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, 2014

OR

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

Commission file number: 000-09165

STRYKER CORPORATION

(Exact name of registrant as specified in its charter)

Michigan	**38-1239739**
(State of incorporation)	**(I.R.S. Employer Identification No.)**
2825 Airview Boulevard, Kalamazoo, Michigan	**49002**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (269) 385-2600

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ 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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☒

Accelerated filer ☐

Smaller reporting company ☐

Non-accelerated filer ☐

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

Based on the closing sales price of June 30, 2014 , the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $29,425,287,926 . The number of shares outstanding of the registrant's common stock, $.10 par value, was 378,749,951 at January 31, 2015 .

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement to be filed with the U.S. Securities and Exchange Commission relating to the 2015 Annual Meeting of Shareholders (the 2015 proxy statement) are incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS.

General

Stryker Corporation is one of the world's leading medical technology companies, with 2014 revenues of $9,675 and net earnings of $515 . Stryker's products include implants used in joint replacement and trauma surgeries; surgical equipment and surgical navigation systems; endoscopic and communications systems; patient handling and emergency medical equipment; neurosurgical, neurovascular and spinal devices; as well as other medical device products used in a variety of medical specialties.

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 orthopaedic products. In the United States, most of our products are marketed directly to doctors, hospitals and other healthcare facilities. Internationally, our products are sold in over 100 countries through company-owned sales subsidiaries and branches as well as third-party dealers and distributors.

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

In December 2014 we changed the name of our Reconstructive business segment to Orthopaedics. This change did not change the composition of any of our business segments and had no financial impact.

We segregate our reporting 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 "Results of Operations" in Item 7 of this report and Note 12 to the Consolidated Financial Statements in Item 8 of this report.

Net sales by reportable segment over the last three years were:

	2014		2013		2012	
Orthopaedics	$ 4,153	43%	$ 3,949	44%	$ 3,823	44%
MedSurg	3,781	39%	3,414	38%	3,265	38%
Neurotechnology and Spine	1,741	18%	1,658	18%	1,569	18%
Total	**$ 9,675**	**100%**	**$ 9,021**	**100%**	**$ 8,657**	**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.

Stryker is one of five leading competitors globally for joint replacement and trauma products; the other four are Zimmer Holdings, Inc. (Zimmer), DePuy Synthes Company, a subsidiary of Johnson & Johnson, Biomet, Inc. and Smith & Nephew plc (Smith & Nephew).

The composition of net sales of Orthopaedics products over the last three years was:

	2014		2013		2012	
Knees	$ 1,396	34%	$ 1,371	35%	$ 1,356	35%
Hips	1,291	31%	1,272	32%	1,233	32%
Trauma and Extremities	1,230	30%	1,116	28%	989	26%
Other	236	5%	190	5%	245	7%
Total	**$ 4,153**	**100%**	**$ 3,949**	**100%**	**$ 3,823**	**100%**

In September 2014 we acquired certain assets of Small Bone Innovations, Inc. (SBi) for an aggregate purchase price of approximately $ 358 . SBi products are designed and promoted for upper and lower extremity small bone indications, with a focus on small joint replacement.

In December 2013 we acquired MAKO Surgical Corp. (MAKO). The acquisition of MAKO, combined with our strong history in joint reconstruction, capital equipment (operating room integration and surgical navigation) and surgical instruments, will help further advance the growth of robotic arm assisted surgery. Our combined expertise offers the potential to simplify joint reconstruction procedures, reduce variability and enhance the surgeon and patient experience.

In March 2013 we acquired Trauson Holdings Company Limited (Trauson). The acquisition of Trauson enhances our product offerings, primarily within our Orthopaedics segment, broadens our presence in China and enables us to expand into the fast growing value segment of the emerging markets.

In 2013 we launched the Tritanium Cementless Baseplate for our Triathlon Knee Arthroscopy (TKA) system, which combines biologic fixation with Triathlon’s kinematics to provide surgeons with a superior option for cementless TKA. We also launched the Secur-Fit Advanced Femoral Hip Stem, which facilitates the accurate restoration of biomechanics when used with our new and unique Stryker Orthopaedics Modeling and Analytics system.

In 2012 we voluntarily recalled our Rejuvenate and ABG II Modular-Neck hip stems and terminated global distribution of these hip products. We notified healthcare professionals and regulatory bodies of this recall, which was taken due to potential risks associated with fretting and/or corrosion that may lead to adverse local tissue reactions. In November 2014 we entered into a Settlement Agreement (the “Settlement Agreement”) to compensate eligible United States patients who had surgery to replace their Rejuvenate and ABG II modular-neck hip stems, known as a "revision surgery", prior to November 3, 2014. To date we have recorded charges to earnings totaling $1,534 ($1,713 before $179 of third party insurance recoveries) representing the actuarially determined low end of the range of probable loss to resolve this entire matter globally. It is expected that a majority of the payments under the Settlement Agreement will be made by the end of 2015. See Note 7 to the Consolidated Financial Statements in Item 8 of this report for further information.

In 2012 we launched Accolade II, the first hip stem with a Morphometric Wedge design, an evolution of the tapered wedge stem.

MedSurg

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

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

Stryker is one of four market leaders in Instruments, competing principally with Zimmer, Medtronic plc. and ConMed Linvatec, Inc., a subsidiary of CONMED Corporation (ConMed Linvatec) globally. In Endoscopy, we compete with Smith & Nephew Endoscopy, ConMed Linvatec, Inc., Arthrex, Inc., Karl Storz GmbH & Co. and Olympus Optical Co. Ltd. Our primary competitor in Medical is Hill-Rom Holdings, Inc.

The composition of net sales of MedSurg products over the last three years was:

	2014		2013		2012	
Instruments	$ 1,424	38%	$ 1,269	37%	$ 1,261	39%
Endoscopy	1,382	37%	1,222	36%	1,111	34%
Medical	766	20%	710	21%	691	21%
Sustainability	209	5%	213	6%	202	6%
Total	**$ 3,781**	**100%**	**$ 3,414**	**100%**	**$ 3,265**	**100%**

In January 2015 we announced the asset acquisition of privately-held CHG Hospital Beds, Inc. ("CHG") in an all cash transaction. CHG, headquartered in London, Ontario, Canada, manufactures and markets low-height hospital beds and related accessories across Canada, and in the United States and the United Kingdom.

In April 2014 we acquired Berchtold Holding, AG (Berchtold), a privately-held business with operations in Germany and the United States, for an aggregate purchase price of approximately $184. Berchtold sells surgical tables, equipment booms and surgical lighting systems. In March 2014 we acquired Patient Safety Technologies, Inc. (PST), for an aggregate purchase price of $120. PST conducts its business through its wholly owned subsidiary, SurgiCount Medical, Inc. PST's proprietary Safety-Sponge ® System and SurgiCount 360™ compliance software help prevent Retained Foreign Objects in the operating room. Other business acquisitions in 2014 include the acquisition of Pivot Medical, Inc. (Pivot), which develops and sells innovative products for hip arthroscopy.

In March 2013 we received a warning letter from the United States Food and Drug Administration (FDA) concerning quality system observations made during an inspection and citing us for failing to notify the FDA of a product recall and for marketing devices, including certain of our Neptune Waste Management Systems, without a required 510(k) clearance. We were notified in January 2014 that the actions taken to address issues raised in the warning letter were sufficient and no further corrective actions related to the warning letter were required.

In December 2013 we received 510(k) clearance to market a modified Neptune 2 Waste Management System. The Neptune 2 Waste Management System mitigates risks to healthcare workers by eliminating harmful exposure to fluids and smoke in the operating room. This constantly closed system collects surgical waste and disposes of it without exposing the operator to contact with infectious fluids and surgical plumes.

In 2012 we launched System 7, the next generation of heavy duty surgical power tools. These tools are used in total joint procedures, such as hip and knee replacements, and offer the latest in advanced cutting technology. We also launched the 1488 HD 3-Chip Endoscopic Camera System, which utilizes advanced CMOS technology and premium optics to provide a clear bright image designed to enhance patient outcomes. In addition, we launched Power-LOAD ™, our cot fastener system that lifts and lowers the cot into and out of ambulances, thereby reducing spinal loads and the risk of cumulative trauma injuries to emergency responders.

Neurotechnology and Spine

Our Neurotechnology and Spine products include both neurosurgical and neurovascular devices. Our neurotechnology offering includes products used for minimally invasive endovascular techniques; a comprehensive line of products for traditional brain and open skull base 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. We also develop, manufacture and market spinal implant products including cervical, thoracolumbar and interbody systems used in spinal injury, deformity and degenerative therapies.

Our primary competitors in Neurotechnology are Medtronic, including Covidien, which was recently acquired by Medtronic, and Johnson & Johnson. We are one of five market leaders in Spine, along with Medtronic Sofamor Danek, Inc. (a subsidiary of Medtronic), DePuy Synthes (a subsidiary of Johnson & Johnson), Nuvasive, Inc. and Globus Medical, Inc.

The composition of net sales of Neurotechnology and Spine products over the last three years was:

	2014		2013		2012	
Neurotechnology	$ 1,001	57%	$ 915	55%	$ 842	54%
Spine	740	43%	743	45%	727	46%
Total	**$ 1,741**	**100%**	**$ 1,658**	**100%**	**$ 1,569**	**100%**

In 2012 we received 510(k) clearance to market the Trevo ® Pro Retriever, our next generation clot removal technology that utilizes proprietary Stentriever ® Technology for optimized clot integration and retrieval in patients experiencing acute ischemic stroke. In addition, we received 510(k) clearance to market our Trevo ® ProVEU ™ Retriever, the first clot removal device fully visible during the procedure for precise positioning within the clot and optimized clot retrieval in patients experiencing acute ischemic stroke.

Geographic Areas

In 2014 approximately 68.0% of our revenues were generated from customers in the United States. Additional geographic information is included under "Results of Operations" in Item 7 of this report and Note 12 to the Consolidated Financial Statements in Item 8 of this report.

Raw Materials and Inventory

Raw materials essential to our business are generally readily available from multiple sources. Substantially all products we manufacture are stocked in inventory, while certain MedSurg products are assembled to order. The dollar amount of backlog orders at any given time is not considered material to an understanding of our business taken as a whole.

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. As of December 31, 2014 we owned approximately 1,900 United States patents and approximately 3,400 international patents.

Seasonality

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

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

Competition

In all of our product lines we compete with local and global companies located throughout the world. Competition exists in all product lines without regard to the number and size of the competing companies involved. The development of new and innovative products is important to our success in all areas of our business and competition in research, involving the development and the improvement of new and existing products and processes, is particularly significant. The competitive environment requires substantial investments in continuing research and in maintaining sales forces.

The principal factors that we believe differentiate us in the highly competitive product categories in which we operate and enable us to compete effectively include our commitment to innovation and quality, service and reputation. 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.

Product Development

Most of our products and product improvements have been developed internally at research facilities in the United States, Ireland, Puerto Rico, Germany, Switzerland, India and France. We also invest through acquisitions in technologies developed by third parties that have the potential to expand the markets in which we operate. We maintain close working relationships with physicians and medical personnel in hospitals and universities who assist us in product development efforts. The total costs of research, development and engineering activities were $614, $536, and $471 in 2014, 2013 and 2012, respectively.

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.

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 and 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) have adopted the European Medical Device Directives that form a single set of medical device regulations for all EU member countries. These regulations require companies that wish to manufacture and distribute medical devices in EU member countries to 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, we comply with the unique regulatory requirements of each of the countries in Europe and other countries in which we market our products.

Initiatives sponsored by government agencies, legislative bodies and the private sector to limit the growth of healthcare expenses generally and hospital costs in particular, including price regulation and competitive pricing, are ongoing in markets where we do business. 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 have come under increased scrutiny, particularly in the United States, by government agencies and state attorneys general, and resulting investigations and prosecutions carry the risk of significant civil and criminal penalties.

Employees

At December 31, 2014 , we had approximately 26,000 employees worldwide. Certain international employees are covered by collective bargaining agreements. We believe that we maintain positive relationships with our employees worldwide.

Executive Officers of the Registrant

The names and ages of our executive officers as of January 31, 2015 and certain information about them are:

Name	Age		First Became an Executive Officer
Kevin A. Lobo	49	Chairman, President and Chief Executive Officer	2011
Steven P. Benscoter	47	Vice President, Human Resources	2012
William E. Berry Jr.	49	Vice President, Corporate Controller and Principal Accounting Officer	2014
Lonny J. Carpenter	53	Group President, Global Quality and Operations	2008
David K. Floyd	54	Group President, Orthopaedics	2012
Michael D. Hutchinson	44	General Counsel	2014
William R. Jellison	57	Vice President and Chief Financial Officer	2013
Katherine A. Owen	44	Vice President, Strategy and Investor Relations	2007
Bijoy S.N. Sagar	46	Vice President, Chief Information Officer	2014
Timothy J. Scannell	50	Group President, MedSurg and Neurotechnology	2008
Ramesh Subrahmanian	53	Group President, International	2011

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 2015 or until a successor is chosen and qualified or until his or her resignation or removal. Each of our executive officers has held the position above or has served Stryker in various executive or administrative capacities for at least five years, except for Mr. Lobo, Mr. Berry, Mr. Jellison, Mr. Sagar, Mr. Subrahmanian and Mr. Floyd. Prior to joining Stryker in April 2011, Mr. Lobo held a variety of senior level leadership roles for the previous nine years at Johnson & Johnson, most recently as Worldwide President of Ethicon Endo-Surgery. Prior to joining Stryker in August 2011, Mr. Berry served for two years as Assistant Corporate Controller for Whirlpool Corporation, the world's leading manufacturer and marketer of major home appliances, and before that held a variety of senior finance roles at Delphi Automotive and Federal Mogul Corporation, both global automotive parts manufacturers. Prior to joining Stryker in April 2013, Mr. Jellison was Senior Vice President and Chief Financial Officer at Dentsply International, the world's largest manufacturer of professional dental products, and before that held a variety of senior level leadership roles over a 15-year period at Dentsply. Prior to joining Stryker in May 2014, Mr. Sagar served

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

as the Chief Information officer for Merck Millipore, and before that as Global Head of Information Systems and a member of the divisional board for the chemicals division of Merck KGaA. Prior to joining Stryker in September 2011, Mr. Subrahmanian was the Senior Vice President & President, Asia Pacific Human Health with Merck & Co. Inc. Prior to joining Stryker in November 2012, Mr. Floyd was the Chief Executive Officer for OrthoWorx and held a variety of senior level leadership roles with DePuy (a division of Johnson & Johnson), Abbott Spine, AxioMed Spine, and Centerpulse Orthopaedics.

Available Information

Our main corporate website address is *www.stryker.com.* Copies of our Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Current Reports on Form 8-K filed or furnished to the United States Securities and Exchange Commission (SEC) will be provided without charge to any shareholder submitting a written request to our Corporate Secretary at our principal executive offices. All of our SEC filings are also available free of charge on our website within the "For Investors - SEC Filings & Ownership Reports" link 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 referring to us 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, which are intended to take advantage of the "safe harbor" provisions of the Reform Act, 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," 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 that could 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 to be immaterial may also materially and adversely affect our business, cash flows, financial condition or results of operations.

LEGAL AND REGULATORY RISKS

The impact of United States healthcare reform legislation on our business remains uncertain. In 2010 federal legislation to reform the United States healthcare system was enacted into law. The legislation is far-reaching and is intended to expand access to health insurance coverage and improve the quality and reduce the costs of healthcare over time. Its provisions become effective at various dates and there are many programs and requirements for which the details have not been determined. We expect the law will have a significant impact upon various aspects of our business operations. Among other things, the law imposed a 2.3 percent excise tax on Class I, II and III medical devices that applies to United States sales of a majority of our medical device products. Other provisions of this legislation, including Medicare provisions aimed at improving quality and decreasing costs, comparative effectiveness research, an independent payment advisory board, and pilot programs to evaluate alternative payment methodologies, could meaningfully change the way healthcare is developed and delivered. Further, we cannot predict what other healthcare programs and regulations will be ultimately implemented at the federal or state level or the effect of any future legislation or regulation in the United States on our business and results of operations

We may be adversely affected by product liability claims, unfavorable court decisions or legal settlements. Our business exposes us to potential product liability risks that are inherent in the design, manufacture and marketing of medical devices, many of which are intended to be 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 discussed in Note 7 to the Consolidated Financial Statements in Item 8 of this report. 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 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.

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 by third parties of potential infringement or misappropriation. Regardless of outcome, such claims are expensive to defend and divert the time and effort of 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 our 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, such a failure could allow others to sell products that compete with offerings in our product portfolio. Also, our issued patents are subject to claims concerning priority, scope and other issues, and currently pending or future patent applications may not result in issued patents.

We are subject to extensive governmental regulations relating to the manufacturing, labeling and marketing of our products. Substantially all of our products are subject to regulation by the FDA and other governmental authorities in the United States and internationally. The process of obtaining regulatory approvals to market a medical device can be costly and time consuming and approvals might not be granted for future products on a timely basis, if at all. We have ongoing responsibilities under FDA regulations with respect to our products and facilities and are subject to periodic inspections by the FDA to determine compliance with the quality system and medical device reporting regulations and other requirements. If we fail to fully comply with applicable regulatory requirements, we may be subject to a range of sanctions, including

warning letters, product recalls, the suspension of product manufacturing, monetary fines and criminal prosecution.

We are subject to federal, state and foreign healthcare regulations, including fraud and abuse laws, as well as anti-bribery laws, and could face substantial penalties if we fail to fully comply with such regulations and laws. Our relationship with healthcare professionals, such as physicians, hospitals and those that may market our products, 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 and other anti-bribery laws. These laws are broad in scope and are subject to evolving interpretation, which could require us to incur substantial costs to monitor compliance or to alter our practices if we are found not to be in compliance. We also must comply with a variety of other laws which protect the privacy of individually identifiable healthcare information and impose extensive tracking and reporting related to all transfers of value provided to certain healthcare professionals. Violations of these laws may be punishable by criminal or civil sanctions, including substantial fines, imprisonment and exclusion from participation in governmental healthcare programs.

MARKET RISKS

Macroeconomic developments could negatively affect our ability to conduct business in affected regions. Financial difficulties experienced by our customers, including distributors, and suppliers could result in product delays and inventory issues; risks to accounts receivable could also include delays in collection and greater bad debt expense.

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 one-third of our revenues are denominated in foreign currencies, including the Euro, the British Pound, and the Japanese Yen. Cross border transactions, both with external parties and intercompany relationships, result in increased exposure to foreign exchange effects. Our results of operations and, in some cases, cash flows, have been and may in the future be adversely affected by movements in foreign exchange rates. While we implement currency hedges to partially reduce our exposure to changes in foreign currency exchange rates; 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 for inclusion in our consolidated financial statements and results.

BUSINESS AND OPERATIONAL RISKS

Cost containment measures in the United States and other countries resulting in pricing pressures could have a negative impact on our future operating results. Initiatives sponsored by government agencies, legislative bodies and the private sector to limit the growth of healthcare costs, including price regulation and competitive pricing, are ongoing in markets where we do business. Pricing pressure has also increased in our markets due to continued consolidation among healthcare providers, trends toward managed care, the shift towards governments becoming the primary payers of healthcare expenses, and government laws and regulations relating to sales and promotion, reimbursement and pricing generally. Reductions in reimbursement levels or coverage for our products or other cost containment measures, including any that reduce medical procedure volumes, could unfavorably affect our future operating results.

We may be unable to effectively develop and market products against the products of our competitors in a highly competitive industry. Our present or future products could be rendered obsolete or uneconomical by technological advances by our competitors. Competitive factors include price, customer service, technology, innovation, quality, reputation and reliability. Our competition 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. Given these factors, we cannot guarantee that we will be able to continue our level of success in the industry.

Competition in the development and improvement of new and existing products is particularly significant and results from time to time in product obsolescence. The markets in which we operate are highly competitive, and new products and surgical procedures are introduced on an ongoing basis. Such marketplace changes may cause some of our products to become obsolete. If actual product life cycles, product demand or acceptance of new product introductions are less favorable than projected by management, a higher level of inventory write downs may result.

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 hospitals and universities who assist in product research and development. We rely on these professionals to assist us in the development of proprietary products and product improvements to complement and expand our existing product lines. If we are unable to maintain these relationships, our ability to develop, market and sell new and improved products could decrease.

We are subject to additional risks associated with our extensive international operations. We develop, manufacture and distribute our products throughout the world. Our international operations are subject to a number of additional risks and potential costs, including changes in foreign medical reimbursement policies and programs, unexpected changes in foreign regulatory requirements, differing local product preferences and product requirements, diminished protection of intellectual property in some countries, trade protection measures and import or export licensing requirements, difficulty in staffing and managing foreign operations, political and economic instability. Our results of operations and/or financial condition could be adversely impacted if we are unable to successfully manage these and other risks of international operations in an increasingly volatile environment.

We may be unable to capitalize on previous or future acquisitions. In addition to internally developed products, we rely upon investment in new technologies through acquisitions. Investments in medical technology are inherently risky, and we cannot guarantee that any acquisition will be successful or will not have a material unfavorable impact on us. These risks include the activities required to integrate new businesses, which may result in the need to allocate more resources to integration and product development activities than originally anticipated, diversion of management time, which 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 of the acquired company, and exposure to unexpected liabilities of the acquired company. In addition, we cannot be certain that the businesses we acquire will become profitable or remain so, which may result in unexpected impairment charges.

We may record future goodwill impairment charges related to one or more of our business units, which could materially adversely impact our results of operations. 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 that could materially affect our results of operations.

Our results of operations 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. If changes to the income allocation are required between jurisdictions with different income tax rates, the related adjustments could have a material unfavorable impact on our results of operations.

Failure of a key information technology system, process or site could have a material adverse impact on our business. We rely extensively on information technology systems to conduct business. These systems include, but are not limited to, ordering and managing materials from suppliers, converting materials to finished products, shipping products to customers, processing transactions, summarizing and reporting results of operations, complying with regulatory, legal or tax requirements, providing data security and other processes necessary to manage our business. If our systems are damaged or cease to function properly due to any number of causes, ranging from catastrophic events to power outages to security breaches, and our business continuity plans do not effectively compensate on a timely basis, we may suffer interruptions in our operations.

