan, after giving effect to any catch-up contributions for which the Participant may be eligible) for such Plan Year.
- 2.12 “Disabled” shall mean that the Employee has been receiving, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, income replacement benefits for a period of not less than six months under the Company's short and/or long-term disability plans. The determination that a Participant has become Disabled shall be made by the Administrator in its sole discretion.
- 2.13 “Discretionary Contribution Percentage” shall mean the employer’s discretionary contribution for a Plan Year under the Savings Plan, expressed as a percentage of a Participant’s includible compensation for such Plan Year under the Savings Plan.
- 2.14 “Employee” shall mean a common law employee of the Company.
- 2.15 “Entry Date” shall mean January 1 of any Plan Year.
- 2.16 “Investment Election” shall mean a Participant’s election under Section 7 of the investment fund or funds used to measure the investment performance of the Participant’s Account.
- 2.17 “Matching Contribution” shall mean the amount credited to a Participant’s Account pursuant to Section 5.
- 2.18 “Non-Bonus Compensation” shall mean a Participant’s Compensation other than Bonuses.
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- 2.19 “Non-Bonus Deferral Election” shall mean an election described in Section 4.02(a).
- 2.20 “Participant” shall mean an Employee who satisfies the requirements for participation in the Plan pursuant to Section 3.01 and whose Account has not been distributed.
- 2.21 “Pay Deferral Election” shall mean a Bonus Deferral Election or a Non-Bonus Deferral Election.
- 2.22 “Pay Deferrals” shall mean the amount of a Participant’s Compensation deferred under the Plan.
- 2.23 “Payment Election” shall mean an election made pursuant to Section 9.02, as such election may be changed from time to time pursuant to Section 9.03.
- 2.24 “Plan” shall mean this Stryker Corporation Supplemental Savings and Retirement Plan, as amended from time to time.
- 2.25 “Plan Year” shall mean the calendar year.
- 2.26 “Pre-2005 Plan” shall mean the Plan as in effect prior to January 1, 2005.
- 2.27 “Savings Plan” shall mean the Stryker Corporation 401(k) Savings and Retirement Plan, as amended from time to time.
- 2.28 “Section 401(a)(17) Limitation” shall mean the dollar limitation under Section 401(a)(17) of the Code in effect for a Plan Year.
- 2.29 “Select Group” shall mean, with respect to a Plan Year, the select group of senior management or highly compensated Employees who are designated by the Board as eligible to participate in this Plan.
- 2.30 “Separation from service” or “separates from service” means that a Participant dies, retires, or otherwise has a termination of employment with the Company. The determination of whether a Participant has separated from service shall be made in a manner consistent with Section 409A of the Code and the regulations thereunder.
- 2.31 “Service Year” shall mean the calendar year during which services to which an item of Compensation relates are performed.
- 2.32 “Specified Employee” shall mean a Participant who was a “key employee” within the meaning of Section 416(i) (as determined under applicable Treasury regulations but without regard to Section 416(i)(5)) at any time during (i) the calendar year next preceding the year in which the Participant separates from service, if such separation occurs between April 1 and December 31, or (ii) the second calendar year next preceding the year in which the Participant separates
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from service, if such separation occurs between January 1 and March 31. In applying the preceding sentence, all employees who are nonresident aliens during the entire 12-month testing year shall be excluded from consideration. For purposes of identifying a Specified Employee, the definition of compensation under Treas. Reg. § 1.415(c)-2(a) shall be used without regard to (a) any safe harbor provided in Treas. Reg. § 1.415(c)-2(d), (b) any of the special timing rules provided in Treas. Reg. § 1.415(c)-2(e), and (c) any of the special rules provided in Treas. Reg. § 1.415(c)-2(g).

2.33 “Unforeseeable Emergency” shall have the meaning ascribed thereto in Section 11.03.

2.34 “Valuation Date” shall mean any day on which the New York Stock Exchange is open for business.

3. Participation

3.01 Participation. Any Employee who is a member of the Select Group shall become a Participant in the Plan as of the Entry Date coincident with or next following the date he or she becomes a member of the Select Group. Participation in the Plan shall terminate when all amounts credited to a Participant’s Account have been distributed.

3.02 Change in Status. As of the first day of a Service Year coinciding with or next following the date a Participant ceases to be a member of the Select Group, he or she shall be ineligible to make a Pay Deferral Election or to receive Matching Contributions with respect to Compensation earned in such Service Year, or Company Discretionary Contributions with respect to Compensation payable in such Service Year, but shall otherwise continue as a Participant in accordance with Section 3.01. Any Pay Deferral Elections previously in effect for such Participant with respect to Compensation earned in such Service Year shall be canceled.

4. Pay Deferrals

4.01 Timing of Pay Deferral Elections.

(a) Non-Bonus Deferral Elections. A Participant’s election to defer Non- Bonus Compensation earned in a Service Year shall be made by such deadline prior to the first day of such Service Year as the Administrator shall establish.