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 could have a material adverse impact on our business or reputation. We rely extensively on information technology (IT) systems, networks and services, including internet sites, 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, including advanced persistent threats, pose a potential risk to the security of our IT systems, networks and services, as well as the confidentiality, availability, integrity of our data and our responsibilities to governments. 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. However, because the techniques used in these attacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. If the IT systems, networks or service providers we rely upon fail to function properly, or if 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. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

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, we may not be able to meet our strategic business objectives.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The following are our principal manufacturing locations as of December 31, 2014 :

Location	Segment	Approximate Square Feet	Owned/ Leased
Portage, Michigan	M	1,027,000	Owned
Changzhou, China	O, NS	625,000	Owned
Mahwah, New Jersey	O	531,000	Owned
Arroyo, Puerto Rico	M	220,000	Leased
San Jose, California	M	185,000	Leased
Kiel, Germany	O	173,000	Owned
Suzhou, China	O, NS	160,000	Owned
Carrigtwohill, Ireland	M, O	154,000	Owned
Lakeland, Florida	M	153,000	Leased
Selzach, Switzerland	O	137,000	Owned
Limerick, Ireland	O	130,000	Owned
Freiburg, Germany	O	123,000	Owned
Flower Mound, Texas	M	114,000	Leased
Carrigtwohill, Ireland	NS	110,000	Leased
Phoenix, Arizona	M	100,000	Leased
Cestas, France	NS	91,000	Owned
Neuchatel, Switzerland	NS	88,000	Owned
Limerick, Ireland	O	78,000	Leased
Ft. Lauderdale, Florida	O, NS	78,000	Leased
Malvern, Pennsylvania	O	65,000	Leased
Mountain View, California	M, NS	62,000	Leased
Fremont, California	M, NS	50,000	Leased
Guayama Puerto Rico	M	46,000	Leased
Cestas, France	NS	35,000	Leased
Freiburg, Germany	M, O	34,000	Leased
Stetten, Germany	O	33,000	Owned
Rennes, France	O	31,000	Leased
West Valley, Utah	O, NS	29,000	Leased
Tokyo, Japan	M	11,000	Leased

O = Orthopaedics M = MedSurg NS = Neurotechnology and Spine

Our corporate headquarters is located in Kalamazoo, Michigan, in a

75,000 square foot owned facility. In addition, we maintain administrative and sales offices and warehousing and distribution facilities in multiple countries. We believe that our properties are suitable and adequate for the manufacture and distribution of our products.

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 other matters that are more fully described in Note 7 to the Consolidated Financial Statements in Item 8 of this report; this information is incorporated herein by reference.

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. Quarterly stock price and dividend information for the years ended December 31, 2014 and 2013 were as follows:

2014 Quarter Ended	Mar 31	Jun 30	Sep 30	Dec 31
Dividends declared per share of common stock	$ 0.305	$ 0.305	$ 0.305	$ 0.345
Market price of common stock:				
High	83.86	86.93	85.91	98.24
Low	74.02	75.78	78.91	77.87

2013 Quarter Ended	Mar 31	Jun 30	Sep 30	Dec 31
Dividends declared per share of common stock	$ 0.265	$ 0.265	$ 0.265	$ 0.305
Market price of common stock:				
High	66.92	70.00	71.94	75.55
Low	55.24	63.35	63.71	66.93

Our Board of Directors considers payment of cash dividends at each of its quarterly meetings. On January 31, 2015 , there were 3,285 shareholders of record of our common stock.

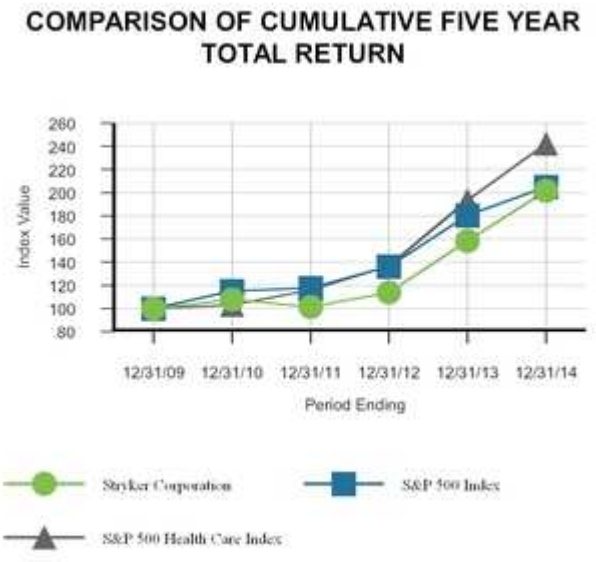
In December of 2012 and 2011, we announced that our Board of Directors had authorized us to purchase up to $405 and $500, respectively, of our common stock (the 2012 and 2011 Repurchase Programs, respectively). The manner, timing and amount of purchases is determined by management based on an evaluation of market conditions, stock price and other factors and is subject to regulatory considerations. Purchases are to be made from time to time in the open market, in privately negotiated transactions or otherwise.

Shares repurchased under the share repurchase programs are available for general corporate purposes, including offsetting dilution associated with stock option and other equity-based employee benefit plans. During the year ended December 31, 2014 we repurchased 1.3 million shares at a cost of $100 under the 2011 Repurchase Program. As of December 31, 2014 , the maximum dollar value of shares that may yet be purchased under the 2011 Repurchase Program was $178. We have not made any repurchases pursuant to the 2012 Repurchase Program in 2014.

The activity pursuant to the 2011 Repurchase Program for the three months ended December 31, 2014 is summarized as follows:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Dollar Value of Shares that may yet be Purchased Under the Plan
10/1/2014-10/31/2014	—	$ —	—	$ 178
11/1/2014-11/30/2014	—	—	—	178
12/1/2014-12/31/2014	—	—	—	178
Total	—	$ —	—	

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, 2009 in our Common Stock and each of the indices.



Company / Index	2009	2010	2011	2012	2013	2014
Stryker Corporation	100.00	107.89	101.29	113.54	158.16	201.50
S&P 500 Index	100.00	115.06	117.49	136.30	180.44	205.14
S&P 500 Health Care Index	100.00	102.90	116.00	136.75	193.45	242.46

ITEM 6. SELECTED FINANCIAL DATA.

Selected financial data for each of the five years ended December 31, 2014 is as follows:

CONSOLIDATED OPERATIONS	2014	2013	2012	2011	2010
Net sales	$ 9,675	$ 9,021	$ 8,657	$ 8,307	$ 7,320
Cost of sales	3,291	2,977	2,781	2,811	2,286
Gross profit	6,384	6,044	5,876	5,496	5,034
Research, development and engineering expenses	614	536	471	462	394
Selling, general and administrative expenses	3,575	3,492	3,367	3,226	2,831
Recall charges, net of insurance recoveries	761	622	174	—	—
Intangibles amortization	188	138	123	122	58
	5,138	4,788	4,135	3,810	3,283
Operating income	1,246	1,256	1,741	1,686	1,751
Other income (expense)	(86)	(44)	(36)	—	(22)
Earnings before income taxes	1,160	1,212	1,705	1,686	1,729
Income taxes	645	206	407	341	456
Net earnings	$ 515	$ 1,006	$ 1,298	$ 1,345	$ 1,273
PER SHARE DATA					
Net earnings per share of common stock:					
Basic	$ 1.36	$ 2.66	$ 3.41	$ 3.48	$ 3.21
Diluted	$ 1.34	$ 2.63	$ 3.39	$ 3.45	$ 3.19
Dividends per share of common stock:					
Declared	$ 1.26	$ 1.10	$ 0.90	$ 0.75	$ 0.63
Paid	$ 1.22	$ 1.06	$ 0.85	$ 0.72	$ 0.60
Average number of shares outstanding—in millions:					
Basic	378.5	378.6	380.6	386.5	396.4
Diluted	382.8	382.1	383.0	389.5	399.5
CONSOLIDATED FINANCIAL POSITION					
Cash, cash equivalents and current marketable securities	$ 5,000	$ 3,980	$ 4,285	$ 3,418	$ 4,380
Accounts receivable—net	1,572	1,518	1,430	1,417	1,252
Inventory—net	1,588	1,422	1,265	1,283	1,057
Property, plant and equipment—net	1,098	1,081	948	888	798
Capital expenditures	233	195	210	226	182
Depreciation and amortization	586	511	486	481	410
Total assets	17,713	15,743	13,206	12,146	10,895
Accounts payable	329	314	288	345	292
Total debt	3,973	2,764	1,762	1,768	1,021
Shareholders' equity	8,595	9,047	8,597	7,683	7,174
Net cash provided by operating activities	1,782	1,886	1,657	1,434	1,547
OTHER DATA					
Number of shareholders of record	3,305	3,612	4,258	4,508	4,586
Approximate number of employees	26,000	25,000	22,000	21,000	20,000

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.

ABOUT STRYKER

Stryker is one of the world's leading medical technology companies, with 2014 revenues of $9,675 and net earnings of $515 . We offer a diverse array of innovative medical technologies, including reconstructive, medical and surgical, and neurotechnology and spine products to help people lead more active and more satisfying lives.

In the United States, most of our products are marketed directly to doctors, hospitals and other healthcare facilities. In general, we maintain separate dedicated sales forces for each of our principal product lines to provide focus and a high level of expertise to each medical specialty served. Internationally our products are sold in over 100 countries through company-owned sales subsidiaries and branches as well as third-party dealers and distributors. Our business is generally not seasonal in nature; however, the number of Orthopaedics implant surgeries is generally lower during the summer months and sales of capital equipment are generally higher in the fourth quarter.

At the heart of what we do and believe is making healthcare better. We do this by collaborating with our customers to develop innovative products and services that ultimately improve the lives of our patients. We express this through our mission statement:

"Together with our customers,

we are driven to make healthcare better."

We believe our success in the highly competitive product categories in which we operate depends to a large degree on our ability to develop new products and make improvements to existing products. We are committed to internal innovation to develop products and services that improve outcomes and deliver greater cost savings and efficiencies and to augment our efforts with focused acquisitions. Our success further depends on the ability of our people to execute effectively, every day.

Our goal is to drive sales growth at the high-end of the MedTech industry and maintain our capital allocation strategy that prioritizes:

1. Acquisitions
2. Dividends
3. Share repurchases

Overview of 2014

In 2014 we achieved sales growth of 7.3% in line with our ongoing goal to grow organic sales at the high-end of the MedTech industry. Excluding the impact of acquisitions, sales grew 5.8% in constant currency. We converted our sales growth into a 5.3% growth in adjusted net earnings per diluted share *(See page 12 for a reconciliation of reported net earnings per diluted share to adjusted net earnings per diluted share)* . We continued our capital allocation strategy by investing $916 in acquisitions, paying $462 in dividends to our shareholders and using $100 for share repurchases.

In November 2014 we entered into a Settlement Agreement to compensate eligible United States patients who had "revision surgery" to replace their Rejuvenate Modular-Neck hip stem and/or ABG II Modular-Neck hip stem.

In September 2014 we acquired the assets of Small Bone Innovations, Inc. (SBi) for an aggregate purchase price of approximately $358 . SBi products are designed and promoted for upper and lower extremity small bone indications, with a focus on small joint replacement.

In July 2014 we established a European regional headquarters in the Netherlands. We believe that this increased presence will strengthen our brand in Europe, support the growth of our global business, provide operational efficiencies and simplify our customers' experience.

In April 2014 we acquired Berchtold Holding, AG (Berchtold), a privately-held business with operations in Germany and the United States, for an aggregate purchase price of approximately $184 . Berchtold sells surgical tables, equipment booms and surgical lighting systems.

In March 2014 we acquired Patient Safety Technologies, Inc. (PST), for an aggregate purchase price of $120 . PST conducts its business through its wholly owned subsidiary, SurgiCount Medical, Inc. PST's proprietary Safety-Sponge ® System and SurgiCount 360™ compliance software help prevent retained foreign objects in the operating room. Other business acquisitions in 2014 include the acquisition of Pivot Medical, Inc, which develops and sells innovative products for hip arthroscopy.

RESULTS OF OPERATIONS

Consolidated results of operations:	Years Ended December 31,			Percentage Change	
	2014	2013	2012	2014/2013	2013/2012
Net Sales	**$9,675**	**$9,021**	**$8,657**	**7.3**	**4.2**
Gross Profit	6,384	6,044	5,876	5.6	2.9
Research, development and engineering expenses	614	536	471	14.6	13.8
Selling, general and administrative expenses	4,336	4,114	3,541	5.4	16.2
Intangibles amortization	188	138	123	36.2	12.2
Other income (expense)	(86)	(44)	(36)	95.5	22.2
Income taxes	645	206	407	213.1	(49.4)
Net Earnings	**$515**	**$1,006**	**$1,298**	**(48.8)**	**(22.5)**
Diluted Net Earnings per share	**$1.34**	**$2.63**	**$3.39**	**(49.0)**	**(22.4)**
Adjusted Net Earnings per share [(1)]	**$4.73**	**$4.49**	**$4.30**	**5.3**	**4.4**

Geographic and segment net sales:

	Years Ended December 31,			Percentage Change 2014/2013		Percentage Change 2013/2012	
	2014	2013	2012	Reported	Constant Currency	Reported	Constant Currency
Geographic sales:							
United States	$ 6,558	$ 5,984	$ 5,658	9.6	9.6	5.8	5.8
International	3,117	3,037	2,999	2.6	5.7	1.3	6.0
Total net sales	**$ 9,675**	**$ 9,021**	**$ 8,657**	7.3	8.3	4.2	5.9
Segment sales:							
Orthopaedics	$ 4,153	$ 3,949	$ 3,823	5.2	6.3	3.3	5.4
MedSurg	3,781	3,414	3,265	10.8	11.7	4.6	5.5
Neurotechnology and Spine	1,741	1,658	1,569	5.0	6.2	5.6	7.7
Total net sales	**$ 9,675**	**$ 9,021**	**$ 8,657**	7.3	8.3	4.2	5.9

Net sales increased 7.3% in 2014. In 2014 net sales grew by 7.8% as a result of increased unit volume and changes in product mix and 2.5% due to acquisitions and were negatively impacted by 2.0% due to changes in price and 1.0% due to the unfavorable impact of foreign currency exchange rates. Excluding the impact of acquisitions, net sales increased 5.8% in constant currency. Net sales increased primarily due to higher shipments of instruments products, trauma and extremities products, endoscopy products, neurotechnology products, medical products, and the impact of acquisitions.

Net sales increased 4.2% in 2013. In 2013 net sales grew by 6.5% as a result of unit volume and changes in product mix and 0.8% due to acquisitions and were negatively impacted by 1.4% due to changes in price and 1.6% due to the unfavorable impact of foreign currency exchange rates. Excluding the impact of acquisitions, 2013 net sales increased 5.1% in constant currency. Net sales increased primarily due to higher shipments of trauma and extremities products, neurotechnology products, hips and endoscopy products.

In the United States net sales increased 9.6% in 2014 after increasing 5.8% in 2013. In constant currency, International sales increased 5.7% in 2014 after increasing 6.0% in 2013.

Supplemental geographical sales growth information

	Years Ended December 31,		Percentage Change					Years Ended December 31,		Percentage Change				
					U.S.	International						U.S.	International	
	2014	2013	As Reported	Constant Currency	As Reported	As Reported	Constant Currency	2013	2012	As Reported	Constant Currency	As Reported	As Reported	Constant Currency
Orthopaedics														
Knees	1,396	1,371	1.8 %	2.7 %	4.3 %	(3.5)%	(0.7)%	1,371	1,356	1.1 %	2.6 %	3.4 %	(3.3)%	1.1 %
Hips	1,291	1,272	1.5 %	2.7 %	6.1 %	(4.2)%	(1.4)%	1,272	1,233	3.2 %	6.0 %	7.2 %	(1.4)%	4.5 %
Trauma and Extremities	1,230	1,116	10.2 %	11.4 %	14.8 %	5.1 %	7.7 %	1,116	989	12.8 %	15.1 %	18.4 %	7.2 %	11.8 %
Other	236	190	24.0 %	25.2 %	37.4 %	(7.6)%	(3.7)%	190	245	(22.5)%	(20.9)%	(19.7)%	(28.3)%	(23.4)%
ORTHOPAEDICS	**4,153**	**3,949**	**5.2 %**	**6.3 %**	**9.4 %**	**(1.1)%**	**1.7 %**	**3,949**	**3,823**	**3.3 %**	**5.4 %**	**6.2 %**	**(0.6)%**	**4.4 %**
MedSurg														
Instruments	1,424	1,269	12.2 %	13.1 %	14.8 %	5.7 %	8.8 %	1,269	1,261	0.6 %	1.9 %	0.7 %	0.6 %	5.1 %
Endoscopy	1,382	1,222	13.1 %	14.2 %	13.3 %	12.6 %	16.2 %	1,222	1,111	10.0 %	11.0 %	11.4 %	6.5 %	9.9 %
Medical	766	710	7.9 %	8.8 %	9.3 %	2.2 %	6.7 %	710	691	2.8 %	3.1 %	3.4 %	0.3 %	2.0 %
Sustainability	209	213	(1.9)%	(1.9)%	(1.8)%	nm	nm	213	202	5.6 %	5.6 %	5.8 %	nm	nm
MEDSURG	**3,781**	**3,414**	**10.8 %**	**11.7 %**	**11.7 %**	**7.9 %**	**11.5 %**	**3,414**	**3,265**	**4.6 %**	**5.5 %**	**5.2 %**	**2.9 %**	**6.4 %**
Neurotechnology and Spine														
Neurotechnology	1,001	915	9.4 %	10.9 %	11.2 %	6.7 %	10.4 %	915	842	8.7 %	11.4 %	11.2 %	5.1 %	11.8 %
Spine	740	743	(0.4)%	0.3 %	(1.6)%	2.5 %	5.2 %	743	727	2.1 %	3.4 %	1.8 %	2.9 %	7.2 %
NEUROTECHNOLOGY AND SPINE	**1,741**	**1,658**	**5.0 %**	**6.2 %**	**5.0 %**	**5.1 %**	**8.5 %**	**1,658**	**1,569**	**5.6 %**	**7.7 %**	**6.4 %**	**4.3 %**	**10.0 %**

nm = not meaningful

Orthopaedics Net Sales

Orthopaedics net sales in 2014 increased 5.2%, primarily due to a 6.2% increase in unit volume and changes in product mix and 3.0% due to acquisitions. Net sales were negatively impacted by 2.9% due to changes in price and 1.1% due to the unfavorable impact of foreign currency exchange rates. Excluding the impact of acquisitions, net sales increased by 5.4% in constant currency in 2013 , primarily due to increases in volume and changes in product mix and 1.4% due to acquisitions. Net sales were negatively impacted by 2.4% due to changes in price and 2.1% due to the unfavorable impact of foreign currency exchange rates. Excluding the impact of acquisitions, net sales increased by 5.4% in constant currency in 2013 , primarily due to increases in

currency exchange rates. In constant currency, net sales increased by 6.3% in 2014 , primarily due to increases in trauma and extremities products and the impact of acquisitions. Net sales in 2013 increased 3.3%, primarily due to a 7.9% increase in unit trauma and extremities products and hips.

MedSurg Net Sales

MedSurg net sales in 2014 increased 10.8%, primarily due to a 9.5% increase in unit volume and changes in product mix and 3.0% due to acquisitions, and were negatively impacted by 0.8% due to changes in price and 0.9% due to the unfavorable impact of foreign currency exchange rates. In constant currency, net sales in 2014 increased 11.7%, led by higher shipments of instruments products and medical products and the impact of acquisitions; these higher shipments were partially offset by lower shipments of sustainability products. Net sales in 2013 increased 4.6%, primarily due to a 3.8% increase in unit volume and changes in product mix and were negatively impacted by 0.9% due to the unfavorable impact of foreign currency exchange rates. The effect of pricing was not significant. In constant currency, net sales in 2013 increased 5.5%, led by higher shipments of endoscopy products.

Neurotechnology and Spine Net Sales

Neurotechnology and Spine net sales in 2014 increased 5.0%, primarily due to an 8.1% increase in unit volume and changes in product mix and 0.5% due to acquisitions, and were negatively impacted by 2.4% due to changes in price and 1.2% due to the unfavorable impact of foreign currency exchange rates. In constant currency net sales in 2014 increased 6.2% led by higher shipments of neurotechnology products. Net sales in 2013 increased 5.6%, primarily due to an 8.8% increase in unit volume and changes in product mix and 0.9% due to acquisitions, and were negatively impacted by 2.0% due to changes in price and 2.1% due to the unfavorable impact of foreign currency exchange rates. Excluding the impact of acquisitions, net sales in 2013 increased 6.8% in constant currency, due to higher shipments of neurotechnology products.

Consolidated Cost of Sales

Cost of sales increased 10.5% in 2014 to 34.0% of sales compared to 33.0% in 2013 . Cost of sales as a percentage of sales was adversely impacted by changes in selling prices for our products, unfavorable product mix and by the unfavorable effect of foreign currency exchange rates. Our product mix was unfavorable due to the impact of recent acquisitions and strong MedSurg sales. Cost of sales in 2014 and 2013 includes an additional cost of $27 and $28, respectively, related to inventory that was "stepped up" to fair value following acquisitions; $1 and $11, respectively in restructuring related charges; and $7 in 2013 for disgorgement of profits associated with a legal settlement. Cost of sales increased 7.0% in 2013 to 33.0% of sales compared to 32.1% in 2012 . Cost of sales in 2012 includes an additional cost of $18 related to inventory that was "stepped up" to fair value following acquisitions and $5 in restructuring related costs.

Research, Development and Engineering Expenses

Research, development and engineering expenses represented 6.3% of sales in 2014 compared to 5.9% in 2013 and 5.4% in 2012 . The increased spending levels in 2014 and 2013 were driven by the impact of acquisitions and by the timing of projects and our continued investment in new technologies.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 5.4% in 2014 and represented 44.9% of sales compared to 45.6% in 2013 and 40.9% in 2012 , driven by strong sales growth and cost improvement efforts. These expenses included $75 and $70 in 2014 and 2013 , respectively, of acquisition and integration related charges; $116 and $52, respectively, of restructuring related charges, $761 and $622, respectively, related to the Rejuvenate, ABG II and Neptune recalls; $62 in 2013 related to regulatory and legal matters; $25 in 2013 representing a donation to an educational institution. Excluding the impact of these charges, selling, general and administrative expenses were 35.0% of sales in 2014 compared to 36.4% in 2013 .

Other Income (Expense)

Other expense increased by $42 in 2014 after increasing by $8 in 2013 . Net expense in 2014 increased primarily due to higher interest expense from the $1,000 senior unsecured notes issued in May 2014, partially offset by lower interest expense due to favorable tax audit resolutions. Net expense in 2013 increased due to lower income from interest and marketable securities, offset by hedge gains and lower interest expense. The decrease in interest expense was due to favorable tax audit resolutions in multiple jurisdictions, partially offset by higher interest expense on borrowings.

Income Taxes

Our effective income tax rate on earnings was 55.6%, 17.0% and 23.9% in 2014, 2013 and 2012, respectively. The effective income tax rate for 2014 includes the tax impacts of the establishment of a European regional headquarters and a cash repatriation to the United States planned for 2015. The effective income tax rate for 2013 includes income tax benefits relating to favorable audit resolutions in multiple jurisdictions. The effective income tax rate for 2012 includes the net impact of effective settlement of all tax matters through 2004 relating to two German subsidiaries, and adjustment of the estimate of foreign tax credits to the amount shown on the tax return as filed.

The American Taxpayer Relief Act of 2012 (the Act) was signed on January 2, 2013. The Act provided numerous tax provisions for corporations including an extension of the research tax credit and an extension of certain provisions for companies with significant international operations. The provisions originally expired at December 31, 2011 but were retroactively extended through December 31, 2013. In 2013 we recorded tax benefits of $13 related to the 2012 research tax credit and other provision of the Act.