(b) Bonus Deferral Elections. A Participant’s election to defer a Bonus earned in a Service Year shall be made by such deadline on or before June 30 of such Service Year as the Administrator shall establish.

4.02 Non-Bonus Deferral Elections.

- (a) A Participant may elect to defer a portion of his or her Deferrable Non- Bonus Compensation earned in a Service Year by making a written election on such form as the Administrator shall designate on or before the deadline described in Section 4.01(a). Such election shall specify a whole percentage of the Participant's Deferrable Non-Bonus Compensation which the Participant elects to defer, which percentage may not exceed the maximum percentage of compensation that may be deferred by nonhighly compensated employees under the terms of the Savings Plan.
- (b) An amount deferred pursuant to a Non-Bonus Deferral Election shall be withheld from the Deferrable Non-Bonus Compensation otherwise payable to the Participant, and shall be credited to the Participant's Account as of the date on which such amount was withheld or as soon as administratively practicable thereafter.
- (c) A Non-Bonus Deferral Election in effect with respect to a Plan Year shall be irrevocable (except as otherwise provided in this Section 4.02(c) and Section 11.01) and shall automatically remain in effect with respect to each succeeding Plan Year until the earliest to occur of (i) a change in such election pursuant to this Section 4.02(c), (ii) the termination of such election pursuant to Section 11.01, or (iii) the Participant's ceasing to be eligible to make Pay Deferral Elections pursuant to Section 3.02. A Participant may, on or before the applicable deadline under Section 4.01(a) for a Non-Bonus Deferral Election for a Service Year, change or revoke his or her Non-Bonus Deferral Election effective as of the first day of such Service Year.

4.03 Bonus Deferral Elections.

- (a) A Participant shall be eligible to make a Bonus Deferral Election with respect to a Service Year only if he or she performs services as an Employee continuously throughout the first six months of such Service Year.
 - (b) A Participant described in Section 4.03(a) may elect to defer a portion of his or her Bonus earned in the Service Year by making a written election on such form as the Administrator shall designate on or before the deadline described in Section 4.01(b). Such election shall specify a whole percentage of the Participant's Bonus which the Participant elects to defer (as described in Section 4.03(c)), which percentage may not exceed the maximum percentage of compensation that may be deferred by nonhighly compensated employees under the terms of the Savings Plan with respect to such Service Year.
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- (c) The Participant's "Gross Deferred Bonus" for a Service Year shall be the percentage elected by the Participant pursuant to Section 4.03(b) for such Service Year multiplied by the Participant's Bonus for such Service Year. The entire Gross Deferred Bonus shall be withheld from the Participant's Bonus and shall be contributed to the Savings Plan as an elective deferral; provided, however, that in the event such Gross Deferred Bonus exceeds the maximum amount that can be so contributed without causing the Savings Plan's limit on elective deferrals to be exceeded, the amount of such excess shall instead be credited to the Participant's Account as a Pay Deferral under this Plan.
- (d) An amount deferred pursuant to a Bonus Deferral Election shall be withheld from the Bonus otherwise payable to the Participant, and shall be credited to the Participant's Account as of the date on which such amount was withheld or as soon as administratively practicable thereafter.
- (e) A Bonus Deferral Election in effect with respect to a Service Year shall be irrevocable (except as otherwise provided in this Section 4.03(e) and Section 11.01) and shall apply to the Service Year for which it is made only. A Participant may, on or before the applicable deadline under Section 4.01(b) for a Bonus Deferral Election for a Service Year, change or revoke his or her Bonus Deferral Election effective as of the first day of such Service Year.
- (f) If a Participant fails to make a Bonus Deferral Election (or to elect a 0% Bonus deferral) with respect to a Service Year by the deadline described in Section 4.01(b), he or she shall be deemed to have made a Bonus Deferral Election in the same percentage as the Non-Bonus Deferral Election percentage in effect for such Service Year (or, if no such Non-Bonus Deferral Election percentage is in effect, 0%).

4.04 Participants' 401(k) Elections. Notwithstanding anything in the Savings Plan to the contrary:

- (a) if a Participant has made a Non-Bonus Deferral Election under this Plan with respect to Non-Bonus Compensation otherwise payable in a Plan Year, then unless the Participant's Non-Bonus Deferral Election under this Plan is canceled pursuant to Section 11.01 no change or revocation of such Participant's Savings Plan non-bonus pay deferral election in effect on the first day of such Plan Year shall be effective until the first day of the following Plan Year; and
 - (b) if a Participant has made a Bonus Deferral Election under this Plan with respect to a Bonus otherwise payable in a Plan Year, then unless the Participant's Bonus Deferral Election under this Plan is canceled pursuant to Section 11.01, such Bonus Deferral Election shall automatically constitute such Participant's Savings Plan deferral election with respect to such Bonus and shall be irrevocable.
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5. Matching Contributions

- 5.01 For each Plan Year, the Company shall credit to the Account of each eligible Participant a Matching Contribution equal to the Gross Match minus the Savings Plan Match. The "Gross Match" means 50% of the sum of such Participant's Pay Deferrals under the Plan and elective deferrals under the Savings Plan for such Plan Year (but only to the extent such sum does not exceed 8% of such Participant's Compensation for such Plan Year, exclusive of Compensation for any period preceding his or her commencement of participation in the Savings Plan). The "Savings Plan Match" means the matching contribution amount contributed to such Participant's Savings Plan account for such Plan Year. Such Matching Contribution shall be credited to the Participant's Account on or before the deadline (including extensions) for the filing of the Company's Federal income tax return for such Plan Year.
- 5.02 A Participant shall be eligible for a Matching Contribution with respect to a Plan Year only if he or she is eligible for a matching contribution under the Savings Plan for such Plan Year and only if Pay Deferrals under this Plan have been made with respect to such Participant during such Plan Year.

6. Company Discretionary Contributions

- 6.01 In General. For each Plan Year, the Company shall credit to the Account of each eligible Participant a Company Discretionary Contribution equal to such Participant's Compensation in excess of the Section 401(a)(17) Limitation for such Plan Year, multiplied by the Discretionary Contribution Percentage for such Plan Year. Such Company Discretionary Contribution shall be credited to the Participant's Account on or before the deadline (including extensions) for the filing of the Company's Federal income tax return for such Plan Year.
- 6.02 Eligibility for Contribution. A Participant shall be eligible for a Company Discretionary Contribution with respect to a Plan Year only if he or she is eligible for an employer discretionary contribution under the Savings Plan for such Plan Year.

7. Investment Performance Elections

- 7.01 Initial Election. Prior to the commencement of his or her participation in the Plan, each Participant shall file an initial Investment Election which shall designate from among the investment funds available for selection under the Plan the investment fund or funds which shall be used to measure the investment performance of the Participant's Account.
- 7.02 Change in Election. A Participant may change his or her Investment Election effective at any time. Any such change shall be implemented as soon as administratively feasible.
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- 7.03 Crediting of Investment Return. As of each Valuation Date, each Participant's Account shall, under such procedures as the Administrator shall establish, be credited with any income, and debited with any loss, that would have been realized if the amounts credited to his or her Account had been invested in accordance with his or her Investment Election; provided, however, that the Administrator reserves the right to decline to follow a Participant's Investment Election in its sole discretion. References in the Plan to Investment Elections are for the sole purpose of attributing hypothetical investment performance to each Participant's Account. Nothing herein shall require the Company to invest, earmark, or set aside its general assets in any specific manner.
- 7.04 Available Investment Funds. The investment funds available for selection under the Plan shall be the investment funds (other than the employer stock fund and Vanguard Targeted Retirement Funds) available for investment under the Savings Plan.

8. Accounts

- 8.01 Maintenance of Accounts. The Administrator shall maintain or cause to be maintained records showing the individual balances of each Account. At least once per quarter each Participant shall be furnished with a statement setting forth the value of his or her Account.
- 8.02 Vesting.
- (a) In General. A Participant's Account balance shall be payable under this Plan only to the extent that it is vested. The portion of a Participant's Account attributable to Pay Deferrals, together with credited earnings or losses thereon, shall be fully vested at all times. Except as otherwise provided in Section 8.02(b), the portion of a Participant's Account attributable to Matching Contributions and Company Discretionary Contributions, and credited earnings and losses with respect thereto, shall be vested only to the extent that matching contributions and employer discretionary contributions credited to the Participant's account under the Savings Plan are vested. The nonvested portion of a Participant's Account shall be forfeited at the same time, and under the same conditions, as the nonvested portion of his or her account under the Savings Plan is forfeited.
- (b) Change in Control. A Participant's entire Account shall immediately become fully vested upon a Change in Control.

9. Payments

- 9.01 Timing of Payments.
- (a) Except as otherwise provided in this Section 9.01, Section 10, and Section 11.02, a Participant's vested Account balance shall be paid in accordance
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with the Participant's valid Payment Election made pursuant to this Section 9.

- (b) Except as provided in Section 9.01(d), no portion of the vested Account of a Specified Employee shall be paid before the earlier of (i) six months from the date of the Specified Employee's separation from service, or (ii) such Specified Employee's death. The restriction in this Section 9.01(c) shall not affect the timing of any lump-sum or installment payment scheduled to be made more than six months from the date of the Specified Employee's separation from service.
- (c) In the event that a Participant becomes Disabled (within the meaning of Section 2.12) without having separated from service, then (i) for purposes of applying such Participant's Payment Election he or she shall be deemed to have separated from service on the date the Participant becomes Disabled and (ii) such Participant's vested Account shall be paid in accordance with such election but without regard to the six-month restriction on payments to Specified Employees following a separation from service.
- (d) In the event that a Participant other than a Specified Employee separates from service at a time when the vested amount in his or her Account does not exceed the dollar limit under Section 402(g)(1)(B), such amount shall be paid within 2 ½ months following such separation from service.