Net Earnings

Net earnings in 2014 decreased 48.8% to $515 compared to 2013. Basic net earnings per share in 2014 decreased 48.9% to $1.36, and diluted net earnings per share in 2014 decreased 49.0% to $1.34 compared to 2013, respectively. Foreign currency had a negative impact on our diluted net earnings per share in 2014 of approximately $0.14. Net earnings in 2013 decreased 22.5% to $1,006 compared to 2012. Basic net earnings per share in 2013 decreased 22.0% to $2.66, and diluted net earnings per share in 2013 decreased 22.4% to $2.63 compared to 2012, respectively.

Reported net earnings in 2014 includes charges for the Rejuvenate, ABG II and Neptune recalls, acquisition and integration related charges, and additional cost of sales for inventory sold that was "stepped up" to fair value related to acquisitions, restructuring related charges and benefits associated with the resolution of certain tax matters. Excluding the impact of these items, adjusted net earnings [(1)] in 2014 increased 5.6% to $1,810 after increasing 4.0% in 2013 . Adjusted diluted net earnings per share [(1)] in 2014 increased 5.3% to $4.73 after increasing 4.4% in 2013 .

[(1)] 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; cost of sales excluding specified items; adjusted selling, general and administrative expenses; adjusted amortization of intangible assets; adjusted operating income; adjusted effective income tax rate; adjusted net earnings; and adjusted diluted net earnings per share (EPS). We believe that

these non-GAAP 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 year results at prior year average foreign currency exchange rates. To measure percentage organic sales growth, we remove the impact of changes in foreign currency exchange rates and acquisitions that 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, may not be indicative of our past and future performance and are therefore excluded to allow investors to better understand underlying operating trends.

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 related to the consummation of the acquisition process.
2. *Amortization of intangible assets* . Periodic amortization expense related to purchased intangible assets.
3. *Restructuring related charges* . Costs associated with focused workforce reductions, other restructuring activities and long-lived asset impairments.
4. *Rejuvenate and recall matters* . Our best estimate of the minimum of the range of probable loss to resolve certain product recalls.
5. *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.
6. *Tax matters* . Certain significant and discrete tax items and adjustments to interest expense related to the settlement of certain tax matters.

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, cost of sales, selling, general and administrative expenses, amortization of intangible assets, operating income, effective income tax rate, net earnings and diluted net earnings per share, the most directly comparable GAAP financial measures. These non-GAAP financial measures are an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the reconciliations to corresponding GAAP financial measures at the end of the discussion of Results of Operations below, provide a more complete understanding of our business. 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 following reconciles the non-GAAP financial measures: adjusted gross profit; adjusted selling, general and administrative expense; adjusted operating income; adjusted other income/(expense); adjusted net earnings; adjusted effective tax rate; and adjusted diluted net earnings per share; with the most directly comparable GAAP financial measures:

Year Ended December 31, 2014	Gross Profit	Selling, General & Administrative Expenses	Intangible Amortization	Operating Income	Net Earnings	Effective Tax Rate	Diluted EPS
AS REPORTED	$ 6,384	$ 4,336	$ 188	$ 1,246	$ 515	55.6 %	$ 1.34
Acquisition and integration related charges							
Inventory stepped up to fair value	27	—	—	27	15	0.5	0.04
Other acquisition and integration related	—	(75)	—	75	50	0.7	0.13
Amortization of intangible assets	—	—	(188)	188	133	1.1	0.35
Restructuring related charges	1	(116)	—	117	78	1.1	0.20
Rejuvenate and other recall matters	—	(761)	—	761	628	(3.1)	1.65
Tax matters	—	—	—	—	391	(33.6)	1.02
ADJUSTED	$ 6,412	$ 3,384	$ —	$ 2,414	$ 1,810	22.3 %	$ 4.73

Year Ended December 31, 2013	Gross Profit	Selling, General & Administrative Expenses	Intangible Amortization	Operating Income	Net Earnings	Effective Tax Rate	Diluted EPS
AS REPORTED	$ 6,044	$ 4,114	$ 138	$ 1,256	$ 1,006	17.0 %	$ 2.63
Acquisition and integration related charges							
Inventory stepped up to fair value	28	—	—	28	21	0.1	0.06
Other acquisition and integration related	—	(70)	—	70	51	0.3	0.13
Amortization of intangible assets	—	—	(138)	138	98	0.4	0.26
Restructuring related charges	11	(52)	—	63	46	0.3	0.12
Rejuvenate and other recall matters	—	(622)	—	622	460	2.0	1.20
Regulatory and legal matters	7	(62)	—	69	63	(0.6)	0.17
Donations	—	(25)	—	25	15	0.3	0.04
Tax matters	—	—	—	—	(46)	2.9	(0.12)
ADJUSTED	$ 6,090	$ 3,283	$ —	$ 2,271	$ 1,714	22.7 %	$ 4.49

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

Year Ended December 31, 2012	Gross Profit	Selling General and Administrative Expenses	Intangible Amortization	Operating Income	Net Earnings	Effective Tax Rate	Diluted EPS
AS REPORTED	$ 5,876	$ 3,466	$ 123	$ 1,741	$ 1,298	23.9 %	$ 3.39
Acquisition and integration related charges							
Inventory stepped up to fair value	18	—	—	18	13	—	0.03
Other acquisition and integration related	—	(37)	—	37	24	0.3	0.06
Amortization of intangible assets	—	—	(123)	123	88	0.3	0.23
Restructuring related charges	5	(75)	—	80	59	0.1	0.15
Rejuvenate and other recall matters	—	(174)	—	174	133	—	0.35
Regulatory and legal matters	—	(33)	—	33	33	(0.5)	0.09
ADJUSTED	$ 5,899	$ 3,147	$ —	$ 2,206	$ 1,648	24.1 %	$ 4.30

The weighted-average basic and diluted shares outstanding used in the calculation of these non-GAAP financial measures are the same as the weighted-average shares outstanding used in the calculation of the reported per share amounts.

FINANCIAL CONDITION AND LIQUIDITY

We believe our financial condition continues to be of high quality, as evidenced by our ability to generate substantial cash from operations and ready access to 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. As necessary, we may supplement operating cash flow with debt to fund these activities. Our overall cash position shows our strong business results and a global cash management strategy that takes into account liquidity management, economic factors and tax considerations.

Operating Activities

Operating cash flow was $1,782 in 2014 , a decrease of 5.5% and resulted primarily from net earnings adjusted for non-cash items (recall charges, depreciation and amortization, share-based compensation, sale of inventory "stepped up" to fair value at acquisition and deferred income taxes). In addition, the increase in taxes payable was primarily due to the timing of tax payments associated with tax liabilities arising from the establishment of a European regional headquarters. These increases were partially offset by higher levels of inventory and accounts receivable. The net of accounts receivable, inventory and accounts payable resulted in the consumption of $249 of cash in 2014 . Inventory days on hand increased by eight days compared to 2013 as inventory grew to support higher sales and acquisitions, while accounts receivable days sales outstanding decreased by one day compared to 2013.

Operating cash flow was $1,886 in 2013, an increase of 13.8%, and resulted primarily from net earnings adjusted for non-cash items (depreciation and amortization, share-based compensation, sale of inventory "stepped up" to fair value at acquisition and deferred income taxes), along with a decrease of $278 in cash paid for income taxes, associated with the timing of cash payments as well as favorable tax audit resolutions in multiple jurisdictions. The net of accounts receivable, inventory and accounts payable consumed $165 of cash in 2013. Inventory days on hand improved by 1 day due to continued focus on improved inventory management; accounts receivable days sales outstanding remained consistent with 2012.

Investing Activities

Net investing activities resulted in cash consumption of $1,878, $2,217 and $736 in 2014 , 2013 and 2012, respectively, primarily due to acquisitions and capital spending.

Acquisitions. Acquisitions resulted in cash consumption of $916 in 2014 and $2,320 in 2013. In 2014 the cash consumed was primarily for SBi, Berchtold, PST and Pivot. In 2013 cash consumed was primarily for Trauson and MAKO. Cash consumed in 2012 of $154 was primarily associated with the acquisition of Surpass Medical Ltd.

Capital Spending. We manage capital spending to support our business growth. Capital expenditures, primarily to support integration of acquisitions, information technology infrastructure upgrades, capacity expansion, new product introductions, innovation and cost savings, were $233, $195 and $210 in 2014 , 2013 and 2012 , respectively.

Financing Activities

Dividend Payments. Dividends paid per common share increased 15.1% to $1.22 per share in 2014 , and increased 24.7% to $1.06 per share in 2013. As a result of the annual increase in dividends paid per share, total dividend payments to common shareholders were $462, $401 and $324 in 2014 , 2013 and 2012 , respectively.

Short-Term and Long-Term Debt. We maintain debt levels we consider appropriate after evaluating a number of factors, including cash flow expectations, cash requirements for ongoing operations, investment and financing plans (including acquisitions and share repurchase activities) and overall cost of capital.

Net proceeds from borrowings were $1,159 and $1,005 in 2014 and 2013, respectively. In 2014 the proceeds were primarily from the public offerings of notes and commercial paper, and proceeds in 2013 were primarily from public offerings of notes. Refer to Note 8 in the Notes to the Consolidated Financial Statements for further information.

Total debt was $3,973 and $2,764 in 2014 and 2013 , respectively.

Share Repurchases. The total use of cash for share repurchases was $100, $317 and $108 in 2014, 2013 and 2012, respectively.

Liquidity

Our cash, cash equivalents and marketable securities were $5,000 and $3,980 at December 31, 2014 and 2013 , respectively, and our current assets exceeded current liabilities by $5,209 and $5,678 at December 31, 2014 and 2013 , respectively. We anticipate being able to support our short-term liquidity and operating needs, including settlements related to the Rejuvenate and ABG II recalls, from a variety of sources, including cash from operations, commercial paper and existing credit lines. In the past we have also raised funds in the capital markets and may continue to do so from time to time in the future. We have strong short-term and long-term debt ratings that we believe should enable us to refinance our debt as it becomes due.

Should additional funds be required we had approximately $1,289 of borrowing capacity available under all of our existing credit facilities at December 31, 2014 .

At December 31, 2014 , approximately 68% of our consolidated cash, cash equivalents and marketable securities were held outside of the United States. During the third quarter of 2014 we announced

that we plan to repatriate approximately $2,000 in total of cash from outside of the United States in 2015. The remainder of the funds outside of the United States are considered indefinitely reinvested to be used to expand operations either organically or through acquisitions outside the United States.

We continually evaluate our receivables, particularly in Spain, Portugal, Italy and Greece (the Southern European Region). The total net receivables from the Southern European Region were approximately $154 and $199 at December 31, 2014 and 2013 , respectively, including approximately $78 and $103 of sovereign receivables in 2014 and 2013 , respectively. We believe that our current reserves related to receivables are adequate and any additional credit risk associated with the Southern European Region is not expected to have a material adverse impact on our financial position or liquidity. We currently do not have any investments in the sovereign debt instruments of the Southern European Region. Any non-sovereign exposure in these countries in our investment portfolio is considered immaterial.

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 the Consolidated Financial Statements, as of December 31, 2014 we have recorded charges to earnings totaling $748 representing the minimum of the range of probable loss to resolve the Rejuvenate and ABG II recalls. Based on the information that has been received, the actuarially determined range of probable loss to resolve this matter is estimated to be approximately $1,534 ($1,713 before $179 of third-party insurance recoveries) to $2,453. The final outcome of this matter is dependent on many variables that are difficult to predict. The ultimate cost to entirely resolve this matter may be materially different than the amount of the current estimate 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 the Consolidated Financial Statements, as of December 31, 2014 our defined benefit pension plans were underfunded by $260, of which approximately $250 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, beyond 2014, the amounts that may be required to fund defined benefit pension plans.

As further described in Note 10 to the Consolidated Financial Statements, as of December 31, 2014 we have recorded a liability for uncertain income tax positions of $315. 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.

Our future contractual obligations for agreements with initial terms greater than one year, including agreements to purchase materials in the normal course of business, are:

	Payment Period				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Short-term and long-term debt	$ 3,979	$ 727	$ 750	$ 600	$ 1,902
Unconditional purchase obligations	1,056	697	238	120	1
Operating leases	216	60	78	44	34
Contributions to defined benefit plans	19	19	—	—	—
Other	94	13	17	9	55
	$ 5,364	$ 1,516	$ 1,083	$ 773	$ 1,992

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing our financial statements in accordance with accounting principles generally accepted in the United States, there are certain accounting policies that may require a choice between acceptable accounting methods or may require substantial judgment or estimation in their application. These include inventory reserves, income taxes, acquisitions, goodwill and intangible assets, and legal and other contingencies. We believe these accounting policies and the others set forth in Note 1 to the Consolidated Financial Statements should be reviewed as they are integral to understanding 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 has been deferred, the tax effect of expenditures for which a deduction has already been 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.

Because there are a 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

We account for acquired businesses using the purchase method of accounting. Under the purchase method, 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 at 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 and/or brand history, underlying product life cycles, operating plans and the macroeconomic environment of the countries in which the trademarks or brands 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 certain of our acquisitions, we acquire in-process research and development (IPRD) intangible assets. IPRD is considered to be an indefinite-lived intangible asset until such time as the research is completed (at which time it becomes a determinable-lived intangible asset) or determined to have no future use (at which time it is impaired).

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 have adopted the provisions of Accounting Standards Update (ASU) No. 2011-08, *Intangibles - Goodwill and Other: Testing Goodwill for Impairment* , which permits us to 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. 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 during 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 financial statements.

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 the

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 has 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

In May 2014 the FASB issued Accounting Standard Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which supersedes and replaces nearly all currently-existing guidance under United States Generally Accepted Accounting Principles related to revenue recognition including related disclosure requirements. This guidance will be effective for us beginning January 1, 2017. We have not yet completed an assessment of the impact that adoption of this guidance will have on our consolidated financial statements.

OTHER INFORMATION

Hedging and Derivative Financial Instruments

We sell our products throughout the world. 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, China, France, Germany, Ireland, Puerto Rico and Switzerland and incur costs in the applicable local currencies. This worldwide deployment of facilities serves to partially mitigate the impact of currency exchange rate changes on our cost of sales.

We enter into designated and non-designated forward currency exchange contracts to mitigate the impact of currency fluctuations on transactions denominated in nonfunctional currencies, thereby limiting risk that would otherwise result from changes in exchange rates. These nonfunctional currency exposures principally relate to intercompany receivables and payables arising from intercompany purchases of manufactured products. 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, with resulting gains (losses) for non-designated forward contracts and any ineffectiveness measured on designated forward currency exchange contracts included in our Consolidated Statements of Earnings. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of accumulated other comprehensive income, and reclassified into earnings in the same period during which the hedged transaction affects earnings.

The estimated fair value of forward currency exchange contracts represents the measurement of the contracts at month-end spot rates as adjusted by current forward points. A hypothetical 10% change in foreign currencies relative to the United States dollar would change the December 31, 2014 fair value by approximately $79. We are exposed to credit loss in the event of nonperformance by counterparties on our outstanding forward currency exchange contracts, but we do not anticipate nonperformance by any of our counterparties.

We have certain investments in net assets in international locations that are not hedged. These investments are subject to translation gains and losses due to changes in foreign currency exchange rates. For 2014 the strengthening of foreign currencies relative to the United States dollar increased the value of these investments in net assets and the related foreign currency translation adjustment loss in shareholders' equity by $(440) to $(134), from $306 as of December 31, 2013.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We consider our material area of market risk exposure to be exchange rate risk. Quantitative and qualitative disclosures about exchange rate risk are included in the "Other Information" section of Management's Discussion and Analysis of Financial Condition in Item 7, under the caption "Other Information - Hedging and Derivative Financial Instruments."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors and Shareholders of Stryker Corporation :

We have audited the accompanying consolidated balance sheets of Stryker Corporation and subsidiaries as of December 31, 2014 and 2013 , and 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, 2014 . Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Stryker Corporation and subsidiaries at December 31, 2014 and 2013 , and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 , in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Stryker Corporation's internal control over financial reporting as of December 31, 2014 , 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 12, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Grand Rapids, Michigan
February 12, 2015

Stryker Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS

	Years Ended December 31,		
	2014	2013	2012
Net sales	**$ 9,675**	**$ 9,021**	**$ 8,657**
Cost of sales	3,291	2,977	2,781
Gross profit	**6,384**	**6,044**	**5,876**
Research, development and engineering expenses	614	536	471
Selling, general and administrative expenses	3,575	3,492	3,367
Recall charges, net of insurance recoveries	761	622	174
Intangible asset amortization	188	138	123
Total operating expenses	**5,138**	**4,788**	**4,135**
Operating income	1,246	1,256	1,741
Other income (expense), net	(86)	(44)	(36)
Earnings before income taxes	**1,160**	**1,212**	**1,705**
Income taxes	645	206	407
Net earnings	**$ 515**	**$ 1,006**	**$ 1,298**
Net earnings per share of common stock:			
Basic net earnings per share of common stock	$ 1.36	$ 2.66	$ 3.41
Diluted net earnings per share of common stock	$ 1.34	$ 2.63	$ 3.39
Weighted-average shares outstanding—in millions:			
Basic	378.5	378.6	380.6
Net effect of dilutive employee stock options	4.3	3.5	2.4
Diluted	**382.8**	**382.1**	**383.0**
Anti-dilutive shares excluded from the calculation of net effect of dilutive employee stock options	—	—	6.4

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,		
	2014	2013	2012
Net earnings	**$ 515**	**$ 1,006**	**$ 1,298**
Other comprehensive income (loss), net of tax			
Marketable securities	3	(4)	4
Pension plans	(55)	20	(69)
Unrealized gains on designated hedges	6	7	—
Financial statement translation	(440)	80	50
Total other comprehensive (loss) income, net of tax	**(486)**	**103**	**(15)**
Comprehensive income	**$ 29**	**$ 1,109**	**$ 1,283**

See accompanying notes to Consolidated Financial Statements.

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

Stryker Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	December 31, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,795	$ 1,339
Marketable securities	3,205	2,641
Accounts receivable, less allowance of $59 ($72 in 2013)	1,572	1,518
Inventories		
Materials and supplies	248	227
Work in process	88	85
Finished goods	1,252	1,110
Total inventories	1,588	1,422
Deferred income taxes	989	880
Prepaid expenses and other current assets	524	535
Total current assets	**9,673**	**8,335**
Property, plant and equipment		
Land, buildings and improvements	678	686
Machinery and equipment	1,919	1,811
Total property, plant and equipment	2,597	2,497
Less accumulated depreciation	1,499	1,416
Net property, plant and equipment	**1,098**	**1,081**
Other assets		
Goodwill	4,186	3,844
Other intangibles, net	2,018	1,989
Other	738	494
Total assets	**$ 17,713**	**$ 15,743**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	329	314
Accrued compensation	597	535
Income taxes	333	131
Dividend payable	131	115
Accrued recall expenses	1,593	772
Accrued expenses and other liabilities	754	765
Current maturities of debt	727	25
Total current liabilities	**4,464**	**2,657**
Long-term debt, excluding current maturities	3,246	2,739
Other liabilities	1,408	1,300
Shareholders' equity		
Common stock, $0.10 par value:		
Authorized: 1 billion shares, outstanding: 378 million shares (378 million in 2013)	38	38
Additional paid-in capital	1,252	1,160
Retained earnings	7,559	7,617
Accumulated other comprehensive income	(254)	232
Total shareholders' equity	**8,595**	**9,047**
Total liabilities & shareholders' equity	**$ 17,713**	**$ 15,743**

See accompanying notes to Consolidated Financial Statements.

Stryker Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances at January 1, 2012	**$ 38**	**$ 1,022**	**$ 6,479**	**$ 144**	**$ 7,683**
Net earnings			1,298		1,298
Other comprehensive loss				(15)	(15)
Issuance of 1.5 million shares of common stock under stock option and benefit plans, including $28 excess income tax benefit		7			7
Repurchase and retirement of 2.1 million shares of common stock		(6)	(102)		(108)
Share-based compensation		75			75
Cash dividends declared of $0.9025 per share of common stock			(343)		(343)
Balances at December 31, 2012	**38**	**1,098**	**7,332**	**129**	**8,597**
Net earnings			1,006		1,006
Other comprehensive income				103	103
Issuance of 2.1 million shares of common stock under stock option and benefit plans, including $47 excess income tax benefit		(1)			(1)
Repurchase and retirement of 4.8 million shares of common stock		(13)	(304)		(317)
Share-based compensation		76			76
Cash dividends declared of $1.10 per share of common stock			(417)		(417)
Balances at December 31, 2013	**38**	**1,160**	**7,617**	**232**	**9,047**
Net earnings			515		515
Other comprehensive loss				(486)	(486)
Issuance of 2.2 million shares of common stock under stock option and benefit plans, including $59 excess income tax benefit		19			19
Repurchase and retirement of 1.3 million shares of common stock		(4)	(96)		(100)
Share-based compensation		77			77
Cash dividends declared of $1.26 per share of common stock			(477)		(477)
Balances at December 31, 2014	**$ 38**	**$ 1,252**	**$ 7,559**	**$ (254)**	**$ 8,595**

See accompanying notes to Consolidated Financial Statements.

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

Stryker Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2014	2013	2012
Operating activities			
Net earnings	$ 515	$ 1,006	$ 1,298
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	190	169	154
Amortization of intangible assets	188	138	123
Share-based compensation	77	76	75
Gross recall charges	940	622	174
Sale of inventory stepped up to fair value at acquisition	27	28	18
Deferred income tax benefit	60	23	(39)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(89)	(89)	(20)
Inventories	(173)	(77)	18
Accounts payable	13	1	(48)
Accrued expenses and other liabilities	92	41	9
Recall related payments	(98)	(6)	(3)
Income taxes	133	(124)	(159)
Other	(93)	78	57
Net cash provided by operating activities	**1,782**	**1,886**	**1,657**
Investing activities			
Acquisitions, net of cash acquired	(916)	(2,320)	(154)
Purchases of marketable securities	(4,365)	(4,558)	(3,480)
Proceeds from sales of marketable securities	3,636	4,856	3,108
Purchases of property, plant and equipment	(233)	(195)	(210)
Net cash used in investing activities	**(1,878)**	**(2,217)**	**(736)**
Financing activities			
Proceeds from borrowings	1,601	369	178
Payments on borrowings	(1,428)	(355)	(182)
Proceeds from issuance of long-term debt, net	986	991	—
Dividends paid	(462)	(401)	(324)
Repurchase and retirement of common stock	(100)	(317)	(108)
Other financing	32	13	(13)
Net cash provided by (used in) financing activities	**629**	**300**	**(449)**
Effect of exchange rate changes on cash and cash equivalents	(77)	(25)	18
Change in cash and cash equivalents	**456**	**(56)**	**490**
Cash and cash equivalents at beginning of year	1,339	1,395	905
Cash and cash equivalents at end of year	$ 1,795	$ 1,339	$ 1,395
Supplemental cash flow disclosure:			
Cash paid for income taxes, net of refunds	$ 437	$ 321	$ 599

See accompanying notes to Consolidated Financial Statements.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Stryker Corporation (the "Company," "we," "us," or "our") is one of the world's leading medical technology companies. Our products include implants used in joint replacement and trauma surgeries; surgical equipment and surgical navigation systems; endoscopic and communications systems; patient handling and emergency medical equipment; neurosurgical, neurovascular and spinal devices; as well as other medical device 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 the presentation of our consolidated statements of earnings in 2014.