9.02 Initial Payment Election. Prior to the commencement of his or her participation in the Plan, each Participant shall file a Payment Election with the Administrator on such form as the Administrator shall prescribe specifying (i) whether the Participant's vested Account is to be paid in a lump sum, in substantially equal annual installments, or in a combination thereof, (ii) either (x) the year relative to the Participant's separation from service (which shall be not less than one year and not more than 10 years after such separation from service) during the first 90 days of which such lump-sum payment is to be made and/or such installments are to commence or (y) that such lump-sum payment and/or installments are to commence within 90 days following such Participant's separation from service, and (iii) if installments are elected, the number of such installments. Except as provided in Section 11.02, no portion of a Participant's Account may be paid prior to his or her separation from service. Lump-sum payments may not be made later than, and installment payments may not extend beyond, the 90th day of the tenth year following the year in which the Participant's separation from service occurs.

9.03 Change in Payment Election.

- (a) Except to the extent that a Participant changes his or her Payment Election in accordance with this Section 9.03, and except as provided in Section 11.02, a Participant's Payment Election shall be irrevocable.
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(b) A Participant may change his or her Payment Election (with respect to form of payment, date of commencement of payment, or both) from time to time, by filing an election with the Administrator on such form as the Administrator shall prescribe. The Payment Election resulting from such change shall be irrevocable, except as provided in Section 9.03(a). A Participant's ability to change his or her Payment Election shall be subject to the following limitations:

1. Such change in Payment Election shall not take effect until 12 months after it is made.
2. The payment with respect to which the change in Payment Election is made must be deferred by at least five years beyond the date the payment otherwise would have been made (or, in the case of installment payments, five years from the date the first installment was scheduled to be paid). For this purpose, the date a payment or first installment otherwise would have been made means the first date on which such payment or first installment could have been made pursuant to the Participant's Payment Election in effect prior to the change.

10. Death of a Participant

10.01 In General. Except as otherwise provided in Section 10.02, in the event of a Participant's death prior to the payment of his or her entire Account balance, the remaining balance in his or her Account shall be paid in accordance with his or her benefit Payment Election made pursuant to Section 9.02 (after giving effect to any modifications to such election pursuant to Section 9.03). Such payment shall be made to the beneficiary designated by the Participant under the Savings Plan, unless the Participant has specifically designated a different beneficiary under this Plan in a writing filed with the Administrator prior to his or her death.

10.02 Lump Sum Election. A Participant may elect to have any amount remaining in the Participant's Account upon his or her death paid to his or her beneficiary in a lump sum within 60 days after the Administrator has received notification of his or her death, rather than in accordance with his or her benefit Payment Election under Sections 9.02 and 9.03. Such a lump-sum death benefit election may be made or revoked at any time, provided, however, that such election or revocation shall not take effect until 12 months after it is made.

11. Unforeseeable Emergencies; Savings Plan Hardship Withdrawals

11.01 Cancellation of Deferral Elections.

(a) In the event of a Participant's Unforeseeable Emergency, such Participant may request a cancellation of all of his or her Pay Deferral Elections in

accordance with Section 4.02. Any such request shall be subject to the approval of the Administrator, which approval shall not be granted unless

such need cannot be relieved (i) through reimbursement or compensation by insurance or otherwise or (ii) by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship). If the request is granted, such suspension shall be effective as of such date as the Administrator shall prescribe.

- (b) As required pursuant to the terms of the Savings Plan, a Participant's Pay Deferral Elections under this Plan shall automatically be canceled in the event of his or her receipt of a hardship withdrawal from the Savings Plan.

11.02 Emergency Withdrawal. In the event of a Participant's Unforeseeable Emergency, such Participant may request an emergency withdrawal from his or her Account. Any such request shall be subject to the approval of the Administrator, which approval (a) shall not be granted unless the Participant's Pay Deferral Elections have been canceled pursuant to Section 11.01, (b) shall only be granted to the extent reasonably needed to satisfy the need created by the Unforeseeable Emergency, and (c) shall not be granted to the extent that such need may be relieved (i) through reimbursement or compensation by insurance or otherwise or (ii) by liquidation of the Participant's assets (to the extent the liquidation of such assets would not itself cause severe financial hardship).

11.03 Unforeseeable Emergency. An "Unforeseeable Emergency" means a severe financial hardship of the service provider or beneficiary resulting from an illness or accident of the Participant or his or her spouse or dependent (as defined in section 152(a) of the Code, without regard to section 152(b)(1), (b)(2), or (d)(1)(B)), loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by insurance), or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control. Circumstances that may constitute an Unforeseeable Emergency include the imminent foreclosure of or eviction from the Participant's primary residence; the need to pay for medical expenses, including non-refundable deductibles, as well as for the costs of prescription drug medication; and the need to pay for the funeral expenses of a spouse or a dependent (as defined in section 152(a) of the Code, without regard to section 152(b)(1), (b)(2), or (d)(1)(B)). The purchase of a home and the payment of college tuition generally are not Unforeseeable Emergencies. Whether the Participant is faced with an Unforeseeable Emergency permitting an emergency withdrawal shall be determined by the Administrator in its sole discretion, based on the relevant facts and circumstances and applying regulations and other guidance under Section 409A of the Code. In no event may a withdrawal on account of Unforeseeable Emergency be made to the extent that such emergency is or may be relieved (i) through reimbursement or compensation from insurance or otherwise, (ii) by liquidation of the Participant's assets (to the extent the liquidation of such assets would not cause severe financial hardship), or (iii) by cessation of deferrals under the Plan.

11.04 Limit on Amount Withdrawn. An emergency withdrawal on account of an Unforeseeable Emergency may not exceed the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution). The determination of the amounts reasonably necessary to satisfy the emergency need shall take into account any additional compensation that is available as a result of the cancellation of the Participant's Pay Deferral Elections upon a payment due to an Unforeseeable Emergency.

12. Administration

The Plan shall be administered by the Administrator, which may from time to time may establish rules for the administration of this Plan. The Administrator shall have the sole discretion to make decisions and take any action with respect to questions arising in connection with the Plan, including, but not limited to, the construction and interpretation of the Plan, the resolution of any ambiguities, the determination of the conditions subject to which any benefits may be payable, the resolution of all questions concerning the status and rights of a Participant and others under the Plan, and whether a claimant is eligible for benefits under the Plan, the determination of the amount of benefits, if any, a claimant is entitled to receive, and making any other determinations which it believes necessary or advisable for the administration and operation of the Plan. Any such decision or action shall be final and binding upon all Participants and beneficiaries, and benefits under the Plan shall be paid only if the Administrator decides in its discretion that the claimant is entitled to them. The Administrator's decision or action in respect of any of the above shall be conclusive and binding upon all Participants and their beneficiaries, heirs, assigns, administrators, executors and any other person claiming through or under them, subject to such individual's rights to a review of the denial of any benefit claim under the claims procedures set forth in Section 18.

13. General Provisions

13.01 No Contract of Employment. The establishment of the Plan shall not be construed as conferring any legal rights upon any Participant for a continuation of employment, nor shall it interfere with the rights of the Company to discharge a Participant and to treat him or her without regard to the effect which such treatment might have upon him or her as a Participant in the Plan.

13.02 Withholding. As a condition to a Participant's entitlement to benefits hereunder, the Company shall have the right to deduct from any amounts otherwise payable to a Participant, whether pursuant to the Plan or otherwise, or otherwise to collect from the Participant, any required withholding taxes with respect to benefits under the Plan.

13.03 Non-Assignability of Benefits. Subject to any applicable law, no benefit under the Plan shall be subject in any manner to, nor shall the Company be obligated to recognize, any purported anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt to do so shall be void. No such

benefit shall in any manner be liable for or subject to garnishment, attachment, execution, or a levy, or liable for or subject to the debts, contracts, liabilities, engagements, or torts of the Participant.

13.04 Successor Employers. The Plan shall be binding upon the successors and assigns of the Company. The Company shall require any successor (whether direct or indirect, and whether by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company, by written agreement to expressly assume and agree to perform the Company's obligations under the Plan in the same manner and to the same extent that the Company would be required to perform them if no such succession had taken place. The provisions of this Section 13.04 shall continue to apply to each subsequent employer of the Participant hereunder in the event of any subsequent merger, consolidation, or transfer of assets of such subsequent employer.

13.05 Governing Law. The laws of the State of Michigan shall govern the construction of this Plan and the rights and the liabilities hereunder of the parties hereto.

14. Source of Benefits

The Plan is an unfunded plan maintained by the Company for the purpose of providing deferred compensation for a select group of management or highly compensated employees. Benefits under the Plan shall be payable from the general assets of the Company except to the extent paid from the Stryker Corporation Supplemental Savings and Retirement Plan Trust (a grantor trust of the type commonly known as a "rabbi trust"). The Plan shall not be construed as conferring on a Participant any right, title, interest, or claim in or to any specific asset, reserve, account, or property or any kind possessed by the Company. To the extent that a Participant or any other person acquires a right to receive payments from the Company, such right shall be no greater than the right of an unsecured general creditor.

15. Section 409A Compliance

This Plan is intended to comply with the requirements of Section 409A of the Code and shall be interpreted and administered in a manner consistent therewith.

16. Effective Date of Restated Plan

This Plan, as amended and restated as set forth herein, shall be effective as of January 1, 2008.

17. Amendment or Termination

The Company reserves the right to amend or terminate this Plan at any time; provided, however, that without such Participant's written consent, no amendment or termination of the Plan shall adversely affect the right of any Participant to receive, or otherwise result in a material adverse effect on such Participant's rights under the Plan with respect to, his or her accrued vested benefits as determined as of the date of amendment or termination. In the event of a termination of the Plan, Participants' vested Account balances shall be distributed

in such manner as the Administrator shall determine consistent with the requirements of Section 409A.