Use of Estimates: 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 amounts reported in the Consolidated Financial Statements and accompanying disclosures. These estimates are based on management's best knowledge of current events and actions we may undertake in the future. Estimates are used in accounting for, among other items, pensions, stock options, valuation of acquired intangible assets, useful lives for depreciation and amortization of long-lived assets, future cash flows associated with impairment testing for goodwill, indefinite-lived intangible assets and other long-lived assets, excess and obsolete inventory, deferred tax assets and liabilities, uncertain income tax positions and contingencies. Actual results may ultimately differ from estimates.

Revenue Recognition: Sales are recognized when revenue is realized or realizable and has been earned. Our policy is to recognize revenue when title to the product, ownership and risk of loss transfer 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 receive appropriate notification that the product has been used or implanted. A provision for estimated sales returns, discounts, rebates and other sales incentives is recorded as a reduction of net sales in the same period that the revenue is recognized. 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 (per Standard & Poor's and Fitch) and A2 (per 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 (per Standard & Poor's and Fitch) or Aa (per 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.

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 market, 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. With the exception of our long-term debt, which is discussed in further detail in Note 8, our estimates of fair value for financial instruments approximate their carrying amounts as of December 31, 2014 and 2013 .

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 is included in other income (expense) along with interest and realized gains and losses. 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 for impairment to determine whether the decline in fair value is an other-than-temporary impairment. The resulting losses from other-than-temporary impairments of available-for-sale marketable 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. These nonfunctional currency exposures principally relate to intercompany receivables and payables arising from intercompany purchases of manufactured products. 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, with resulting gains (losses) included in earnings.

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. 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 other income (expense) or cost of goods sold in the consolidated statements of earnings, depending on the underlying transaction that is being hedged. We report our derivative instruments on a gross basis.

Interest rate derivative instruments designated as fair value hedges are being used 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 ten 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 securing synergies that are specific to our business and not available to other market participants and are expected to increase revenues 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 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 certain of our acquisitions, we acquire in-process research and development (IPRD) intangible assets. IPRD is considered to be an indefinite-lived intangible asset until such time as the research is completed (at which time it becomes a determinable-lived intangible asset) or determined to have no future use (at which time it is impaired).

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 utilize share based compensation in the form of stock options, restricted stock units (RSUs) and performance-based restricted stock units (PSUs). Compensation expense is recognized in the Consolidated Statements of Earnings based on the estimated fair value of the awards at 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 to date associated with grants that are not expected to vest 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 during the year. Other amounts result from adjustments related to acquisitions 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: In May 2014, the FASB issued Accounting Standard Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which supersedes and replaces nearly all currently-existing United States GAAP revenue recognition guidance including related disclosure requirements. This guidance will be effective for us beginning January 1, 2017. We have not yet completed our assessment of the impact that adoption of this guidance will have on our financial statements.

NOTE 2 - ACCUMULATED OTHER COMPREHENSIVE INCOME (AOCI)

Changes in and reclassifications out of AOCI, net of tax, for the years ended December 31, 2014 and 2013 were:

	2014	2013
Marketable Securities - Beginning	**$ —**	**$ 4**
Other comprehensive income (OCI)	12	16
Income tax expense on OCI	(2)	1
Reclassifications out of AOCI into:		
Cost of sales	—	—
Other (income) expense	(9)	(21)
Income tax expense (benefit)	2	—
Total other comprehensive income	3	(4)
Marketable Securities - Ending	**$ 3**	**$ —**
Pension Plans - Beginning	**$ (81)**	**$ (101)**
Other comprehensive income (OCI)	(72)	30
Income tax expense on OCI	22	(15)
Reclassifications out of AOCI into:		
Cost of sales	(6)	7
Other (income) expense	—	—
Income tax expense (benefit)	1	(2)
Total other comprehensive income	(55)	20
Pension Plans - Ending	**$ (136)**	**$ (81)**
Hedges - Beginning	**$ 7**	**$ —**
Other comprehensive income (OCI)	10	8
Income tax expense on OCI	(4)	4
Reclassifications out of AOCI into:		
Cost of sales	(1)	(9)
Other (income) expense	—	—
Income tax expense (benefit)	1	4
Total other comprehensive income	6	7
Hedges - Ending	**$ 13**	**$ 7**
Financial Statement Translation - Beginning	**$ 306**	**$ 226**
Other comprehensive income (OCI)	(440)	80
Financial Statement Translation - Ending	**$ (134)**	**$ 306**
AOCI - Beginning	**$ 232**	**$ 129**
Other comprehensive income (OCI)	(490)	134
Income tax expense on OCI	16	(10)

NOTE 3 - FAIR VALUE MEASUREMENTS

Financial assets and liabilities carried at fair value are classified 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.

When applying fair value principles in the valuation of assets and liabilities, we are required to maximize the use of quoted market prices and minimize the use of unobservable inputs. We calculate the fair value of our Level 1 and Level 2 instruments based on the exchange traded price of similar or identical instruments, where available, or based on other observable inputs. There were no significant transfers into or out of Level 1 or Level 2 that occurred between December 31, 2014 and December 31, 2013 . The fair value of our Level 3 assets and liabilities are calculated as the net present value of expected cash flows based on externally provided or obtained inputs. Certain Level 3 assets may also be based on sale prices of similar assets. Our fair value calculations take into consideration our credit risk and that of our counterparties. Should a counterparty default, our maximum exposure to loss is the asset balance of the instrument. We did not change our valuation techniques used in measuring the fair value of any financial assets and liabilities during the year.

Our valuation of our assets and liabilities measured at fair value at December 31, 2014 and 2013 is:

	2014	2013
Cash and cash equivalents	$ 1,795	$ 1,339
Trading marketable securities	80	72
Level 1 - Assets	**1,875**	**1,411**
Available-for-sale marketable securities		
Corporate and asset-backed debt securities	1,525	1,177
Foreign government debt securities	726	845
United States agency debt securities	382	211
United States treasury debt securities	474	350
Certificates of deposit	110	53
Other	12	5
Total available-for-sale marketable securities	3,229	2,641
Foreign currency exchange forward contracts	32	25
Interest rate swap asset	10	—
Level 2 - Assets	**3,271**	**2,666**
Total assets measured at fair value	**$ 5,146**	**$ 4,077**
Deferred compensation arrangements	$ 80	$ 72
Level 1 - Liabilities	**80**	**72**
Foreign currency exchange forward contracts	12	2
Level 2 - Liabilities	**12**	**2**
Contingent consideration		
Beginning Balance	59	103
Losses (Gains) included in earnings	4	(5)
Settlements	(15)	(39)
Ending Balance	48	59
Level 3 - Liabilities	**48**	**59**
Total liabilities measured at fair value	**$ 140**	**$ 133**

Reclassifications out of AOCI into:		
Cost of sales	(7)	(2)
Other (income) expense	(9)	(21)
Income tax expense (benefit)	4	2
Total other comprehensive income	(486)	103
AOCI - Ending	**$ (254)**	**$ 232**

The cost and estimated fair value of available-for-sale marketable securities at December 31, 2014 by contractual maturity are:

	2014	
	Cost	Estimated Fair Value
Due in one year or less	$ 430	$ 430
Due after one year through three years	2,502	2,505
Due after three years	294	294

Summary of marketable securities:	December 2014	December 2013
	Amortized Cost	
Available-for-sale marketable securities:		
Corporate and asset-backed debt securities	$ 1,523	$ 1,177
Foreign government debt securities	725	846
United States agency debt securities	382	211
United States treasury debt securities	474	350
Certificates of deposit	110	53
Other	12	5
	Gross Unrealized Gains	
Corporate and asset-backed debt securities	$ 3	$ 1
Foreign government debt securities	2	—
United States agency debt securities	—	—
United States treasury debt securities	—	—
Certificates of deposit	—	—
Other	—	—
	Gross Unrealized Losses	
Corporate and asset-backed debt securities	$ (1)	$ (1)
Foreign government debt securities	(1)	(1)
United States agency debt securities	—	—
United States treasury debt securities	—	—
Certificates of deposit	—	—
Other	—	—
	Estimated Fair Value	
Corporate and asset-backed debt securities	$ 1,525	$ 1,177
Foreign government debt securities	726	845
United States agency debt securities	382	211
United States treasury debt securities	474	350
Certificates of deposit	110	53
Other	12	5
Total available-for-sale marketable securities	**$ 3,229**	**$ 2,641**
Trading marketable securities	80	72
Total marketable securities	**$ 3,309**	**$ 2,713**
Reported as:		
Current assets-marketable securities	$ 3,205	$ 2,641
Current assets-prepaid expenses and other current assets	$ 24	$ —
Noncurrent assets-other	$ 80	$ 72

At December 31, 2014, $ 24 of interest receivable related to our marketable securities portfolio was recorded in "Prepaid expenses and other current assets." The estimated fair value of the liability for contingent consideration represents milestone payments for acquisitions. The fair value of the liability was estimated using a discounted cash flow technique. Significant unobservable inputs to this technique included our probability assessments of occurrence of triggering events, appropriately discounted considering the uncertainties associated with the obligation. We remeasure this liability each reporting period and record the changes in the fair value in general and administrative expense (for probability of occurrence) and other income (expense) (for changes in time value of money) in earnings.

The fair value and probability assessments of occurrence of triggering events for contingent consideration fair value measurements classified in Level 3 at December 31, 2014 were:

	Probability Range		
Fair Value	Minimum	Maximum	Weighted Average
48	85	100	95

The unrealized losses on our available-for-sale marketable securities were primarily caused by increases in yields as a result of changing conditions in the global credit markets. While some of these investments have been downgraded by rating agencies since their initial purchase, less than 1% of our investments in available-for-sale marketable securities had a credit quality rating of less than single A (per Standard & Poors and Fitch) and A2 (per Moody's). Because we do not intend 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 at December 31, 2014 .

The gross unrealized losses and fair value of our investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position at December 31, 2014 , are as follows:

	Number of Investments	Fair Value	Unrealized Losses
Less than 12 months			
Corporate and Asset-Backed	716	$ 1,515	$ (1)
Foreign Government	142	711	(1)
United States Agency	91	382	—
Other	164	596	—
	1,113	**$ 3,204**	**$ (2)**
Total			
Corporate and Asset-Backed	722	$ 1,525	$ (1)
Foreign Government	147	726	(1)
United States Agency	91	382	—
Other	164	596	—
	1,124	**$ 3,229**	**$ (2)**

Interest and marketable securities income totaled $ 28 , $24 , and $47 in 2014 , 2013 , and 2012 , respectively, and is included in other income (expense).

NOTE 4 - DERIVATIVE INSTRUMENTS

We use operational and economic hedges as well as foreign currency exchange forward contracts and interest rate derivative instruments to manage the impact of currency exchange on earnings and cash flow. At the inception of the forward contract, the derivative is designated as a cash flow hedge or is a free standing derivative. We do not enter into currency exchange derivative instruments for speculative purposes.

Derivative Instruments Not Designated as Hedges

Derivative forward contracts are used to offset our exposure to the change in value of specific foreign currency denominated assets and liabilities. 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.

Cash Flow Hedges

We use a layered hedging program to hedge select anticipated foreign currency cash flows to reduce volatility in both cash flows and reported earnings. These foreign exchange contracts generally have maturities up to eighteen months. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of AOCI and reclassified into other income (expense) or cost of sales within earnings in the same period during which the hedged transaction affects earnings. In 2013 a gain of $9 was reclassified from AOCI to earnings relating to the discontinuance of certain cash flow hedges, as we considered it probable that the original forecasted transactions would not occur. 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.

The gross notional, maximum term and gross fair value amounts of foreign exchange forward contract derivatives designated and non-designated as hedging instruments are:

	Designated	Non-Designated	Total
December 31, 2014			
Gross Notional Amount	**$ 357**	**$ 2,085**	**$ 2,442**
Maximum term in days			546
Fair Value			
Other Current Assets	$ 18	$ 12	$ 30
Other Noncurrent Assets	2	—	2
Other Current Liabilities	—	12	12
	$ 20	**$ —**	**$ 20**
December 31, 2013			
Gross Notional Amount	**$ 344**	**$ 2,000**	**$ 2,344**
Maximum term in days			546
Fair Value			
Other Current Assets	$ 11	$ 10	$ 21
Other Noncurrent Assets	1	3	4
Other Current Liabilities	1	1	2
	$ 11	**$ 12**	**$ 23**

We are exposed to credit loss in the event of nonperformance by counterparties on our outstanding forward currency exchange contracts 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.

Recognized foreign currency transaction gains (losses) included in earnings were:

Recorded In:	2014	2013	2012
Cost of goods sold	$ 1	$ —	$ —
Other income (expense)	(8)	3	(7)
Total	**$ (7)**	**$ 3**	**$ (7)**

At December 31, 2014 and December 31, 2013, pretax gains on derivatives designated as hedges of $15 and $ 12 , which are recorded in AOCI, are expected to be reclassified to earnings during the next 12 months. This reclassification is primarily due to the sale of inventory that includes previously hedged purchases.

Fair Value Hedges

Interest rate derivative instruments designated as fair value hedges are being used 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.

At December 31, 2014, we had interest rate swaps in gross notional amounts of $ 500 designated as fair value hedges of underlying fixed rate obligations representing a portion of our $ 600 senior unsecured notes due in 2024. The market value of outstanding interest rate swap agreements at December 31, 2014 was a recognized gain of $ 10 which is recorded in other long-term assets with an offsetting recognized loss of $ 10 on the fair value of the underlying fixed rate obligation recorded in long-term debt in the consolidated balance sheet. No hedge ineffectiveness was recorded as a result of these fair value hedges in 2014.

NOTE 5 - ACQUISITIONS

2014 Acquisitions

During September 2014 we acquired the assets of Small Bone Innovations, Inc. (SBi) for an aggregate purchase price of approximately $358 . SBi products are designed and promoted for upper and lower extremity small bone indications, with a focus on small joint replacement. The acquisition of the assets of SBi enhances our product offerings within our Orthopaedics segment. Intangible assets acquired with SBi will be amortized over a weighted-average life of 12 years .

In April 2014 we acquired Berchtold Holding, AG (Berchtold), a privately-held business with operations in Germany and the United States, for an aggregate purchase price of approximately $184 . Berchtold sells surgical tables, equipment booms and surgical lighting systems. In March 2014 we acquired Patient Safety Technologies, Inc. (PST), for an aggregate purchase price of approximately $120 . PST conducts its business through its wholly owned subsidiary, SurgiCount Medical, Inc. PST's proprietary Safety-Sponge ® System and SurgiCount 360™ compliance software help prevent Retained Foreign Objects in the operating room. In addition to the acquisition of Pivot Medical Inc., which develops and sells innovative products for hip arthroscopy, our other acquisitions are included in Other. These acquisitions enhance our product offerings within our MedSurg segment.

The purchase price allocations for the 2014 acquisitions were based upon preliminary valuations, and our estimates and assumptions are subject to change within the measurement period. Management is currently in the process of verifying data and finalizing information related to the 2014 acquisitions and the valuation and recording of identifiable intangible assets, deferred income taxes and the corresponding effect on the value of goodwill.

2013 Acquisitions

In December 2013 we acquired MAKO Surgical Corp. (MAKO) for an aggregate purchase price of approximately $1,677 . The acquisition of MAKO, combined with our strong history in joint reconstruction, capital equipment (operating room integration and surgical navigation) and surgical instruments, will help further advance the growth of robotic assisted surgery. Our combined expertise offers the potential to simplify joint reconstruction procedures, reduce variability and enhance the surgeon and patient experience. The acquisition of MAKO enhances our product offerings within our Orthopaedics segment. Intangible assets acquired with MAKO will be amortized over a weighted-average life of 9 years .

In March 2013 we acquired Trauson Holdings Company Limited (Trauson) for an aggregate purchase price of approximately $751 . The acquisition of Trauson enhances our product offerings, primarily within our Orthopaedics segment, broadens our presence in China and enables us to expand into the fast growing value segment of the emerging markets. Intangible assets acquired with Trauson will be amortized over a weighted-average life of 15 years , except for the trade name that is deemed to have an indefinite life.

For the MAKO and Trauson acquisitions, the measurement periods have been completed and revisions to our original estimates are included in the table below.

The effects of all the acquisitions described above are included in our Consolidated Financial Statements prospectively from the date of acquisition. Pro forma consolidated results of operations for 2014 and 2013 would not differ significantly as a result of these acquisitions.

The allocation of the purchase price to the acquired net assets of the acquisitions described above are as follows:

	2014			
	SBi	Berchtold	PST	Other
Purchase price paid	$ 358	$ 184	$ 120	$ 216
Tangible assets acquired:				
Cash	—	12	—	—
Inventory	34	22	7	5
Other assets	4	38	19	25
Liabilities	(2)	(45)	(33)	(37)
Intangible assets:				
Customer relationship	19	11	33	5
Trade name	—	7	—	—
Developed technology & patents	82	32	26	115
IPRD	—	—	—	2
Goodwill	221	107	68	101
	$ 358	**$ 184**	**$ 120**	**$ 216**

Goodwill acquired associated with the SBi acquisition in 2014 is deductible for tax purposes.

	2013			
	MAKO			
	Original	Revised	Change	Trauson
Purchase price paid	$ 1,679	$ 1,677	$ (2)	$ 751
Tangible assets acquired:				
Cash	56	56	—	98
Inventory	50	41	(9)	43
Other assets	118	191	73	65
Liabilities	(277)	(239)	38	(87)
Intangible assets:				
Customer relationship	91	80	(11)	112
Trade name	24	4	(20)	34
Developed technology & patents	231	213	(18)	31
IPRD	169	171	2	5
Goodwill	1,217	1,160	(57)	450
	$ 1,679	**$ 1,677**	**$ (2)**	**$ 751**

NOTE 6 - GOODWILL AND OTHER INTANGIBLE ASSETS

We completed our annual impairment tests of goodwill in 2014 and 2013 and concluded in each year that no impairments exist. The changes in the net carrying value of goodwill by segment are as follows:

	Orthopedics	MedSurg	Neurotechnology and Spine	Total
December 31, 2012	**$ 691**	**$ 513**	**$ 938**	**$ 2,142**
Goodwill acquired during the year	1,559	2	108	1,669
Foreign currency and other	(23)	(9)	65	33
December 31, 2013	**$ 2,227**	**$ 506**	**$ 1,111**	**$ 3,844**
Goodwill acquired during the year	243	231	23	497
Foreign currency and other	(84)	(11)	(60)	(155)
December 31, 2014	**$ 2,386**	**$ 726**	**$ 1,074**	**$ 4,186**

Measurement period adjustments that reflect changes to goodwill for acquisitions completed in a previous year are included in "Foreign currency translation effects & other."

The following is a summary of our other intangible assets:

	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Less Accumulated Amortization	Net Carrying Amount
Developed technologies				
2014	13	$ 1,468	466	1,002
2013	12	1,450	380	1,070
Customer relationships				
2014	15	$ 801	239	562
2013	17	677	189	488
Patents				
2014	12	$ 293	175	118
2013	13	238	190	48
Trademarks				
2014	14	$ 112	37	75
2013	14	127	34	93
In-process research and development				
2014		$ 201	—	201
2013		223	—	223
Other				
2014	12	$ 111	51	60
2013	13	118	51	67
Total				
2014	**13**	**$ 2,986**	**968**	**2,018**
2013	**13**	**2,833**	**844**	**1,989**

Amortization expense related to intangible assets was $ 188 , $ 138 and $ 123 for 2014, 2013 and 2012, respectively.

The estimated amortization expense for each of the next five years is:

	2015	2016	2017	2018	2019
Estimated amortization expense	$ 196	$ 166	$ 164	$ 148	$ 132

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 and 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 has 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. 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 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.

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. On November 3, 2014 we announced that we had entered into a settlement agreement to compensate eligible United States patients who had revision surgery to replace their Rejuvenate and/or ABG II Modular-Neck hip stem prior to that date. 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, some lawsuits will remain and we will continue to defend against them. Based on the information that has been received, the actuarially determined range of probable loss to resolve this entire matter on a global basis is estimated to be approximately $ 1,534 ($ 1,713 before $ 179 of third-party insurance recoveries) to $ 2,453 . In 2014, we recorded charges to earnings, net of insurance recoveries, of $ 748 representing the excess of the minimum of the range over the previously recorded reserves. The final outcome of this matter is dependent on many factors that are difficult to predict including the number of enrollees in the settlement program and total awards to them, the number and costs of patients not eligible for the settlement program who seek testing and treatment services and require revision surgery and the number and actual costs to resolve the remaining lawsuits. Accordingly, the ultimate cost to resolve this entire matter globally may be materially different than the amount of the current estimate 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 Holdings, Inc. (Zimmer), alleging that a Zimmer product infringed 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. We have filed for a petition for rehearing *en banc* on the issue of enhanced damages. Following the conclusion of the proceedings at the Federal Circuit, each party may seek Supreme Court review. We have not recorded a contingent gain related to this matter.

In April 2011 Hill-Rom Company, Inc. and affiliated entities (Hill-Rom) brought a lawsuit against us alleging infringement under United States patent laws with respect to nine patents related to electrical network communications for hospital beds. The case has been stayed with respect to six of the patents, which are currently under reexamination by the United States Patent Office. With respect to the three remaining patents, Hill-Rom appealed the trial court's grant of summary judgment in our favor and the Federal Circuit reversed the trial court's decision and remanded the matter for additional proceedings. The ultimate resolution of this suit cannot be predicted and it is not possible at this time for us to estimate any probable loss or range of probable losses. However, the ultimate result could have a material adverse effect on our financial position, results of operations and cash flows.

Purchase Commitments and Operating Leases

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. Future commitments under these obligations and minimum lease commitments under these leases are:

	2015	2016	2017	2018	2019	Thereafter
Purchase obligations	$ 710	$ 134	$ 121	$ 67	$ 62	$ 56
Minimum lease payments	60	45	33	25	19	34

Rent expense totaled $ 103 , $ 100 , and $ 98 in 2014 , 2013 and 2012 , respectively.

NOTE 8 - DEBT AND CREDIT FACILITIES

In August 2014 we amended and restated our Senior Unsecured Revolving Credit Facility. The principal changes were to increase the aggregate principal amount of the commitments to $ 1,250 , to extend the maturity date to August 22, 2019 and to revise the definition of the consolidated Earnings Before Interest Taxes Depreciation and Amortization (EBITDA).