18. Claims Procedures

18.01 Claims. Any claims for benefits under the Plan shall be made to the Administrator. If a claim for benefits is denied in whole or in part, the Administrator shall provide the claimant written notice within 30 days following that denial. In no case shall that notice be provided later than 90 days after the Administrator receives the claim unless special circumstances require an extension of the time limit, in which event the Administrator shall notify the claimant of the need and reasons for any such extension before the end of the 90- day period. The written notice shall set forth:

- (a) the specific reasons for denial of the claim;
- (b) reference to the particular provisions of the Plan on which denial of the claim is based;
- (c) a statement as to any additional facts or information necessary to perfect the claim and an explanation as to why the same is required; and
- (d) a reference to the procedures (described below) for review of the denial of the claim, including a statement of the Participant's right to bring a civil action under Section 502(a) of ERISA following a denial of a claim.

18.02 Appeals. If a Participant's claim for benefits under the Plan is denied in whole or in part by the Administrator, the Participant shall be entitled to a full and fair review of the claim and the adverse benefit decision. The review shall be granted upon written request, which must be filed by the Participant with the Administrator within 60 days following receipt of written notice of the denial (or at such later time as may be reasonable in view of the nature of the benefit subject to claim and other circumstances). The Participant shall be permitted to submit written comments, records, and other information relating to the claim and provided, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claim. The Administrator shall consider all comments, documents and other information the Participant submitted, without regard to whether that information was submitted or considered in the initial determination. The Administrator shall decide the matter with reasonable promptness and in any event within 60 days following receipt of a request for review unless special circumstances exist which require an extension of such time limit. The Administrator shall notify the Participant before the end of the 60-day period of the need and reasons for such extension and the date by which the Plan expects to render a decision. Its decision will be provided to the Participant in writing and shall set forth its reasons for the decision; the provisions of the Plan on which the decision is based; a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of all documents, records and other information relevant to

Lim, SanSan <SanSan.Lim@stryker.com>the claim; and a statement of the Participant's right to bring a civil action under Section 502(a) of ERISA.

18.03 Applicability. The foregoing claims procedures apply not only to a Participant but also to a beneficiary or other person who submits a claim for benefits.

IN WITNESS OF WHICH, the Company has adopted the Plan, as amended and restated, this
7th day of November, 2007.

STRYKER CORPORATION



By: Michael W. Rude, Vice President

AMENDMENT
To the Stryker Corporation Supplemental Savings and Retirement Plan

The Stryker Corporation Supplemental Savings and Retirement Plan (the "Plan") is hereby amended, effective January 1, 2019, as follows:

1. Section 11.01(b) of the Plan is deleted in its entirety.

IN WITNESS WHEREOF, the Corporation has executed this instrument as of this 4th day of January, 2019.

STRYKER CORPORATION

By: 

Katy Fink

Vice President, Chief Human
Resources Officer

STRYKER CORPORATION LIST OF SUBSIDIARIES
As of December 31, 2019

<u>Name of Subsidiary</u>	<u>State or Country of Incorporation</u>
Aimago SA	Switzerland
Alcott Indemnity Company	USA - Vermont
Arrinex, Inc.	USA - Delaware
Berchtold + Fritz GmbH	Germany
Berchtold Consulting GmbH	Switzerland
Berchtold Corporation	USA - Delaware
Berchtold GmbH & Co. KG	Germany
Berchtold Holding Switzerland GmbH	Switzerland
Changzhou Orthomed Medical Instrument Company Limited	China
Concentric Medical, Inc.	USA - Delaware
Entellus Medical Europe Ltd	United Kingdom
Entellus Medical, Inc.	USA - Delaware
Gongping (Shanghai) Medical Devices Trading Co. Ltd.	China
GYS Tech, LLC	USA - Delaware
HeartSine Technologies Limited	United Kingdom
HeartSine Technologies, LLC	USA - Delaware
Howmedica International S. de R.L.	Panama
Howmedica Osteonics Corp.	USA - New Jersey
Hygia Healthcare Services, Inc.	USA - Alabama
HyperBranch Technology, Inc.	USA - Delaware
Imorphics Limited	United Kingdom
Infinity MSD Corp.	USA - Delaware
Infinity MSE Corp.	USA - Delaware
Infinity MSF Corp.	USA - Delaware
InstruMedics, L.L.C	USA - Michigan
Invuity, Inc.	USA - Delaware
ITAPCo Limited	United Kingdom
Ivy Sports Medicine LLC	USA - Delaware
Jiangsu Chuangyi Medical Instrument Company Limited	China
Jolife AB	Sweden
K2M Germany GmbH	Germany
K2M Group Holdings, Inc.	USA - Delaware
K2M Holdings, Inc.	USA - Delaware
K2M Iberia Medcomtech, S.L.U.	Spain
K2M Solutions Australia Pty Ltd	Australia
K2M Spine Solutions (Schweiz) GmbH	Switzerland
K2M UK Limited	United Kingdom
K2M, Inc.	USA - Delaware
Loon Intermediateco, LLC	USA - Delaware
MAKO Surgical Corp	USA - Delaware
Mobius Imaging, LLC	USA - Delaware
Muka Metal Ticaret ve Sanayi Anaonim Sirketi	Turkey
Nettrick Limited	Ireland
Novadaq Corp	USA - Delaware
Novadaq Hong Kong Ltd	Hong Kong
Novadaq Technologies ULC	Canada
NV Stryker SA	Belgium
OOO "Stryker"	Russia
Orneo Özel Sağlık Hizmetleri Medikal Ticaret Anonim Şirketi	Turkey
Orthomed (Hong Kong) Medical Instrument Company Limited	Hong Kong
OrthoSpace US Inc.	USA - Delaware
OrthoSpace, Ltd.	Israel
Orthovita, Inc.	USA - Pennsylvania
P.C. Sweden Holding AB	Sweden
Pficonprod Pty. Ltd.	Australia

Physio-Control (Shanghai) Sales Co., Ltd.	China
Physio-Control Brazil Vendas Ltda.	Brazil
Physio-Control Czech Sales s.r.o.	Czech Republic
Physio-Control Holdings Coöperatief U.A.	Netherlands
Physio-Control Holdings Inc	USA - Delaware
Physio-Control Hungary Sales Kft	Hungary
Physio-Control India Sales Pvt. Ltd	India
Physio-Control Investments, LLC	USA - Delaware
Physio-Control Lebanon Sales Offshore s.a.l.	Lebanon
Physio-Control Manufacturing, Inc.	USA - Washington
Physio-Control Operations Netherlands B.V.	Netherlands
Physio-Control Sales Limited Liability Company	Russia
Physio-Control Singapore Pte. Ltd.	Singapore
Physio-Control South Africa Sales Pty. Ltd.	South Africa
Physio-Control UK Sales Ltd.	United Kingdom
Physio-Control, Inc.	USA - Washington
SafeAir AG	Switzerland
Sage Products Coöperatief U.A.	Netherlands
Sage Products Holdings II, LLC	USA - Delaware
Sage Products Holdings III, LLC	USA - Delaware
Sage Products, LLC	USA - Delaware
Scopis GmbH	Germany
Spirox, Inc.	USA - Delaware
SSI Divestiture, Inc.	USA - Massachusetts
Stanmore Implants Worldwide Limited	United Kingdom
Stanmore, Inc.	USA - Massachusetts
Stryker (Barbados) Foreign Sales Corporation	Barbados
Stryker (Beijing) Healthcare Products Co., Ltd.	China
Stryker (Shanghai) Healthcare Products Co., Ltd.	China
Stryker (Suzhou) Medical Technology Co Ltd	China
Stryker (Thailand) Limited	Thailand
Stryker AB	Sweden
Stryker Acquisitions BV	Netherlands
Stryker Asia Holdings CV	Netherlands
Stryker Australia LLC	USA - Delaware
Stryker Australia Pty. Ltd.	Australia
Stryker Austria GmbH	Austria
Stryker B.V.	Netherlands
Stryker Berchtold BV	Netherlands
Stryker Beteiligungs GmbH	Germany
Stryker Canada GP ULC	Canada
Stryker Canada Holding Company	Canada
Stryker Canada Manufacturing ULC	Canada
Stryker Canada ULC	Canada
Stryker Canadian Management, ULC	Canada
Stryker Canadian Sales Holding Company ULC	Canada
Stryker Capital BV	Netherlands
Stryker China Limited	Hong Kong
Stryker Colombia SAS	Colombia
Stryker Communications, Inc.	USA - Delaware
Stryker Corporation (Chile) y Compania Limitada	Chile
Stryker Corporation (Malaysia) Sdn. Bhd.	Malaysia
Stryker Customs Brokers LLC	USA - Delaware
Stryker Czech Republic s.r.o.	Czech Republic
Stryker Delaware, Inc.	USA - Delaware
Stryker do Brasil Ltda	Brazil
Stryker EMEA Supply Chain Services BV	Netherlands
Stryker Employment Company, LLC	USA - Michigan
Stryker European Coordination Center BV	Netherlands
Stryker European Holdings Coöperatief U.A	Netherlands
Stryker European Holdings I, LLC	USA - Delaware
Stryker European Holdings II, LLC	USA - Delaware
Stryker European Holdings V, LLC	USA - Delaware