During 2014 we issued commercial paper under the commercial paper program. The program allows us to have a maximum of $ 1,250 in commercial paper outstanding, with maturities up to 397 days from the date of issuance. At December 31, 2014 , outstanding commercial paper totaled $ 200 , the weighted average original maturity of the commercial paper outstanding was approximately 62 days and the weighted average interest rate was 0.2% .

In May 2014 we sold $600 in senior unsecured notes due 2024 (2024 Notes) and $400 of senior unsecured notes due 2044 (2044 Notes). The 2024 Notes will bear interest at 3.375% per year and, unless previously redeemed, will mature on May 15, 2024. The 2044 Notes will bear interest at 4.375% per year and, unless previously redeemed, will mature on May 15, 2044.

Our debt is as follows:		**December 2014**	**December 2013**
Senior unsecured notes:			
Rate	Due		
3.00%	1/15/2015	$ 500	$ 500
2.00%	9/30/2016	750	749
1.30%	4/1/2018	598	598
4.375%	1/15/2020	498	498
3.375%	5/15/2024	605	—
4.10%	4/1/2043	395	394
4.375%	5/15/2044	398	—
Commercial paper		200	—
Other		29	25
Total debt		**3,973**	**2,764**
Less current maturities		(727)	(25)
Total long-term debt		**$ 3,246**	**$ 2,739**

Certain of our credit facilities require us to comply with financial and other covenants. We were in compliance with all covenants at December 31, 2014 . We have lines of credit, issued by various financial institutions, available to fund our day-to-day operating needs. At December 31, 2014 , we had $1,289 of borrowing capacity available

under all of our existing credit facilities.The weighted

average interest rate, excluding required fees, for all borrowings was 2.9% at December 31, 2014 .

At December 31, 2014 , the total unamortized debt issuance costs incurred in connection with our outstanding notes were $ 21 . The fair value of long-term debt (including current maturities and excluding the interest rate hedge) at December 31, 2014 and December 31, 2013 was $ 3,811 and $2,790 , respectively. Substantially all of our long-term debt is classified within Level 1 of the fair value hierarchy because the fair value of the debt is estimated based on rates currently offered to us with identical terms and maturities, using quoted active market prices and yields, taking into account the underlying terms of the debt instruments.

Interest expense, including required fees incurred on outstanding debt and credit facilities, which is included in other income (expense), totaled $113 , $83 , and $63 in 2014 , 2013 and 2012 , respectively. Cash interest paid on debt, including required fees, was $ 102 , $88 , and $55 in 2014 , 2013 and 2012 , respectively.

NOTE 9 - CAPITAL STOCK

In December 2013 we declared a quarterly dividend of $ 0.305 per share, payable January 31, 2014 to shareholders of record at the close of business on December 31, 2013. In February 2014 we declared a quarterly dividend of $0.305 per share, payable April 30, 2014 to shareholders of record at the close of business on March 28, 2014. In April 2014 we declared a quarterly dividend of $0.305 per share, payable July 31, 2014 to shareholders of record at the close of business on June 28, 2014. In July 2014 we declared a quarterly dividend of $0.305 per share, payable October 31, 2014 to shareholders of record at the close of business on September 30, 2013. In December 2014 we declared a quarterly dividend of $0.345 per share, payable January 31, 2015 to shareholders of record at the close of business on December 31, 2014.

In December of 2012 and 2011, we announced that our Board of Directors had authorized us to purchase up to $405 and $500 , respectively, of our common stock (the 2012 and 2011 Repurchase Programs, respectively). The manner, timing and amount of purchases is determined by management based on an evaluation of market conditions, stock price and other factors and is subject to regulatory considerations. Purchases are to be made from time to time in the open market, in privately negotiated transactions or otherwise.

During 2014 we repurchased 1.3 million shares at a cost of $100 under the 2011 Repurchase Program. We had made no repurchases pursuant to the 2012 Repurchase Program at December 31, 2014 . Shares repurchased under the share repurchase programs are available for general corporate purposes, including offsetting dilution associated with stock option and other equity-based employee benefit plans. At December 31, 2014 , the maximum dollar value of shares that may be purchased under the authorized Repurchase Programs was $583 .

Shares reserved for future compensation grants of Stryker common stock were 19 million and 23 million at December 31, 2014 and 2013 . We have 0.5 million authorized shares of $1 par value preferred stock, none of which is outstanding.

Stock Options

We have long-term incentive plans from which we grant stock options 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 closing quoted 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 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 during 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 granted during 2014 , 2013 and 2012 , estimated on the date of grant using the Black-Scholes option pricing model, was $15.80 , $15.24 , and $13.36 , respectively. The fair value of options granted was estimated using the following weighted-average assumptions:

	2014	2013	2012
Risk-free interest rate	2.1%	1.3%	1.3%
Expected dividend yield	1.8%	1.9%	1.5%
Expected stock price volatility	20.2%	27.9%	27.6%
Expected option life	7.1 years	7.1 years	7.1 years

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.

A summary of 2014 stock option activity is as follows:

	Shares (in millions)	Weighted Average Exercise Price	Weighted-Average Remaining Term (in years)	Aggregate Intrinsic Value
Outstanding January 1	17.0	$ 55.35		
Granted	2.5	81.13		
Exercised	(3.7)	52.20		
Canceled	(0.6)	65.23		
Outstanding December 31	15.2	$ 59.97	5.6	$ 524.2
Exercisable December 31	8.7	$ 54.34	3.8	$ 349.7
Options expected to vest	6.0	$ 67.17	8.0	$ 163.2

The aggregate intrinsic value, which represents the cumulative difference between the fair market value of the underlying common stock and the option exercise prices, of options exercised during the years ended December 31, 2014 , 2013 and 2012 was $ 113 , $97 , and $52 , respectively. Exercise prices for options outstanding at December 31, 2014 ranged from $38.71 to $81.14 . At December 31, 2014 , there was $64 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 1.5 years .

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

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 closing quoted price of our common stock on the day prior to 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 during that three-year performance cycle.

The fair value of PSUs is determined based on the closing quoted price of our common stock on the day prior to the date of grant. A summary of 2014 RSU and PSU activity is as follows:

	Shares (in millions)		Weighted Average Grant date Fair value	
	RSUs	PSUs	RSUs	PSUs
Nonvested at January 1	1.5	0.3	$ 56.19	$ 58.10
Granted	0.6	0.1	76.61	81.14
Vested	(0.7)	(0.1)	55.71	56.53
Canceled	(0.1)	—	63.45	57.12
Nonvested at December 31	1.3	0.3	$ 65.04	$ 66.18

At December 31, 2014 there was $45 of unrecognized compensation cost related to nonvested RSUs. That cost is expected to be recognized as expense over the weighted-average period of 0.9 years . The weighted-average grant date fair value per share of RSUs granted in 2014 and 2013 was $76.61 and $60.81 , respectively. The fair value of RSUs vested in 2014 was $39 . At December 31, 2014 , there was $9 of unrecognized compensation cost related to nonvested PSUs; that cost is expected to be recognized as expense over the weighted-average period of one year.

Employee Stock Purchase Plans (ESPP)

Full- time 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. During 2014 and 2013 , we issued 150,167 and 163,533 shares, respectively, under the ESPP.

NOTE 10 - INCOME TAXES

Earnings before income taxes consisted of:

	2014	2013	2012
United States	$ 355	$ 193	$ 591
International	805	1,019	1,114
	$ 1,160	$ 1,212	$ 1,705

Income taxes consisted of:

	2014	2013	2012
Current income tax expense			
United States federal	$ 213	$ 79	$ 227
United States state and local	26	29	41
International	346	75	178
Total current income tax expense	585	183	446
Deferred income tax expense (benefit)			
United States federal	9	(52)	(12)
United States state and local	(16)	(4)	(9)
International	67	79	(18)
Total deferred income tax expense (benefit)	60	23	(39)
Total income tax expense	$ 645	$ 206	$ 407
Interest expense and penalties included in other income (expense)	$ 8	$ 12	$ (4)

In 2014 we recorded the income tax impacts of the establishment of a European regional headquarters and a cash repatriation to the United States planned for 2015. In 2013 we recorded income tax benefits related to favorable audit resolutions in multiple jurisdictions. In 2014, 2013 and 2012, the United States federal deferred income tax expense (benefit) includes the utilization of net operating loss carryforwards of $ 78 , $ 16 and $ 16 , respectively.

Reconciliation of the United States federal statutory income tax rate to our effective income tax rate:

	2014	2013	2012
United States federal statutory rate	35.0%	35.0 %	35.0 %
Add (deduct):			
United States state and local income taxes, less federal deduction	2.2	1.4	1.7
Foreign income tax at rates other than 35%	4.9	(13.7)	(12.1)
Tax related to repatriation of foreign earnings	10.1	—	(0.4)
Other	3.4	(5.7)	(0.3)
	55.6%	17.0 %	23.9 %

Deferred income tax assets and liabilities:

	December	
	2014	2013
Deferred income tax assets:		
Inventories	$ 585	$ 607
Product related liabilities	167	67
Other accrued expenses	226	221
Depreciation and amortization	44	46
State income taxes	68	53
Share-based compensation	90	101
Net operating loss carryforwards	123	124
Other	143	107
Total deferred income tax assets	1,446	1,326
Less valuation allowances	(42)	(39)
Total deferred income tax assets after valuation allowances	**1,404**	**1,287**
Deferred income tax liabilities:		
Depreciation and amortization	(666)	(668)
Undistributed earnings	(132)	(16)
Other	(54)	(86)
Total deferred income tax liabilities	**(852)**	**(770)**
Net deferred income tax assets	**$ 552**	**$ 517**
Reported as:		
Current assets—Deferred income taxes	$ 989	$ 880
Noncurrent assets—Other	39	34
Current liabilities—Accrued expenses and other liabilities	(3)	—
Noncurrent liabilities—Other liabilities	(473)	(397)
	$ 552	$ 517
Accrued interest and penalties reported as accrued expenses and other liabilities	**$ 26**	**$ 34**

Net operating loss carryforwards totaling $376 at December 31, 2014 are available to reduce future taxable earnings of certain domestic and foreign subsidiaries. United States loss carryforwards of $288 expire between 2014 and 2033 . International loss carryforwards of $88 expire beginning in 2014 ; however, some have no expiration. Of these carryforwards, $43 are subject to a full valuation allowance. We also have a tax credit carryforward of $31 with a full valuation allowance. These credits have no expiration; however, we do not anticipate generating income tax in excess of the credits in the foreseeable future.

No provision has been made for United States federal and state income taxes or international income taxes that may result from future remittances of the undistributed earnings of foreign subsidiaries that are determined to be indefinitely reinvested ($5,878 at December 31,

2014). Determination of the amount of any unrecognized deferred income tax liability on these is not practicable.

The changes in the amounts recorded for uncertain income tax positions are:

	December	
	2014	2013
Balance at beginning of year	**$ 204**	**$ 227**
Increases related to current year income tax positions	133	22
Increases related to prior year income tax positions	23	56
Decreases related to prior year income tax positions:		
Settlements and resolutions of income tax audits	(33)	(37)
Statute of limitations expirations	(1)	(64)
Foreign currency translation	(6)	—
Other	(5)	—
Balance at end of year	**$ 315**	**$ 204**
Reported as:		
Current liabilities—Income taxes	$ 3	$ 10
Noncurrent liabilities—Other liabilities	312	194
	$ 315	**$ 204**

Our income tax expense could have been reduced by $307 and $194 at December 31, 2014 and 2013, respectively, 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 twelve 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 and 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; however, we do not anticipate any significant changes within the next twelve months. Interest and penalties incurred associated with uncertain tax positions are included in other income (expense).

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 2010 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 11 - RETIREMENT PLANS

Defined Contribution Plans

We provide certain employees with defined contribution 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 the consolidated statements of cash flows.

	2014	2013	2012
Plan expense	$ 132	$ 132	$ 112
Expense funded with Stryker common stock	18	16	15
Stryker common stock held by plan			
Dollar amount	198	150	104
Shares (in millions of shares)	2.1	2.0	1.9
Value as a percentage of total plan assets	11%	9%	9%

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.

Obligations and Funded Status	December	
	2014	2013
Funded status		
Fair value of plan assets	$ 310	$ 281
Benefit obligations	570	456
Funded status	$ (260)	$ (175)
Reported as:		
Current liabilities—accrued compensation	(1)	(1)
Noncurrent liabilities—other liabilities	(259)	(174)
Pre-tax amounts recognized in AOCI		
Unrecognized net actuarial loss	$ (195)	$ (115)
Unrecognized prior service cost	15	12
	$ (180)	$ (103)

The estimated net actuarial loss for the defined benefit pension plans to be reclassified from AOCI into net periodic benefit cost in 2015 is $9 . We estimate that an immaterial amount of amortization of prior service cost and transition amount for the defined benefit pension plans will be reclassified from AOCI into net periodic benefit cost in 2014.

Pension plans with an accumulated benefit obligation in excess of plan assets had projected benefit obligations, accumulated benefit obligations and fair value of plan assets of $570 , $533 , and $310 , respectively, at December 31, 2014 and $456 , $427 , and $281 , respectively, at December 31, 2013 .

	December	
Change in Benefit Obligations:	2014	2013
Beginning Projected benefit obligations	$ 456	$ 447
Service cost	26	30
Interest cost	13	13
Foreign exchange impact	(43)	2
Employee contributions	6	6
Actuarial (gains) losses	134	(29)
Plan amendments	(5)	(1)
Acquisitions	5	—
Benefits paid	(22)	(12)
Ending Projected benefit obligations	**$ 570**	**$ 456**
Ending Accumulated benefit obligations	**$ 533**	**$ 427**

	December	
Change in Plan Assets:	2014	2013
Beginning Fair value of plan assets	281	254
Actual return	46	11
Employer contributions	18	20
Employee contributions	6	6
Foreign exchange impact	(24)	1
Acquisition	3	—
Benefits paid	(20)	(11)
Ending Fair value of plan assets	**$ 310**	**$ 281**

Components of Net Periodic Pension Cost

	2014	2013	2012
Net periodic benefit cost:			
Service cost	$ (26)	$ (30)	$ (21)
Interest cost	(13)	(13)	(13)
Expected return on plan assets	10	10	9
Amortization of prior service cost and transition amount	1	1	1
Recognized actuarial loss	(7)	(8)	(5)
Net periodic benefit cost	**(35)**	**(40)**	**(29)**
Changes in assets and benefit obligations recognized in OCI:			
Net actuarial gain (loss)	(88)	28	(87)
Recognized net actuarial loss	7	8	5
Prior service cost and transition amount	4	(1)	—
Total recognized in OCI	**(77)**	**35**	**(82)**
Total recognized in net periodic benefit cost and OCI	**$ (112)**	**$ (5)**	**$ (111)**
Assumptions			
Weighted-average rates used to determine net periodic benefit cost:			
Discount rate	3.2%	2.9%	4.2%
Expected return on plan assets	3.7%	3.7%	4.2%
Rate of compensation increase	2.9%	3.0%	3.0%
Weighted-average discount rate used to determine projected benefit obligations	2.0%	3.2%	2.9%

Discount rate

The discount rates were selected using a hypothetical portfolio of high quality bonds at December 31 that would provide the necessary cash flows to match our projected benefit payments.

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.

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. The weighted-average target and actual allocation of plan assets by asset category is as follows:

	Target	December	
	2014	2014	2013
Equity securities	30%	30%	34%
Debt securities	50	48	46
Other	20	22	20
	100%	100%	100%

Valuation of Our Pension Plan Assets by Pricing Categories:

	Level			
2014	**1**	**2**	**3**	**Total**
Cash and cash equivalents	$ 6	$ —	$ —	$ 6
Equity securities	125	—	—	125
Corporate debt securities	121	—	—	121
Other	17	8	33	58
Total	**$ 269**	**$ 8**	**$ 33**	**$ 310**
2013				
Cash and cash equivalents	$ 10	$ —	$ —	$ 10
Equity securities	94	—	—	94
Corporate debt securities	127	2	—	129
Other	18	8	22	48
Total	**$ 249**	**$ 10**	**$ 22**	**$ 281**

Our Level 3 pension plan assets (See Note 3 for an explanation of our fair value hierarchy) consist primarily of guaranteed investment contracts with insurance companies. The insurance contracts guarantee us principal repayment and a fixed rate of return. Our valuation of Level 3 assets is based on third-party actuarial valuations that are an estimation of the surrender value of the guaranteed investment contract between us and the insurance company. The surrender value equals the actuarial value of the notional investments underlying the guaranteed investment contract, using the actuarial assumptions as stated in the guaranteed investment contract.

Rollforward of Level 3 Pension Plan Assets

	2014	2013
Balance at January 1	$ 22	$ 23
Actual return on plan assets held at the reporting date	11	—
Purchases, sales, and settlements	—	(1)
Balance at December 31	**$ 33**	**$ 22**

We expect to contribute $19 to our defined benefit pension plans in 2015 . The estimated future benefit payments by year based on expected future service as appropriate are:

	2015	2016	2017	2018	2019	2020-24
Expected benefit payments	$ 15	$ 15	$ 15	$ 15	$ 15	$ 81

NOTE 12 - SEGMENT AND GEOGRAPHIC DATA

In 2014 we changed the name of our Reconstructive business segment to Orthopaedics. The name change did not change the composition of any of our business segments and had no financial impact.

We segregate our operations into three reportable business segments: Orthopaedics, MedSurg, and Neurotechnology and Spine. The Orthopaedics segment includes reconstructive (hip and knee) and trauma implant systems as well as other related products. The MedSurg segment includes surgical equipment and surgical navigation systems (Instruments); endoscopic and communications systems (Endoscopy); patient handling and emergency medical equipment (Medical); and reprocessed and remanufactured medical devices (Sustainability) as well as other products.

The Neurotechnology and Spine segment includes neurovascular products, spinal implant systems and other related products. The Other category shown in the table below includes corporate and global operations administration, central research and development initiatives, interest expense, interest and marketable securities income and share-based compensation, which includes compensation related to both employee and director stock option,

restricted stock unit and performance stock unit grants. Certain prior year amounts have been reclassified to conform with the current year presentation of our segments.

Results for our reportable segments were:

	2014	2013	2012
Orthopaedics	4,153	3,949	3,823
MedSurg	3,781	3,414	3,265
Neurotechnology & Spine	1,741	1,658	1,569
Net sales	**$ 9,675**	**$ 9,021**	**$ 8,657**
Orthopaedics	319	273	271
MedSurg	113	84	85
Neurotechnology & Spine	134	135	122
Other	19	19	8
Depreciation and amortization	**$ 585**	**$ 511**	**$ 486**
Orthopaedics	367	365	344
MedSurg	162	167	177
Neurotechnology & Spine	107	98	76
Other	(118)	(127)	(75)
Income taxes (credit)	**$ 518**	**$ 503**	**$ 522**
Orthopaedics	1,033	988	971
MedSurg	677	638	631
Neurotechnology & Spine	364	333	326
Other	(264)	(245)	(280)
Segment net earnings (loss)	**$ 1,810**	**$ 1,714**	**$ 1,648**
Less:			
Acquisition & integration-related charges	(65)	(72)	(37)
Amortization of intangible assets	(133)	(98)	(88)
Restructuring related charges	(78)	(46)	(59)
Rejuvenate and related charges	(628)	(460)	(133)
Regulatory and legal matters	—	(63)	(33)
Donation	—	(15)	—
Income tax related adjustments	(391)	46	—
Net earnings	**$ 515**	**$ 1,006**	**$ 1,298**

Total assets and capital spending by reportable segments were:

	2014	2013	2012
Orthopaedics	8,600	6,675	3,654
MedSurg	5,626	3,382	2,996
Neurotechnology & Spine	3,772	3,147	2,600
Other	(285)	2,539	3,956
Total assets	**$ 17,713**	**$ 15,743**	**$ 13,206**
Orthopaedics	80	89	87
MedSurg	77	59	51
Neurotechnology & Spine	20	16	53
Other	56	31	19
Capital spending	**$ 233**	**$ 195**	**$ 210**

Our reportable segments are business units that offer different products and services and are managed separately because each business requires different manufacturing, technology and marketing strategies. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1 to the Consolidated Financial Statements.

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, reserves for certain legal and regulatory matters, a donation to an educational institution, and certain income tax adjustments. 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, States (including Puerto Rico); Europe, Middle East, Africa (EMEA); Asia Pacific; and other foreign countries, which include Canada and countries in the Latin American region. Sales are attributable to a geographic area based upon the customer's country of domicile.

Net property, plant and equipment are based upon physical location of the assets. Geographic information follows:

	Net Sales			Net Property, Plant & Equipment	
	2014	2013	2012	2014	2013
United States	$ 6,558	$ 5,984	$ 5,658	$ 539	$ 506
Europe, Middle East, Africa	1,371	1,316	1,266	417	446
Asia Pacific	1,368	1,319	1,336	119	122
Other foreign countries	378	402	397	23	7
	$ 9,675	**$ 9,021**	**$ 8,657**	**$ 1,098**	**$ 1,081**

NOTE 13 - SUMMARY OF QUARTERLY DATA (UNAUDITED)

	2014 Quarter Ended			
	Mar 31	Jun 30	Sep 30	Dec 31
Net sales	$ 2,305	$ 2,363	$ 2,389	$ 2,618
Gross profit	1,536	1,555	1,567	1,726
Earnings before income taxes	107	167	425	461
Net earnings	70	128	57	260
Net earnings per share of common stock:				
Basic	0.19	0.34	0.16	0.68
Diluted	0.18	0.33	0.16	0.67
Market price of common stock:				
High	83.86	86.93	85.91	98.24
Low	74.02	75.78	78.91	77.87
Dividends declared per share of common stock	$ 0.305	$ 0.305	$ 0.305	$ 0.345

	2013 Quarter Ended			
	Mar 31	Jun 30	Sep 30	Dec 31
Net sales	$ 2,190	$ 2,212	$ 2,151	$ 2,468
Gross profit	1,477	1,482	1,469	1,616
Earnings before income taxes	375	269	137	431
Net earnings	304	213	103	386
Net earnings per share of common stock:				
Basic	0.80	0.56	0.27	1.02
Diluted	0.79	0.56	0.27	1.01
Market price of common stock:				
High	66.92	70.00	71.94	75.55
Low	55.24	63.35	63.71	66.93
Dividends declared per share of common stock	$ 0.265	$ 0.265	$ 0.265	$ 0.305

The price quotations reported above were supplied by the New York Stock Exchange.

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

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— An evaluation of the effectiveness of the Company's disclosure controls and procedures as of December 31, 2014 was carried out under the supervision and with the participation of the Company's management, including the President and Chief Executive Officer and the Vice President and Chief Financial Officer (the Certifying Officers). Based on that evaluation, the Certifying Officers concluded that the Company's disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting— There was no change to our internal control over financial reporting during the year ended December 31, 2014 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 management of Stryker Corporation is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Stryker Corporation's internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Stryker Corporation's management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014 . 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* . Based on that assessment, management concluded that our internal control over financial reporting is effective.

The internal controls over financial reporting of an acquired business are eligible for a one year exclusion as permitted by Securities and Exchange Commission Staff interpretive guidance. Accordingly, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Small Bone Innovations, Inc., Berchtold Holding, AG, Patient Safety Technology, Inc., and other 2014 acquisitions which are included in the December 31, 2014 consolidated financial statements of Stryker Corporation and subsidiaries. Assets and shareholders' equity excluded from management's assessment constitute 1.1% and 1.0% of total assets and shareholders' equity, respectively, as of December 31, 2014 and 1.2% and (2.2%) of revenues and net earnings, respectively, for the year then ended.

Stryker Corporation's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the effectiveness of our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF STRYKER CORPORATION:

We have audited Stryker Corporation and subsidiaries' internal control over financial reporting as of December 31, 2014 , 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). Stryker Corporation and subsidiaries' 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

A company's internal control over financial reporting is a process designed 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. 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.

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 Small Bone Innovations, Inc., Berchtold Holding, AG, Patient Safety Technology, Inc., and other acquisitions which are included in the December 31, 2014 consolidated financial statements of Stryker Corporation and subsidiaries and constituted 1.1% and 1.0% of total assets and shareholders' equity, respectively, as of December 31, 2014 and 1.2% and (2.2%) of revenues and net earnings, respectively, for the year then ended. Our audit of internal control over financial reporting of Stryker Corporation and subsidiaries also did not include an evaluation of the internal control over financial reporting of Small Bone Innovations, Inc., Berchtold Holding, AG, Patient Safety Technology, Inc., and other acquisitions.

In our opinion, Stryker Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014 , based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Stryker Corporation and subsidiaries as of December 31, 2014 and 2013 and 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, 2014 of Stryker Corporation and subsidiaries, and our report dated February 12, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Grand Rapids, Michigan
February 12, 2015

ITEM 9B. OTHER INFORMATION.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Information regarding regarding our executive officers appears under the caption "Executive Officers of the Registrant" 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—Section 16(a) Beneficial Ownership Reporting Compliance" in the 2015 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, principal financial officer and principal accounting officer or controller or persons performing similar functions are available, free of charge, under the "Investors—Corporate Governance" section of our website at *www.stryker.com* . Print copies of such documents are available, free of charge, upon written request sent to the Corporate Secretary of Stryker Corporation at 2825 Airview Boulevard, Kalamazoo, Michigan 49002.

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 2015 proxy statement is incorporated herein by reference.

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

The information under the caption "Stock Ownership" in the 2015 proxy statement is incorporated herein by reference.

At December 31, 2014 , we had an equity compensation plan under which options are 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 have been made. Options and RSUs had also been awarded under a previous plan. These equity compensation plans were previously submitted to and approved by our shareholders. Additional information regarding our equity compensation plans appears in Note 1 and Note 9 to the Consolidated Financial Statements in Item 8 of this report. At December 31, 2014 , we also had a stock performance incentive award program pursuant to which shares of our common stock have been and may be issued to certain employees with respect to performance. The status of these plans at December 31, 2014 follows:

Plan Category	Equity compensation plans approved by shareholders
Number of shares of common stock to be issued upon exercise of outstanding options	16.9
Weighted-average exercise price of outstanding options	$ 54.24
Number of shares of common stock remaining available for future issuance under equity compensation plans (excluding shares reflected in the first row)	23.0

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 2015 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 2015 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.

(a) 2. Financial Statement Schedules

The consolidated financial statement schedule of Stryker Corporation and its subsidiaries is:

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Additions: Charged to Costs & Expenses	Deductions: Uncollectible Amounts Written Off, Net of Recoveries	Deductions: Effect of Changes in Foreign Currency Exchange Rates	Balance at End of Period
DEDUCTED FROM ASSET ACCOUNTS					
Allowance for Doubtful Accounts:					
Year ended December 31, 2014	$ 72	$ (4)	$ 8	$ 1	$ 59
Year ended December 31, 2013	$ 58	$ 21	$ 11	$ (4)	$ 72
Year ended December 31, 2012	$ 56	$ 10	$ 8	$ —	$ 58

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

A list of exhibits required to be filed as part of this report is set forth in the Exhibit Index, which immediately precedes such exhibits, and is incorporated herein by reference. These exhibits are available upon request to the Vice President, Corporate Secretary at 2825 Airview Boulevard, Kalamazoo, Michigan 49002.

(c) Financial Statement Schedules

The response to this portion of Item 15 is submitted as a separate section of this Report. See Item 15(a)(2) above.

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

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.

Date: February 12, 2015

STRYKER CORPORATION

/s/ WILLIAM R. JELLISON

William R. Jellison, 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, President and Chief Executive Officer
(Principal Executive Officer)

/s/ WILLIAM R. JELLISON

William R. Jellison, 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/ HOWARD E. COX JR.

Howard E. Cox, Jr.—Director

/s/ ALLAN C. GOLSTON

Allan C. Golston—Director

/s/ SRIKANT M. DATAR

Srikant M. Datar, Ph.D.—Director

/s/ WILLIAM U. PARFET

William U. Parfet—Director

/s/ ROCH DOLIVEUX

Roch Doliveux—Director

/s/ ANDREW K. SILVERNAIL

Andrew K. Silvernail —Director

/s/ LOUISE L. FRANCESCONI

Louise L. Francesconi—Director

/s/ RONDA E. STRYKER

Ronda E. Stryker—Director

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

Exhibit 3—	Articles of Incorporation and By-Laws
(i)	Restated Articles of Incorporation — Incorporated by reference to Exhibit 3.1 to our Form 10-K for the year ended December 31, 2012 (Commission File No. 00-09165).
(ii)	By-Laws — Incorporated by reference to Exhibit 3(ii) to our Form 8-K dated October 28, 2008 (Commission File No. 000-09165).

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)	Amended and Restated Credit Agreement, dated as of August 29, 2014, among Stryker Corporation and certain subsidiaries, as designated borrowers; the lenders party thereto; and JPMorgan Chase Bank, N.A., as administrative agent.—Incorporated by reference to Exhibit 4.1 to our Form 8-K dated September 3, 2014 (Commission File no. 000-09165).
(ii)	Indenture, dated January 15, 2010, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.1 to our Form 8-K dated January 15, 2010 (Commission File No. 000-09165).
(iii)	First Supplemental Indenture (including the form of 2015 note), dated January 15, 2010, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.2 to our Form 8-K dated January 15, 2010 (Commission File No. 000-09165).
(iv)	Second Supplemental Indenture (including the form of 2020 note), dated January 15, 2010, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.3 to our Form 8-K dated January 15, 2010 (Commission File No. 000-09165).
(v)	Third Supplemental Indenture (including the form of 2016 note), dated September 16, 2011, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.2 to our Form 8-K dated September 16, 2011 (Commission File No. 000-09165).
(vi)	Fourth Supplemental Indenture (including the form of 2018 note) dated March 25, 2013, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.2 to our Form 8-K dated March 25, 2013 (Commission File No. 000-09165).
(vii)	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 our Form 8-K dated March 25, 2013 (Commission File No. 000-09165).
(viii)	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).
(ix)	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).

Exhibit 10—	Material contracts
(i)*	2011 Long-Term Incentive Plan (as amended effective July 26, 2011)—Incorporated by reference to Exhibit 4(i) to Amendment No. 1 to our Registration Statement on Form S-8, File No. 333-179142 (Commission File No. 000-09165).
(ii)*	2006 Long-Term Incentive Plan (as amended effective February 8, 2011)—Incorporated by reference to Exhibit 10(i) to our Form 10-K for the year ended December 31, 2010 (Commission File No. 000-09165).
(iii)* †	Form of grant notice and terms and conditions for stock options granted in 2015 under the 2011 Long-Term Incentive Plan.
(iv)* †	Form of grant notice and terms and conditions for restricted stock units granted in 2015 under the 2011 Long-Term Incentive Plan.
(v)* †	Form of grant notice and terms and conditions for performance stock units granted in 2015 under the 2011 Long-Term Incentive Plan.
(vi)* †	Form of grant notice and terms and conditions for stock options and restricted stock units granted in 2015 under the 2011 Long-Term Incentive Plan to non-employee directors.
(vii)*	Form of grant notice and terms and conditions for stock options granted in 2014 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iii) to our Form 10-K for the year ended December 31, 2013 (Commission File No. 000-09165).

(viii)*	Form of grant notice and terms and conditions for restricted stock units granted in 2014 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iv) to our Form 10-K for the year ended December 31, 2013. (Commission File No. 000-09165).
(ix)*	Form of grant notice and terms and conditions for performance stock units granted in 2014 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(v) to our Form 10-K for the year ended December 31, 2013

	(Commission File No. 000-09165).
(x)*	Form of grant notice and terms and conditions for stock options and restricted stock units granted in 2014 under the 2011 Long-Term Incentive Plan to non-employee directors.—Incorporated by reference to Exhibit 10.vi to our Form 10-K for the year ended December 31, 2013 (Commission File No. 000-09165).

(xi)*	Form of grant notice and terms and conditions for stock options granted in 2013 under the 2006 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iii) to our Form 10-K for the year ended December 31, 2012 (Commission File No. 000-09165).
(xii)*	Form of grant notice and terms and conditions for restricted stock units granted in 2013 under the 2006 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iv) to our Form 10-K for the year ended December 31, 2012 (Commission File No. 000-09165).
(xiii)*	Form of grant notice and terms and conditions for performance stock units granted in 2013 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(v) to our Form 10-K for the year ended December 31, 2012 (Commission File No. 000-09165).
(xiv)*	Form of grant notice and terms and conditions for stock options granted in 2012 under the 2006 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(i) to our Form 10-Q for the quarter ended March 31, 2012 (Commission File No. 000-09165).
(xv)*	Form of grant notice and terms and conditions for restricted stock units granted in 2012 under the 2006 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(ii) to our Form 10-Q for the quarter ended March 31, 2012 (Commission File No. 000-09165).
(xvi)*	Form of grant notice and terms and conditions for performance stock units granted in 2012 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iii) to our Form 10-Q for the quarter ended March 31, 2012 (Commission File No. 000-09165).
(xvii)*	Supplemental Savings and Retirement Plan (as amended effective January 1, 1995)—Incorporated by reference to Exhibit 10(iii) to our Form 10-K for the year ended December 31, 1994 (Commission File No.000-09165).
(xviii)	Stryker Corporation Executive Bonus Plan—Incorporated by reference to Exhibit 10.1 to our Form 8-K dated February 21, 2007 (Commission File No. 000-09165).
(xix)	Form of Indemnification Agreement for Directors—Incorporated by reference to Exhibit 10 (xiv) to our Form 10-K for the year ended December 31, 2008 (Commission File No. 000-09165).
(xx)	Form of Indemnification Agreement for Certain Officers—Incorporated by reference to Exhibit 10 (xv) to our Form 10-K for the year ended December 31, 2008 (Commission File No. 000-09165).
(xxi)	Agreement and Plan of Merger, dated September 25, 2013, by and among Stryker Corporation, Lauderdale Merger Corporation and MAKO Surgical Corp. — Incorporated by reference to Exhibit 2.1 of our Current Report on Form 8-K filed with the SEC on September 27, 2013 (Commission File No. 000-09165).
(xxii)	Letter Agreement between Stryker Corporation and William Jellison — Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed with the SEC on April 11, 2013 (Commission File No. 000-09165).
(xxiii) †	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).

Exhibit 11—	Statement re: computation of per share earnings
(i)	Consolidated Statement of Earnings in Item 8 of this report.

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 99—	Additional exhibits
(i)*	2008 Employee Stock Purchase Plan as amended on February 10, 2009—Incorporated by reference to Exhibit 99 (i) to our Form 10-K for the year ended December 31, 2008 (Commission File No. 000-09165).

Exhibit 101—	XBRL (Extensible Business Reporting Language) Documents
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document

101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

* compensation arrangement

† furnished with this Form 10-K

PERSONAL and CONFIDENTIAL

February 11, 2015

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 2015. 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 of your award is approximately $XX,XXX.

You have been awarded a nonstatutory stock option for X,XXX shares of Stryker Corporation Common Stock at a price of $XX.XX per share. Except as otherwise provided in the Terms and Conditions, this option will become exercisable 20% per year beginning on February 11, 2016 and will expire on February 10, 2025.

You will be required to "Accept" the award online via the UBS One Source website located at www.ubs.com/onesource/SYK between March 3 and March 31 . The detailed terms of the option are set forth in the Terms and Conditions and 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 website and you should read them before accepting the award.

There also are additional educational materials on the UBS One Source website in the Library section including Stock Option Brochure, Stock Option Frequently Asked Questions and Stock Option Tax Questions & Answers.

We appreciate everything you do to contribute to our success. This is why we've identified PEOPLE as one of Stryker's values and why we're continuing to invest in you. Thank you for helping us deliver great results for our company-I look forward to a bright future together.

Sincerely,

Kevin Lobo
Chairman and CEO

STRYKER CORPORATION

TERMS AND CONDITIONS
RELATING TO NONSTATUTORY STOCK OPTIONS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN

1. The Options to purchase Shares of Stryker Corporation (the "Company") granted to you during 2015 are subject to these Terms and Conditions Relating to Nonstatutory Stock Options Granted Pursuant to the 2011 Long-Term Incentive Plan, as amended (the "Terms and Conditions") and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan (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 Retirement (as such term is defined in the 2011 Plan or determined under local law), 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 10 th anniversary of the grant date, to exercise the Options with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase Shares had vested on or before the date of your termination by Retirement.

(b) If your employment is terminated by reason of Disability (as such term is defined in the 2011 Plan or determined under local law) or death, you, your legal representative or your estate shall have the right, for a period of one 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.

(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 thirty (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 10 th 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. 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.

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 shall withhold a sufficient number of whole Shares otherwise issuable upon exercise of the Options that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. In cases where the Fair Market Value of the number of whole Shares withheld is greater than the minimum Tax-Related Items required to be withheld, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. Alternatively, your Employer may withhold the minimum 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, must 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.

6. 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.

7. 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.

8. 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.

9. If you are resident 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).

10. 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.

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 stock options or benefits in lieu of stock options 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 and your Employer hereby notify you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the grant of the Options and your participation in the 2011 Plan pursuant to applicable personal data protection laws. The collection, processing and transfer of your personal data is necessary for the Company's administration of the 2011 Plan and your participation in the 2011 Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your ability to participate in the 2011 Plan. As such,

you voluntarily acknowledge, consent and agree (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and your Employer hold certain personal information about you, including (but not limited to) your name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor for the purpose of managing and administering the 2011 Plan ("Data"). The Data may be provided by you or collected, where lawful, from third parties, and the Company and your Employer will process the Data for the exclusive purpose of implementing, administering and managing your participation in the 2011 Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the 2011 Plan and for your participation in the 2011 Plan.

The Company and your Employer will transfer Data as necessary for the purpose of implementation, administration and management of your participation in the 2011 Plan, and the Company and your Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2011 Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. You hereby authorize (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the 2011 Plan, including any requisite transfer of such Data as may be required for the administration of the 2011 Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the 2011 Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the 2011 Plan and your participation in the 2011 Plan. You may seek to exercise these rights by contacting your local HR manager.

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 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. 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.

24. 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.

25. Notwithstanding any other provision of this Agreement 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. To the extent that the terms of this Agreement and the Recoupment Policy conflict, the terms of the Recoupment Policy shall prevail. [1]

26. **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.**

[1] Applicable only to corporate officers elected by the Board of Directors other than Assistant Secretaries, Assistant Treasurers, and Assistant Controllers.

STRYKER CORPORATION

ADDENDUM TO
TERMS AND CONDITIONS
RELATING TO NONSTATUTORY STOCK OPTIONS GRANTED
PURSUANT TO THE 2011 PLAN

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 23 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).

ARGENTINA

1. Net Exercise Only . Notwithstanding anything in Section 4 or Section 5 of the Terms and Conditions to the contrary, if you are a local national of Argentina, you may exercise the Options only by means of 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 and any Tax-Related Items.

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: _____

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 ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2015 TO STOCKPLANADMINISTRATION@STRYKER.COM .

_____ _____

Employee Signature Employee Name (Printed)

_____

Date

CHILE

1. Private Placement . The following provision shall replace the first two sentences of Section 18 of the Terms and Conditions:

In accordance with Circular 99 of 2001, from Chile's Superintendence of Securities, the grant of the Options hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filing with the local securities authorities, and the 2011 Plan is not subject to the supervision of the local securities authorities.

DENMARK

1. Treatment of Options upon Termination of Employment . Notwithstanding any provisions in the Terms and Conditions to the contrary, the treatment of the Options upon your termination of employment shall be governed by the Act on Stock Options in Employment Relations.

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, 2015 TO STOCKPLANADMINISTRATION@STRYKER.COM .

_____ _____

Employee Signature Employee Name (Printed)

_____

Date

HONG KONG

1. 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.

MEXICO

1. Commercial Relationship . You expressly recognize that your participation in the 2011 Plan and the Company's grant of the Options do 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, 2015 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 the 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.

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.).

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.

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, 2015 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.

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 replace Section 5 of the Terms and Conditions:

(a) Regardless of any action the Company or the Employer takes with respect to any or all income tax, primary and secondary Class 1 National Insurance contributions, payroll tax, payment on account or other tax-related withholding attributable to or payable in connection with or pursuant to the grant or exercise of the Options and the acquisition of Shares, or the release or assignment of the Options for consideration, or the receipt of any other benefit in connection with the Options ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility. Furthermore, the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including the grant or exercise of the Options and the acquisition of Shares, the subsequent sale of any Shares acquired upon exercise and the receipt of any dividends; and (b) 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.

(b) As a condition of the issuance of Shares (or cash payment) upon exercise of the Options, the Company and/or the Employer shall be entitled to withhold and you agree to pay, or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy, all obligations of

the Company and/or the Employer to account to HM Revenue & Customs ("HMRC") for any Tax-Related Items. In this regard, you authorize the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by you from any salary/wages or other cash compensation payable to you. Alternatively, or in addition, if permissible under local law, you authorize the Company and/or the Employer, at its discretion and pursuant to such procedures as it may specify from time to time, to satisfy the obligations with regard to all Tax-Related Items legally payable by you by one of the following: (a) by electing to have the Company withhold from the Shares to be issued upon exercise of the Options a sufficient number of whole Shares having an aggregate Fair Market Value that would satisfy the withholding amount, provided, however, that in no event may the whole number of Shares withheld in the case of this clause (a) exceed the applicable statutory minimum withholding rates (if any); or (b) in cash. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described herein, you shall be deemed to have been issued the full number of Shares subject to the Options, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Options.

(c) If, by the date on which the event giving rise to the Tax-Related Items occurs (the "Chargeable Event"), you have relocated to a jurisdiction other than the United Kingdom, you acknowledge that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction, including the United Kingdom. You also agree that the Company and the Employer may determine the amount of Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right which you may have to recover any overpayment from the relevant tax authorities.

(d) You shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to account to HMRC with respect to the Chargeable Event that cannot be satisfied by the means previously described. If payment or withholding is not made within 90 days of the Chargeable Event or within 90 days after the end of the UK tax year in which the Chargeable Event occurs or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), you agree that the amount of any uncollected Tax-Related Items shall (assuming you are not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), constitute a loan owed by you to the Employer, effective on the Due Date. You agree that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to above. If any of the foregoing methods of collection are not allowed under applicable laws or if you fail to comply with your obligations in connection with the Tax-Related Items as described in this section, the Company may refuse to deliver the Shares acquired under the 2011 Plan.

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.

Exhibit 10iv

PERSONAL and CONFIDENTIAL

February 11, 2015

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 2015. 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 of your award is approximately $XX,XXX.

You have been awarded XXX 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, 2016.

You will be required to "Accept" the award online via the UBS One Source website located at www.ubs.com/onesource/SYK between March 3 and March 31 . The detailed terms of the RSUs are set forth in the Terms and Conditions and 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 website and you should read them before accepting the awards.

There also are additional educational materials on the UBS One Source website in the Library section including RSUs Brochures, RSUs Frequently Asked Questions and RSUs Tax Questions & Answers.

We appreciate everything you do to contribute to our success. This is why we've identified PEOPLE as one of Stryker's values and why we're continuing to invest in you. Thank you for helping us deliver great results for our company-I look forward to a bright future together.

Sincerely,

Kevin Lobo
Chairman and CEO

STRYKER CORPORATION

TERMS AND CONDITIONS
RELATING TO RESTRICTED STOCK UNITS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN

1. The Restricted Stock Units ("RSUs") with respect to Common Stock of Stryker Corporation (the "Company") granted to you during 2015 are subject to these Terms and Conditions Relating to Restricted Stock Units Granted Pursuant to the 2011 Long-Term Incentive Plan, as amended (the "Terms and Conditions") and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan (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 document.

(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 prior to the date that your RSUs become fully vested for any reason other than those provided in (b) 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.

(d) 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 (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 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 the 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.

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 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.

Prior to the delivery of Shares upon the vesting of your RSUs, if your country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole Shares otherwise issuable upon the vesting of the RSUs that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. In cases where the Fair Market Value of the number of whole Shares withheld is greater than the minimum Tax-Related Items required to be withheld, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. Alternatively, your Employer may withhold the minimum Tax-Related Items required to be withheld with respect to the Shares in cash from your regular salary and/or wages or any other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares by the Company or through your regular salary and/or wages or other amounts payable to you by your Employer, no Shares will be issued to you (or your estate) upon vesting of the RSUs 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, must be withheld or collected with respect to such RSUs. By accepting this grant of 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 and your Employer hereby notify you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the grant of the RSUs and your participation in the 2011 Plan pursuant to applicable personal data protection laws. The collection, processing and transfer of your personal data is necessary for the Company's administration of the 2011 Plan and your participation in the 2011 Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your ability to participate in the 2011 Plan. As such, you voluntarily acknowledge, consent and agree (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and your Employer hold certain personal information about you, including (but not limited to) your name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor for the purpose of managing and administering the 2011 Plan ("Data"). The Data may be provided by you or collected, where lawful, from third parties, and the Company and your Employer will process the Data for the exclusive purpose of implementing, administering and managing your participation in the 2011 Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the 2011 Plan and for your participation in the 2011 Plan.

The Company and your Employer will transfer Data as necessary for the purpose of implementation, administration and management of your participation in the 2011 Plan, and the Company and your Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2011 Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. You hereby authorize

(where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the 2011 Plan, including any requisite transfer of such Data as may be required for the administration of the 2011 Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the 2011 Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion or blockage (for breach of applicable laws) of the Data and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the 2011 Plan and your participation in the 2011 Plan. You may seek to exercise these rights by contacting your local HR manager.

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 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 and 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. 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.

22. 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.

23. Notwithstanding any other provision of this Agreement 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 Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company. To the extent that the terms of this Agreement and the Recoupment Policy conflict, the terms of the Recoupment Policy shall prevail. [1]

[1] Applicable only to corporate officers elected by the Board of Directors other than Assistant Secretaries, Assistant Treasurers, and Assistant Controllers.

24. **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

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 21 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).