Stryker European Holdings, LLC	USA - Delaware
Stryker European Operations B.V.	Netherlands
Stryker European Operations Holdings I BV	Netherlands
Stryker European Operations Holdings II BV	Netherlands
Stryker European Operations Holdings III BV	Netherlands
Stryker European Operations Holdings LLC	USA - Delaware
Stryker European Operations Limited	Ireland
Stryker European Technologies C.V.	Netherlands
Stryker Far East, Inc.	USA - Delaware
Stryker Foreign Acquisitions, Inc.	USA - Delaware
Stryker France Holding SNC	France
Stryker France MM Holdings SAS	France
Stryker France SAS	France
Stryker Funding B.V.	Netherlands
Stryker GI Services CV	Netherlands
Stryker Global Technology Center Private Limited	India
Stryker GmbH	Switzerland
Stryker GmbH & Co. KG	Germany
Stryker Grundstücks GmbH & Co KG	Germany
Stryker Grundstücks Verwaltungs GmbH	Germany
Stryker Holdings BV	Netherlands
Stryker Iberia SL Unipersonal	Spain
Stryker IFSC Designated Activity Company	Ireland
Stryker India Private Limited	India
Stryker International Acquisitions BV	Netherlands
Stryker International Holdings BV	Netherlands
Stryker Investment Holdings B.V.	Netherlands
Stryker Ireland Holding Unlimited Company	Ireland
Stryker Ireland Limited	Ireland
Stryker Italia S.r.l. S.U.	Italy
Stryker Japan Holdings BV	Netherlands
Stryker Japan K.K.	Japan
Stryker Korea Ltd.	South Korea
Stryker Lebanon (Offshore) S.A.L.	Lebanon
Stryker Leibinger GmbH & Co. KG	Germany
Stryker Luxembourg Holdings S.a.r.l.	Luxembourg
Stryker Luxembourg Sarl	Luxembourg
Stryker Manufacturing S. de R.L. de C.V.	Mexico
Stryker Mauritius Holding Ltd.	Mauritius
Stryker Medical London LP	Canada
Stryker Medtech K.K.	Japan
Stryker Medtech Limited	Ireland
Stryker Mexico Holdings B.V.	Netherlands
Stryker Mexico SA de CV	Mexico
Stryker Nederland BV	Netherlands
Stryker New Zealand Limited	New Zealand
Stryker NV Operations Limited	Ireland
Stryker Osteonics AG	Switzerland
Stryker Pacific Limited	Hong Kong
Stryker Performance Solutions, LLC	USA - New Jersey
Stryker Polska Sp.z.o.o.	Poland
Stryker Portugal - Produtos Medicos, Unipessoal, Lda.	Portugal
Stryker Professional Latin America S. de R.L. de C.V.	Mexico
Stryker Puerto Rico Limited	Ireland
Stryker Romania SRL	Romania
Stryker Sage, Inc.	USA - Delaware
Stryker Sales Corporation	USA - Michigan
Stryker Servicios Administrativos S.de R.L. de C.V.	Mexico
Stryker Singapore Private Limited	Singapore
Stryker South Africa (Proprietary) Limited	South Africa
Stryker Spine Sarl	Switzerland
Stryker Spine SAS	France
Stryker Sustainability Solutions, Inc.	USA - Delaware

Stryker Tibbi Cihazlan Sanayi ve Ticaret Limited Sirketi
Stryker Trauma GmbH
Stryker Turkish Holdings BV
Stryker UK Ltd
Stryker Verwaltungs GmbH
Stryker Vietnam Company Limited
SYK Costa Rica Services Sociedad De Responsabilidad Limitada
TG SP Holdings Corp
Trauson (China) Medical Instrument Company Limited
Trauson (Hong Kong) Company Limited
Trauson Holdings (BVI) Company Limited
Trauson Holdings (Hong Kong) Company Limited
Trauson Holdings Company Limited
TSO3 Corp
TSO3 Inc
Vexim SA
Waterloo Bedding Co.
ZipLine Medical Consulting (Shanghai) Co., Ltd.
ZipLine Medical Hong Kong Limited
ZipLine Medical, Inc.

Turkey
Germany
Netherlands
United Kingdom
Germany
Vietnam
Costa Rica
USA - Delaware
China
Hong Kong
British Virgin Islands
Hong Kong
Cayman Islands
USA - North Carolina
Canada
France
Canada
China
Hong Kong
USA - Delaware

Stryker Corporation directly or indirectly owns 100% of the outstanding voting securities of each of the above-named subsidiaries, with the exception of any designated by an asterisk (*), which Stryker Corporation directly or indirectly owns a majority of the outstanding voting securities.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-229539) of Stryker Corporation, and
 - (2) Registration Statement (Form S-8 Nos. 333-78201, 333-140961, 333-150396, 333-179142, 333-221958 and 333-221959) of Stryker Corporation;
- of our reports dated February 6, 2020, with respect to the consolidated financial statements and schedule of Stryker Corporation and subsidiaries and the effectiveness of internal control over financial reporting of Stryker Corporation and subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 2019.

/s/ ERNST & YOUNG LLP

Grand Rapids, Michigan
February 6, 2020

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Kevin A. Lobo, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2019 of Stryker Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2020

/s/ KEVIN A. LOBO

Kevin A. Lobo

Chairman and Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Glenn S. Boehnlein, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2019 of Stryker Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2020

/s/ GLENN S. BOEHNLEIN

Glenn S. Boehnlein

Vice President, Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Stryker Corporation (the "Company") for the year ended December 31, 2019 (the "Report"), I, Kevin A. Lobo, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 6, 2020

/s/ KEVIN A. LOBO

Kevin A. Lobo

Chairman and Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Stryker Corporation (the "Company") for the year ended December 31, 2019 (the "Report"), I, Glenn S. Boehnlein, Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 6, 2020

/s/ GLENN S. BOEHNLEIN

Glenn S. Boehnlein

Vice President, Chief Financial Officer