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]

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, 2015 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:

In accordance with Circular 99 of 2001, from Chile's Superintendence of Securities, 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. As a private placement, the Company has not submitted any registration statement, prospectus or other filing with the local securities authorities and the 2011 Plan is not subject to the supervision of the local securities authorities.

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 the 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 the 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.

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, 2015 TO STOCKPLANADMINISTRATION@STRYKER.COM .

_____ _____

Employee Signature Employee Name (Printed)

_____

Date

HONG KONG

1. IMPORTANT NOTICE . WARNING: The contents of the Terms and Conditions, the 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. 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.

MEXICO

1. Commercial Relationship . You expressly recognize that your participation in the 2011 Plan and the Company's grant of the RSUs do 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, 2015 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 the 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.

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. Effective as of January 1, 2015, 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.).

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.

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 THANAPRIL 30, 2015 TO STOCKPLANADMINISTRATION@STRYKER.COM .

_____ _____

Employee Signature Employee Name (Printed)

_____

Date

UNITED KINGDOM

1. Income Tax and Social Insurance Contribution Withholding . The following provision shall replace Section 6 of the Terms and Conditions:

(a) Regardless of any action the Company or the Employer takes with respect to any or all income tax, primary and secondary Class 1 National Insurance contributions, payroll tax, payment on account or other tax-related withholding attributable to or payable in connection with or pursuant to the grant or vesting of the RSUs and the acquisition of Shares, or the release or assignment of the RSUs for consideration, or the receipt of any other benefit in connection with the RSUs ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility. Furthermore, the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant or vesting of the RSUs and the acquisition of Shares, the subsequent sale of any Shares acquired upon vesting and the receipt of any dividends or dividend-equivalents; and (b) 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 date of grant and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one country.

(b) As a condition of the issuance of Shares (or cash payment) upon vesting of the RSUs, the Company and/or the Employer shall be entitled to withhold and you agree to pay, or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy, all obligations of the Company and/or the Employer to account to HM Revenue & Customs ("HMRC") for any Tax-Related Items. In this regard, you authorize the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by you from any salary/wages or other cash compensation payable to you. Alternatively, or in addition, if permissible under local law, you authorize the Company and/or the Employer, at its discretion and pursuant to such procedures as it may specify from time to time, to satisfy the obligations with regard to all Tax-Related Items legally payable by you by the Company withholding from the Shares to be issued upon vesting of the RSUs a sufficient number of whole Shares having an aggregate Fair Market Value that would satisfy the withholding amount, provided, however, that in no event may the whole number of Shares withheld in the case of this clause exceed the applicable statutory minimum withholding rates (if any). You shall be deemed to have been issued the full number of Shares subject to the RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the RSUs.

(c) If, by the date on which the event giving rise to the Tax-Related Items occurs (the "Chargeable Event"), you have relocated to a jurisdiction other than the United Kingdom, you acknowledge that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction, including the United Kingdom. You also agree that the Company and the Employer may determine the amount of Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right which you may have to recover any overpayment from the relevant tax authorities.

(d) You shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to account to HMRC with respect to the Chargeable Event that cannot be satisfied by the means previously described. If payment or withholding is not made within 90 days of the Chargeable Event or within 90 days after the end of the UK tax year in which the Chargeable Event occurs or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), you agree that the amount of any uncollected Tax-Related Items shall (assuming you are not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), constitute a loan owed by you to your Employer, effective on the Due Date. You agree that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to above. If any of the foregoing methods of collection are not allowed under applicable laws or if you fail to comply with your obligations in connection with the Tax-Related Items as described in this section, the Company may refuse to deliver the Shares acquired under the 2011 Plan.

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 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 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.

Exhibit 10v

PERSONAL and CONFIDENTIAL

February 11, 2015

First Name Last Name

Dear First Name:

I am pleased to inform you that as an XLT member, you will be receiving a performance stock units (PSUs) award in 2015. 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 $x,xxx.

You have been awarded x,xxx PSUs. The number of PSUs actually earned will be dependent upon Stryker's financial performance during the three-year period ending December 31, 2017. Refer to the Terms and Conditions accompanying the 2015 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, 2018 except as otherwise provided in the Terms and Conditions.

You will be required to "Accept" all awards online via the UBS One Source website located at www.ubs.com/onesource/SYK between March 3 and March 31 . The detailed terms of the PSUs are set forth in the applicable Terms and Conditions and 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 website and you should read them before accepting the awards.

Thank you for your strong performance and I look forward to your future contributions toward positioning Stryker for long-term success.

Sincerely,

Kevin Lobo
Chairman and CEO

STRYKER CORPORATION

TERMS AND CONDITIONS
RELATING TO PERFORMANCE STOCK UNITS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN

1. The Performance Stock Units with respect to Common Stock of Stryker Corporation (the "Company") granted to you during 2015 (the "PSUs") are subject to the terms and conditions set forth herein (the "Terms and Conditions") and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as amended (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, "Stryker" or "Employer" means the Company or any Subsidiary that employs you on the applicable date.

2. Vesting . Except as provided in Section 8, the vesting of your PSUs is dependent upon your remaining continuously employed with Stryker through March 21, 2018 (the "Vesting Date") as well as upon the Company's financial performance during the three-year period ending December 31, 2017 (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 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 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 5.0%	5.0%	8.0%	11% 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, 2018), the Company shall issue you the Shares underlying the vested EPS PSUs.

(c) For purposes of this Agreement:

(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.

5. Sales Growth Percentile Ranking .

(a) If the Threshold Performance Target is attained and 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, 2018), the Company shall issue you the Shares underlying the vested Sales Growth PSUs.

(c) For purposes of this Agreement 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
- Baxter International Inc.
- Becton, Dickinson and Co.
- Boston Scientific Corporation
- CareFusion Corporation
- CR Bard Inc.
- Fresenius Medical Care AG & Co. KGaA
- General Electric (Healthcare)
- Johnson & Johnson (Medical Devices & Diagnostics)
- Laboratory Corporation of America Holdings
- Medtronic plc
- Quest Diagnostics Inc.
- Royal Philips (Healthcare)
- Siemens Aktiengesellschaft (Healthcare)
- Smith & Nephew plc
- St. Jude Medical Inc.
- Thermo Fisher Scientific, Inc.
- 3M Company (Healthcare)
- Zimmer 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 for the applicable Reporting Period as determined under U.S. generally accepted accounting principles and as reported in a filing with the Securities and Exchange Commission.

(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 completed a filing with the Securities and Exchange Commission 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 - (Rank-1)/(Total of the Comparison Group plus the Company-1). For example, if the Company ranked 5 th out of 20 companies including itself, the percentile rank would be calculated as 1 - (5-1)/(20-1) or 1 - (4/19) or 1-.2105 or the 79 th 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. Section 162(m). All payments under this Agreement are intended to constitute "qualified performance-based compensation" within the meaning of Section 162(m) of the Code. In furtherance thereof, and notwithstanding anything in this Agreement 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 this Agreement to the contrary you shall not become vested in more than 200% of your PSUs.

7. Dividend Equivalents . In connection with your Award, 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 Date of Grant 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 or required under a foreign law that is applicable to you because you are a foreign national or are employed outside the United States, or both, at that time) or death, you or your estate will become immediately vested 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. Adjusted EPS Growth shall be determined in accordance with Section 4, except that only calendar year 2015 and, if you remain an Employee through December 31, 2016, calendar year 2016, shall be taken into account, and except that the denominator in determining Adjusted EPS Growth shall be one (if only calendar year 2015 is taken into account) or two (if both 2015 and 2016 are taken into account). The Sales Growth Percentile Ranking shall be determined in accordance with Section 5, except that the only Reporting Periods taken into account shall be (i) Reporting Periods ending after December 31, 2014 and before January 1, 2016, and (ii) if you cease to be an Employee after December 31, 2016, Reporting Periods ending after December 31, 2015 and before January 1, 2017, and except that the denominator in determining Average Sales Growth shall be one (if the preceding clause (ii) does not apply) or two (if the preceding clause (ii) does apply). 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 later of December 31, 2015 or the date you cease to be an Employee.

(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.

(c) 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 the 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.

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 or 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) 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. Regardless of any action the Company and/or your Employer take with respect to any 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.

Prior to the delivery of Shares upon the vesting of your PSUs, if your country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole Shares otherwise issuable upon the vesting of the PSUs that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. In cases where the Fair Market Value of the number of whole Shares withheld is greater than the minimum Tax-Related Items required to be withheld, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. Alternatively, your Employer may withhold the minimum Tax-Related Items required to be withheld with respect to the Shares in cash from your regular salary and/or wages, or any other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares by the Company or through your regular salary and/or wages or other amounts payable to you by your Employer, no Shares will be issued to you (or your estate) upon vesting of the PSUs 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, must be withheld or collected with respect to such PSUs. By accepting this grant of 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. The Company and your Employer hereby notify you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the grant of the PSUs and your participation in the 2011 Plan pursuant to applicable personal data protection laws. The collection, processing and transfer of your personal data is necessary for the Company's administration of the 2011 Plan and your participation in the 2011 Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your ability to participate in the 2011 Plan. As such, you voluntarily acknowledge, consent and agree (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and your Employer hold certain personal information about you, including (but not limited to) your name, home address and telephone number, date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all PSUs or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor for the purpose of managing and administering the 2011 Plan ("Data"). The Data may be provided by you or collected, where lawful, from third parties, and the Company and your Employer will process the Data for the exclusive purpose of implementing, administering and managing your participation in the 2011 Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the 2011 Plan and for your participation in the 2011 Plan.

The Company and your Employer will transfer Data as necessary for the purpose of implementation, administration and management of your participation in the 2011 Plan, and the Company and your Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2011 Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. You hereby authorize (where required under applicable law) the recipients to receive, possess, use,

retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the 2011 Plan, including any requisite transfer of such Data as may be required for the administration of the 2011 Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the 2011 Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion or blockage (for breach of applicable laws) of the Data and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the 2011 Plan and your participation in the 2011 Plan. You may seek to exercise these rights by contacting your local HR manager.

22. 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.**

23. 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.

24. 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.

25. 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.

26. 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.

27. 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.

28. 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.

29. Notwithstanding any other provision of this Agreement 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 Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company. To the extent that the terms of this Agreement and the Recoupment Policy conflict, the terms of the Recoupment Policy shall prevail.

30. **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

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 27 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).

SINGAPORE

1. Qualifying Person Exemption . The following provision shall replace Section 22 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.).

PERSONAL and CONFIDENTIAL

February 11, 2015

First Name Last Name

Dear First Name:

This confirms that you have been awarded a nonstatutory stock option for X,XXX shares of Stryker Corporation Common Stock at a price of $XX.XX per share. Except as otherwise provided in the enclosed Terms and Conditions, this option will become exercisable 20% per year beginning on February 11, 2016 and will expire on February 10, 2025.

In addition to the nonstatutory option grant, you have been awarded X,XXX RSUs with respect to Common Stock of Stryker Corporation. Except as otherwise provided in the enclosed Terms and Conditions, these RSUs will vest on March 21, 2016.

The total Award Date Value (ADV) of your awards is approximately $XXX,XXX; 50% of the ADV is awarded in stock options and the other 50% in RSUs.

You can view these awards online at www.ubs.com/onesource/SYK starting on March 3 . The detailed terms of the option and RSUs by which you will be bound are set forth in the Terms and Conditions and 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 website.

There also are additional education materials on the UBS One Source website in the library section, which include a Stock Option and RSUs brochures, Stock Option and RSUs Frequently Asked Questions, and Stock Option and RSUs Tax Questions & Answers.

Thank you for your partnership and your contributions toward positioning Stryker for long-term success.

Sincerely,

Kevin Lobo
Chairman and CEO

STRYKER CORPORATION

TERMS AND CONDITIONS
RELATING TO NONSTATUTORY STOCK OPTIONS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN

NON-EMPLOYEE DIRECTORS

1. The Options to purchase Shares of Stryker Corporation (the "Company") granted to you during 2015 are subject to these Terms and Conditions Relating to Nonstatutory Stock Options Granted Pursuant to the 2011 Long-Term Incentive Plan (the "Terms and Conditions") and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as amended (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. Upon the termination of your service as a Director your right to exercise the Options shall be only as follows:

(a) If your service as a Director is terminated by Retirement (as such term is defined in the 2011 Plan or determined under local law), you or your estate (in the event of your death after termination by Retirement) shall have the right, at any time on or prior to the 10th anniversary of the grant date, to exercise the Options with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase Shares had vested on or before the date of your Retirement.

(b) If your service as a Director is terminated by reason of Disability (as such term is defined in the 2011 Plan or determined under local law) or death, you, your legal representative or your estate shall have the right, for a period of one 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.

(c) If you cease to be a Director 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 thirty (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, which shall be the last day of your active service as a Director.

(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 service as a Director because of Disability, Retirement or death, unless you shall have continued to serve as a Director 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 a Director for any other reason before you retire, the right to exercise the Options shall be determined as if your service as a Director ceased by reason of Retirement.

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 Board of Directors 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 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 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, (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. To exercise the Options, you must complete the 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 Board of Directors 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. Regardless of any action the Company takes 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 (i) makes 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) does 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.

Prior to the delivery of Shares upon exercise of your Options, if your country of residence requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole Shares otherwise issuable upon exercise of the Options that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. In cases where the Fair Market Value of the number of whole Shares withheld is greater than the minimum Tax-Related Items required to be withheld, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. Alternatively, the Company may withhold the minimum 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 any other amounts payable to you, no Shares will be issued to you (or your estate) upon exercise of the Options 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, must be withheld or collected with respect to such Options. By accepting these Options, you expressly consent to the withholding of Shares and/or the withholding from your director fees 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.

6. 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.

7. 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.

8. If you are resident 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. 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.

9. If you are resident 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.

10. 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.

11. The grant of the Options shall not confer upon you any right to serve as a Director 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 exercise of the Options 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 Options under the 2011 Plan is a one-time benefit and does not create any contractual or other right to receive a grant of stock options or benefits in lieu of stock options 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 service as a Director of the Company.

13. Your participation in the 2011 Plan is voluntary.

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 hereby notifies you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the grant of the Options and your participation in the 2011 Plan pursuant to applicable personal data protection laws. The collection, processing and transfer of your personal data is necessary for the Company's administration of the 2011 Plan and your participation in the 2011 Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your ability to participate in the 2011 Plan. As such, you voluntarily acknowledge, consent and agree (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company holds certain personal information about you, including (but not limited to) your name, home address and telephone number, date of birth, social security number or other identification number, nationality, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor for the purpose of managing and administering the 2011 Plan ("Data"). The Data may be provided by you or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing your participation in the 2011 Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the 2011 Plan and for your participation in the 2011 Plan.

The Company will transfer Data as necessary for the purpose of implementation, administration and management of your participation in the 2011 Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2011 Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. You hereby authorize (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the 2011 Plan, including any requisite transfer of such Data as may be required for the administration of the 2011 Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the 2011 Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the 2011 Plan and your participation in the 2011 Plan. You may seek to exercise these rights by contacting the Company's HR department.

16. The grant of the Options 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 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 and 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.**

17. 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.

18. 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.

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 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, if the meaning of the translated version is different than the English version, the English version will control.

21. Notwithstanding any provisions of these Terms and Conditions to the contrary, if your country of residence is Belgium, the Options shall be subject to the special terms and conditions in the addendum to these Terms and Conditions (an "Addendum"). Further, if you transfer your residence to a country that at the time of transfer has special terms and conditions for option grants, those special terms and conditions 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.

22. 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.

STRYKER CORPORATION

ADDENDUM TO
TERMS AND CONDITIONS
RELATING TO NONSTATUTORY STOCK OPTIONS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN

NON-EMPLOYEE DIRECTORS

BELGIUM

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 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).

Director Name: _____ Number of Shares: _____

Date of Grant: _____ Exercise Price: _____

1. Acceptance of Options . In order 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 in full knowledge.

Director Signature: _____

Director 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 upon 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.

Director Signature: _____

Director Printed Name: _____

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STRYKER CORPORATION

TERMS AND CONDITIONS
RELATING TO RESTRICTED STOCK UNITS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN

NON-EMPLOYEE DIRECTORS

1. The Restricted Stock Units ("RSUs") with respect to Common Stock of Stryker Corporation (the "Company") granted to you during 2015 are subject to these Terms and Conditions Relating to Restricted Stock Units Granted Pursuant to the 2011 Long-Term Incentive Plan (the "Terms and Conditions") and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as amended (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 document.

(b) If you cease to be a Director 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 a Director prior to the date that your RSUs become fully vested for any reason other than those provided in (b) 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.

(d) 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).

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 the 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.

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.

Prior to the delivery of Shares upon the vesting of your RSUs, if your country of residence requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole Shares otherwise issuable upon the vesting of the RSUs that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. In cases where the Fair Market Value of the number of whole Shares withheld is greater than the minimum Tax-Related Items required to be withheld, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. Alternatively, the Company may withhold the minimum Tax-Related Items required to be withheld with respect to the Shares in cash from your director fees or any other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares by the Company or through your director fees or other amounts payable to you, no Shares will be issued to you (or your estate) upon vesting of the RSUs 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, must be withheld or collected with respect to such RSUs. By accepting this grant of 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 hereby notifies you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the grant of the RSUs and your participation in the 2011 Plan pursuant to applicable personal data protection laws. The collection, processing and transfer of your personal data is necessary for the Company's administration of the 2011 Plan and your participation in the 2011 Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your ability to participate in the 2011 Plan. As such, you voluntarily acknowledge, consent and agree (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company holds certain personal information about you, including (but not limited to) your name, home address and telephone number, date of birth, social security number or other identification number, nationality, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor for the purpose of managing and administering the 2011 Plan ("Data"). The Data may be provided by you or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing your participation in the 2011 Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when

such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the 2011 Plan and for your participation in the 2011 Plan.

The Company will transfer Data as necessary for the purpose of implementation, administration and management of your participation in the 2011 Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2011 Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. You hereby authorize (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the 2011 Plan, including any requisite transfer of such Data as may be required for the administration of the 2011 Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the 2011 Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion or blockage (for breach of applicable laws) of the Data and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the 2011 Plan and your participation in the 2011 Plan. You may seek to exercise these rights by contacting the Company's HR 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 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 and 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.

SETTLEMENT AGREEMENT

Between

Howmedica Osteonics Corp.

And

The Counsel Listed on the Signature Pages Hereto

Dated As Of November 3, 2014

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TABLE OF EXHIBITS

SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT, dated as of November 3, 2014 (the " Execution Date "), between (i) Howmedica Osteonics Corp., a/k/a Stryker Orthopaedics ("HOC"), a New Jersey corporation; and (ii) the counsel listed in the signature pages hereto under the heading "Plaintiffs' Settlement Committee" (collectively, the " PSC "; the PSC and HOC, each a " Party " and collectively the " Parties ").

PREAMBLE

This is an agreement between (i) HOC, and (ii) the PSC, which is a committee comprised of certain counsel appointed by the Hon. Brian R. Martinotti, J.S.C. to the Plaintiffs' Resolution Committee in *In re: HOC Rejuvenate Hip Stem and ABG II Modular Hip Stem Litigation* , Case No. 296, Master Docket No. BER-L-936-13, a New Jersey state multi-county litigation venued in Bergen County (such court, the " MCL Court "), and the Plaintiffs' Resolution Committee appointed by the Hon. Donovan W. Frank in *In re: HOC Rejuvenate and ABG II Hip Implant Products Liability Litigation* , MDL Docket No. 13-2441, a federal multi-district litigation venued in the United States District Court for the District of Minnesota (such court, the " MDL Court "). This Agreement establishes a private settlement program to resolve the actions, disputes and claims - whether filed or unfiled - of U.S. claimants against HOC relating to the implantation, use and removal of the ABG II Modular System (" ABG II Modular ") and Rejuvenate Modular System (" Rejuvenate " and, together with ABG II Modular, the "Affected Products") under the terms set below.

RECITALS

A. HOC issued a voluntary recall of the Rejuvenate and ABG II Modular devices from the market on June 28, 2012 (the " Voluntary Recall ").

B. The lawsuits of active plaintiffs are presently pending in various state and federal courts (" Other Courts ") and in one of the following " Coordinated Proceedings ":

a. *In re Stryker Rejuvenate Hip Stem and ABG II Modular Hip Stem Litigation* , Case No. 296, Master Docket No. BER-L-936-13, venued in the MCL Court; and

b. *In re: Stryker Rejuvenate and ABG II Hip Implant Products Liability Litigation* , MDL Docket No. 13-2441, venued in the MDL Court.

C. While not admitting any wrongdoing or liability, HOC acknowledges that plaintiffs in the litigation Relating to the Affected Products or other claimants claim to have suffered cognizable bodily, physical, or personal injuries and wishes to resolve the claims Relating to the Affected Products whose claimants have had their hips revised prior to November 3, 2014 or who require revision surgeries but are too infirm to undergo the

procedure, whether filed or unfiled, in order to avoid the costs, expense, time, effort and uncertainty inherent in further litigation.

D. The PSC, on behalf of and in the best interests of its clients, also wishes to avoid the costs, expense, time, effort and uncertainty inherent in litigation and in continuing to litigate the claims Relating to the Affected Products for clients who have had their hips revised or who require revision surgeries but are too infirm to undergo the procedure, whether filed or unfiled, in order to avoid the costs, expense, time, effort and uncertainty inherent in further litigation.

E. The PSC and HOC have agreed to establish a private settlement program intended to resolve the claims of all persons who are eligible to enroll into the private settlement program and qualify for compensation pursuant to the requirements set forth below. This private resolution program will be referred to as the " Settlement Program ."

F. This Agreement and the Settlement Program will not be construed as evidence of, or as an admission by, HOC or any Released Party of any fault, Liabilities, wrongdoing or damages of any kind whatsoever or as an admission by any eligible claimant who enrolls in the Settlement Program of a lack of merit in their claims.

G. The PSC and HOC agree as follows:

Article1

Definitions

Section 1.1 General

1.1.1 As used in this Agreement, and in addition to the definitions set forth in the introduction, preamble and recitals above, capitalized terms shall have the following definitions and meanings or such definitions and meanings as are accorded to them elsewhere in this Agreement. Terms used in the singular shall be deemed to include the plural and vice versa. When a term is first used, it will be underscored.

Section 1.2 Terms

1.2.1 " Administrative Agreement " means any agreement among (i) an Administrator, (ii) HOC and (iii) SOC, with respect to such Administrator's service in connection with the Settlement Program.

1.2.2 " Administrative Expenses " means (i) any fees, expenses, indemnification payments or other like amounts payable from time to time to past or present Administrators pursuant to past or present Administrative Agreements; (ii) any amounts required to be expended to acquire and maintain insurance for the benefit of the past or present Administrators pursuant to the terms of any past or present Administrative Agreement, and (iii) such other amounts as may be specified in

any past or present Administrative Agreement to constitute "Administrative Expenses" for purposes of this Agreement.

1.2.3 " Administrators " means the Persons from time to time serving as the Claims Administrator, Claims Processor, any Special Master, the Escrow Agent, consulting physicians, if any, and/or the employees or agents of an Administrator.

1.2.4 " Affected Product " means the ABG II Modular System or Rejuvenate Modular System.

1.2.5 " Agreement " means this Settlement Agreement, including the Exhibits and Schedules hereto, as the same may be amended or modified from time to time in accordance with the terms hereof.

1.2.6 "Base Award " means the amount available to Qualified Claimants as part of the Base Award Program before the application of any applicable reductions or limitations.

1.2.7 " Base Award Program " means the award program available to Qualified Claimants pursuant to Section 7.1 of this Agreement.

1.2.8 " Broadspire " means Broadspire Services, Inc.

1.2.9 " Broadspire Claim " means a claim for a specific reimbursement submitted by a Settlement Program Claimant as part of the reimbursement program set up by HOC following the Voluntary Recall (such program, the " Broadspire Program ").

1.2.10 " Business Day " means any day that is not Saturday, a Sunday or other day on which commercial banks in the State of New Jersey are required or authorized by law, including federal holidays, to be closed.

1.2.11 " Claims " means any and all rights, remedies, actions, claims, demands, causes of action, suits at law or in equity, verdicts, suits of judgments, judgments and/or Liens (including any of the foregoing for wrongful death, personal injury and/or bodily injury, sickness, disease, emotional distress and/or injury, mental or physical pain and/or suffering, emotional and/or mental harm, fear of disease or injury, loss of enjoyment of life, loss of society, loss of companionship, loss of income, loss of consortium, medical expenses, future cost of insured services, past cost of insured services or any other form of injury, and including any of the foregoing for direct damages, indirect damages, consequential damages, incidental damages, punitive damages or any other form of damages whatsoever), whether based upon contract, breach of contract, warranty or covenant, breach of warranty or covenant, tort, negligence, gross negligence, recklessness, joint and several liability, guarantee, contribution, reimbursement, subrogation, indemnity, defect, failure to warn, fault, strict liability, misrepresentation, common law fraud,

statutory consumer fraud, quantum meruit, breach of fiduciary duty, violation of statutes or administrative regulations and/or any other legal (including common law), statutory, equitable or other theory or right of action, whether presently known or unknown, developed or undeveloped, discovered or undiscovered, foreseen or unforeseen, matured or unmatured, accrued or not accrued, or now recognized by law or that may be created or recognized in the future by statute, regulation, judicial decision or in any other manner Relating to the Affected Products.

1.2.12 " Claims Administrator " means the Person from time to time appointed to fulfill the functions of the "Claims Administrator" under, and in accordance with the terms of, this Agreement (so long as such Person continues to serve in such capacity).

1.2.13 " Claim Form " means a claim form in the form to be agreed upon by the Parties. If there is a dispute between the Parties over the form of the Claim Form, the dispute will be resolved by the Claims Administrator whose decision will be final, binding and Non-Appealable.

1.2.14 " Claims Processor " means the Person or Persons from time to time appointed to fulfill the functions of the "Claims Processor" under, and in accordance with the terms of, this Agreement (so long as such Person or Persons continues to serve in such capacity).

1.2.15 " Counsel " means, with respect to any particular Person, a lawyer and/or law firm who represents such Person pursuant to a written agreement, including the Primary Law Firm or Principal Responsible Attorney, or who has an interest in such Person's Claim.

1.2.16 " Covered Unrevised, Infirm Claimant " means an Enrolled Claimant who has demonstrated by way of his/her Required Submissions (pursuant to Section 4.2) that he/she meets the eligibility requirements of the Covered Unrevised, Infirm Claimant Program and the Claims Processor has made a determination of eligibility for such Enrolled Claimant or the Enrolled Claimant has been deemed to be a Settlement Program Claimant pursuant to Section 5.1.5.

1.2.17 " Covered Unrevised, Infirm Claimant Program " means the benefits program available to Covered Unrevised, Infirm Claimants pursuant to Article 8 of this Agreement, if applicable.

1.2.18 " Derivative Claimant " means, in relation to any particular Enrolled Claimant, any Person having or asserting the right, either statutory or under applicable common law (including the laws of descent and distribution) or otherwise, to sue HOC or any other Released Party, independently, derivatively or otherwise.

1.2.19 " Dismissal with Prejudice Stipulation " means a "Dismissal with Prejudice Stipulation" in the form contained in, or attached to, the Enrollment Form or in such other form as mandated by the Enrollment Form.

1.2.20 " Eligible Claimant " means a Person who, as of the Execution Date: 1) has an Unfiled Claim or filed lawsuit; 2) is a United States Patient who was implanted with the Affected Product in the United States as defined in Section 1.2.74; and 3) underwent a Qualified Revision Surgery of the Affected Product prior to November 3, 2014.

1.2.21 " Enhancement " means the specific benefit that may be available to Qualified Claimants under the Enhancements Benefit Program.

1.2.22 " Enhancements Benefit Program " (" EBP ") means the supplemental benefits program available to Qualified Claimants pursuant to Section 7.2 of this Agreement, if applicable.

1.2.23 " Enhancements Benefit Program ("EBP") Application Deadline Date " means the date(s) by which a Qualified Claimant must enroll in the Enhancements Benefit Program, if applicable, as set forth in Section 4.1.4.

1.2.24 " Enhancements Benefit Program ("EBP") Award Schedule " means the schedule of Enhancements that may be available to Qualified Claimants pursuant to the Enhancements Benefit Program as set forth on Schedule 1 hereto.

1.2.25 " Enhancements Benefit Program ("EBP") Claim Form " means a claim form for the Enhancements Benefit Program in the form to be agreed upon by the Parties. If there is a dispute between the Parties over the form of the EBP Claim Form, the dispute will be resolved by the Claims Administrator whose decision will be final, binding and Non-Appealable.

1.2.26 " Enrolled Claimant " means a person who has enrolled in the Settlement Program but has not yet been deemed a Qualified Claimant or Covered Unrevised, Infirm Claimant.

1.2.26.1 For the avoidance of doubt, it is understood and agreed that (i) subject to clause (ii), the Legal Representative (or, if more than one, the Legal Representatives collectively), of a particular natural person (including a deceased natural person), in such capacity, has the same status hereunder as such particular natural person, and (ii) a natural person (including a deceased natural person) and his or her Legal Representative(s) shall constitute a single Enrolled Claimant.

1.2.26.2 Notwithstanding the foregoing provisions of this Section 1.2.26, no Person (or their respective Legal Representatives) who prior to Execution Date had an action against HOC Related to the Affected Products (a) dismissed with prejudice, which dismissal is not as of the Execution Date under appeal, (b) tried to verdict against HOC and is on appeal, or (c) was resolved pursuant to mediation and/or

separate settlement agreement, shall constitute "Enrolled Claimants" and accordingly no such Persons (or their respective Legal Representatives) may participate in the Settlement Program.

1.2.27 " Enrollment Deadline Date " means the March 2, 2015 date by which a Claimant must enroll in the Settlement Program, including, for the avoidance of doubt, the Covered Unrevised, Infirm Claimant Program, unless extended by written agreement of the Parties. The date that a Claimant enrolls in the Settlement Program will be referred to as the " Enrollment Date ."

1.2.28 " Enrollment Form " means an enrollment form in the form to be agreed upon by the Parties. If there is a dispute between the Parties over the form of the Enrollment Form, the dispute will be resolved by the Claims Administrator whose decision will be final, binding and Non-Appealable.

1.2.29 " Escrow Account " means the escrow account established pursuant to the Escrow Agreement.

1.2.30 " Escrow Agent " means The Garden City Group, Inc., or such other Person or Persons from time to time appointed to fulfill the functions of "Escrow Agent" under the Escrow Agreement (so long as such Person or Persons continues to serve in such capacity).

1.2.31 " Escrow Agreement " means an escrow agreement in the form agreed upon by the Escrow Agent, HOC and the SOC, as the same may be amended from time to time in accordance with the terms thereof.

1.2.32 " Excluded Revision Surgery " means a revision surgery that resulted in the removal of the stem and neck of the Affected Product, the cause of which was related to the following:

1.2.32.1 An " Excluded Infection-Related Revision Surgery ," which is a surgery to remove both the femoral stem and neck component of the Affected Product that is necessitated by Infection. If the contemporaneous Medical Records (e.g. admission history and physical, operative report, discharge summary or pathology report) from a revision surgery taking place at least 181 days after an Index Surgery states that the cause of the revision surgery was an Infection, and the contemporaneous Medical Records show either (i) a sinus tract communicating with the affected prosthetic joint, or (ii) a pathogen isolated by culture from at least two (2) separate tissue or fluid samples obtained from the affected prosthetic joint prior to or during the revision surgery hospitalization (where at least one of the samples is obtained prior to or during the revision surgery), and there is no indication in the contemporaneous Medical Records of (i) an elevated cobalt level, (ii) an abnormal diagnostic scan associated with the tissue around the femoral implant related to the reasons underlying the Voluntary Recall, or (iii) intra-operative or pathologic confirmation of ALTR, ALVAL or tissue damage related to the reasons underlying the Voluntary Recall, then

the revision was caused by Infection and is not a Qualified Revision Surgery. A Claimant excluded under this sub-paragraph shall have a right to request a review of this determination as set forth in Section 5.1.

1.2.32.2 An " Excluded Trauma-Related Revision Surgery ," which is a surgery to remove both the femoral stem and neck component of the Affected Product that is caused by " Trauma. " For purposes of this provision, the term "trauma" is defined as a change in the alignment or fixation of the Affected Product caused by the application of an external force in a sudden or unexpected manner. Trauma affecting an Affected Product will be deemed to have occurred if a fracture or change in the position of the Affected Product, or in its alignment or fixation, is verified by radiological studies, or such change is described in contemporaneous Medical Records by the treating physician who attributes the cause for revision to be due to that traumatic event.

If Trauma is deemed to have occurred (as set forth above) and Trauma is identified in the contemporaneous Medical Records (e.g. admission history and physical, operative report and discharge summary) as the cause for revision, then the revision is not a Qualified Revision Surgery and the claimant shall be deemed unable to participate unless Medical Records show, more likely than not, the claimant would have required revision in the near term regardless of the Trauma. A Claimant excluded under this sub-paragraph shall have a right to request a review of this determination as set forth in Section 5.1.

1.2.32.3 An " Excluded Dislocation, Disassociation or Subluxation-Related Revision Surgery ," which is a surgery to remove both the femoral stem and neck component of the Affected Product that is caused by a dislocation, disassociation or subluxation. If the contemporaneous Medical Records (e.g. admission history and physical, operative report and discharge summary) from a revision surgery taking place at least 181 days after an Index Surgery states that the cause of the revision surgery was a dislocation, disassociation or subluxation, and there is no confirmation of one or more of the following: (i) an elevated cobalt level, (ii) an abnormal diagnostic scan associated with the tissue around the femoral implant related to the reasons underlying the Voluntary Recall, or (iii) intra-operative or pathologic confirmation of ALTR, ALVAL or tissue damage related to the reasons underlying the Voluntary Recall, then the revision was caused by a dislocation, disassociation or subluxation and is not a Qualified Revision Surgery **.** A Claimant excluded under this sub-paragraph shall have a right to request a review of this determination as set forth in Section 5.1.

1.2.32.4 An " Excluded Implant Fracture-Related Revision Surgery ," which is a surgery to remove both the femoral stem and neck component of the Affected Product that is caused by an implant fracture. A Claimant excluded under this sub-paragraph shall have a right to request a review of this determination as set forth in Section 5.1.

1.2.32.5 An " Excluded Revision Surgery due to Off Label Neck and Stem Size Combination ," which is a surgery to remove both the femoral stem and neck component of the Affected Product that is caused by the use of an off label neck and stem combination, specifically comprised of either a size 1 or size 2 ABG II Modular stem used in combination with a long neck (i.e. a 36mm neck). A Claimant excluded under this sub-paragraph shall have a right to request a review of this determination as set forth in Section 5.1.

1.2.33 " Executing Derivative Claimant " means, in relation to any particular Enrolled Claimant, any Derivative Claimant in relation to such Enrolled Claimant that has executed such Enrolled Claimant's Release.

1.2.34 " Federal Health Care Program " means the program insurers such as the Medicare and Medicaid programs, the CHAMPVA Program, the TRICARE Program and any other federal, state or local reimbursement program involving payment of governmental funds (including "Federal health care programs" as defined in 42 U.S.C. §1320a-7b(f)) or other payer program administered by any Governmental Authority);

1.2.35 " Future Matrix " means the Enhancements available to Qualified Claimants for specific post-Enrollment Date events during the time period and pursuant to the restrictions and limitations set forth in the Enhancements Benefit Program Award Schedule.

1.2.36 " Governmental Authority " means any government or political subdivision, department, commission, board, bureau, agency, or other governmental authority, whether United States federal, state, District of Columbia, city, county, municipal, territorial, or foreign, or any agency or instrumentality whether domestic or foreign, or any United States federal, state, District of Columbia, city, county, municipal, territorial or foreign court.

1.2.37 " Healthcare Provider " means any person or entity including a hospital, physician or a network of providers that provided healthcare services and/or treatments to or on behalf of a Settlement Program Claimant.

1.2.38 " Index Surgery " means the implantation of an Affected Product in a surgery occurring in the United States as defined in Section 1.2.74.

1.2.39 " Legal Representative " means, as to any particular natural person (including a deceased natural person), the estate, executor, administrator, guardian, conservator or other legal representative thereof.

1.2.40 " Liabilities " means any and all debts, liabilities, covenants, promises, contacts, agreements and/or obligations of whatever kind, nature, description or basis, whether fixed, contingent or otherwise, whether presently known or unknown, developed or undeveloped, discovered or undiscovered, foreseen or unforeseen, matured or unmetered, or accrued or not accrued.

1.2.41 " Lien " means any mortgage, lien, pledge, charge, security interest, encumbrance, assignment, subrogation right, third-party interest or adverse claim of any nature whatsoever, in each case whether statutory or otherwise.

1.2.42 " Lien Resolution Administrator " (" LRA ") means Providio MediSolutions, LLC.

1.2.43 " Medical Records " means the entire record maintained by an individual Healthcare Provider or facility relating to the medical history, care, diagnosis, surgery, and treatment of an Eligible Claimant including new patient intake forms completed by or on behalf of an Eligible Claimant, doctors' notes, operative reports, hospital charts, nurses' notes, physicians' orders, consultation reports, laboratory test results, EEGs, EKGs, x-ray reports, CT scan reports, MRI scan reports, reports of any diagnostic procedures, tests or imaging studies, operative reports, history and physicals, pathology reports, anesthesia records, admission summaries, discharge summaries, photographs, video recordings, consent forms, prescription records, and medication records.

1.2.44 " Net Base Award " means the Base Award for a given Qualified Claimant following the application of any reductions or limitations applicable to such Base Award.

1.2.45 " Net Enhancements Benefit " means the aggregate amount of all Enhancements for a given Qualified Claimant under the Enhancements Benefit Program following the application of any and all applicable reductions or limitations to such Enhancements.

1.2.46 " Non-Appealable " means not subject to (i) any further right of appeal to any Administrator or otherwise within the Settlement Program, or (ii) any right of judicial appeal.

1.2.47 " Past Matrix " means the Enhancements available to Qualified Claimants for specific pre-Enrollment Date events during the time period and pursuant to the restrictions and limitations set forth in the Enhancements Benefit Program Award Schedule.

1.2.48 " Person " means an individual, general partnership, limited partnership, limited liability company, corporation, trust, estate, real estate investment trust association or any other entity.

1.2.49 " Personal Signature " means the actual handwritten signature by the person whose signature is required on the document. Unless otherwise specified in this Agreement, a document requiring a Personal Signature may be submitted by: (a) an actual original handwritten "wet ink" signature on hard copy; or (b) a PDF or other electronic image of an actual handwritten signature, but cannot be submitted by an electronic signature within the meaning of the Electronic Records and

Signatures in Commerce Act, 15 U.S.C. §§ 7001, et seq. , or the Uniform Electronic Transaction Act, or their successors.

1.2.50 " Primary Law Firm " means the Counsel, including the Principal Responsible Attorney, responsible for the client and the client's Claim, identified in connection with Article 3 of this Agreement, that shall fulfill the responsibilities for the Primary Law Firm identified under this Agreement. If two or more lawyers or law firms are designated as the Primary Law Firm, any dispute that cannot be resolved by the Counsel may be submitted to the Special Masters for review and resolution at the expense of the disputing plaintiffs' counsel.

1.2.51 " Principal Responsible Attorney " means the single attorney identified by the Primary Law Firm by name, state bar number, business address, phone number and email address who will be primarily responsible to provide notice to the applicable court for obligations of the Primary Law Firm relating to this Agreement and for compliance with any court orders entered in the jurisdiction in which the cause or claim is pending and shall fulfill the other responsibilities described in this Agreement.

1.2.52 " Product User " means the natural person (including the deceased natural person) who was implanted with an Affected Product during an Index Surgery (as opposed to any Legal Representative in respect of such natural person).

1.2.53 " Program Claim " means all Required Submissions and Additional Claim Information submitted by or on behalf of a Person (and/or his/her Counsel) to attempt to enroll in, and qualify to receive a Settlement Award Payment under, the Settlement Program.

1.2.54 " Qualified Claimant " means each Enrolled Claimant who has demonstrated by the submission of his/her Required Submissions to meet the eligibility requirements of the Qualified Revision Surgery Program and the Claims Processor has made a determination of eligibility for such Enrolled Claimant or the Enrolled Claimant has been deemed to be a Settlement Program Claimant pursuant to Section 5.1.5.

1.2.55 " Qualified Revision Surgery " means (i) the Product User underwent a revision surgery of an Affected Product, which is defined as the explantation of both the femoral stem and neck components of the Affected Product, (ii) the revision surgery occurred at least 181 days after the Index Surgery, but before November 3, 2014 **,** (iii) the revision surgery occurred in the United States as defined in 1.2.69, and (iv) the revision surgery involved one (1) or more of the following: (a) an elevated cobalt level, (b) an abnormal diagnostic scan associated with the tissue around the femoral implant related to the reasons underlying the Voluntary Recall, or (c) intra-operative or pathologic confirmation of ALTR, ALVAL or tissue damage related to the reasons underlying the Voluntary Recall.

1.2.56 " Qualified Settlement Fund Administrator " means Providio MediSolutions, LLC.

1.2.57 " Registration Date Deadline " means December 14, 2014, unless extended by agreement of the Parties. The date that a Claimant registers pursuant to the Registration Order issued by the MCL Court, MDL Court or any other participating court will be referred to as the " Registration Date ."

1.2.58 " Registration Declaration " has the meaning ascribed to such term in the form of Registration Order to be agreed upon by the parties.

1.2.59 " Registration Order " means an order issued by the MCL Court, MDL Court or any other participating court in a form to be agreed upon by the Parties, directing all attorneys with claims and filed lawsuits, pro se plaintiffs, and Unrepresented Claimants to register their claims, whether revised or unrevised.

1.2.60 " Relating to the Affected Products " means to any extent, or in any way, arising out of, relating to, resulting from and/or connected with the implantation, use, and/or removal of Rejuvenate or ABG II Modular and/or any bodily, physical or personal injury, losses or damages caused or claimed to have been caused, in whole or in part, by any such Affected Products and/or revision to remove the stem and neck components of such Affected Products.

1.2.61 " Released Claims and Liabilities " has the meaning ascribed to such term in the Release.

1.2.62 " Released Party " and " Released Parties " means (i) HOC, (ii) Stryker Corporation, (iii) any other defendants currently or formerly named in any litigation a claimant has brought Relating to an Affected Product, (iv) any past or present distributors, distributor representatives, sales representatives, manufacturers, suppliers, suppliers of materials or components, distributors, wholesalers, or other Person involved in the design, research, development, manufacture, testing, sale, marketing, labeling, promotion, advertising, or distribution of the Affected Products implanted at any time, including but not limited to designers, design surgeons and consultants, as well as any physicians, healthcare professionals, or hospitals connected with the prescription, implantation, use or removal of the Affected Products that a Settlement Program Claimant allegedly used or uses, and Broadspire Services, Inc., (v) for each Person referred to in clauses (i), (ii), (iii), and (iv) of this paragraph, its respective past, present, and/or future parents, subsidiaries, divisions, affiliates, joint ventures, predecessors, successors, assigns, and transferees and its respective past, present and/or future shareholders (or the equivalent thereto), directors (or equivalent thereto), officers (or the equivalent thereto), owners, managers, principals, employees, consultants, advisors, attorneys, agents, servants, representatives, heirs, trustees, executors, estate administrators, and the personal representatives (or the equivalent thereto), and (vi) the respective insurers of all such Persons

referred to in clauses (i), (ii), (iii), (iv) and (v) to the extent of their capacity as the insurer of such Persons.

1.2.63 " Required Submissions " has the meaning ascribed to it in Section 4.1.2.

1.2.64 " Settlement Award Payment " means any payment pursuant to the Settlement Program.

1.2.65 " Settlement Oversight Committee" (" SOC ") means the plaintiffs' settlement oversight committee that includes one (1) designated representative from the MDL and one (1) designated representative from the MCL.

1.2.66 " Settlement Program Claimant " means an Enrolled Claimant who the Claims Processor has determined to be a Qualified Claimant or a Covered Unrevised, Infirm Claimant.

1.2.67 " Settlement Program Award " means any Settlement Award Payment made to a Settlement Program Claimant pursuant to Section 7.1 and Article 8.

1.2.68 " Special Master " means the Person or Persons from time to time appointed by HOC and the SOC to fulfill the functions of the "Special Master" under this Agreement (so long as such Person or Persons continues to serve in such capacity). If, at any time, three (3) or more Persons constitute the "Special Master," then any determination of any Special Master shall be the decision of the Special Master. Under this Agreement, there will three (3) appointed Special Masters. All matters will be referred to a Special Master who will be chosen randomly or pursuant to a rotating selection process among Special Masters to be determined by the Claims Administrator and effectuated by the Claims Processor.

1.2.69 " Spouse " means a person legally married to a Settlement Program Claimant at the time of the Index Surgery and continues to be married at the Enrollment Date who has an active, filed lawsuit as of the Execution Date.

1.2.70 " Supplementary Claim Form " means a claim form for the submission of requested Additional Claim Information in the form to be determined by the Claims Processor.

1.2.71 " Team " means the Claims Administrator, Claims Processor and Special Masters who shall cooperate and work together with the Parties in the implementation of this Agreement.

1.2.72 " Third Party Payor " means any private and commercial payors or insurers, including but not limited to managed care organizations, self-funded health insurance plans; any insurer serving as a third-party administrator on behalf of a self-funded employer-sponsored health plan; a self-funded employer-sponsored health plan; or a worker's compensation plan.

1.2.73 " Unfiled Claim " means a Claim not yet filed as a lawsuit (a claimant who has an Unfiled Claim will be known as an " Unfiled Claimant ").

1.2.74 " United States " means the United States of America, its 50 states, the District of Columbia, any Commonwealth or Territory of the United States, and any United States Military Hospital wherever located.

1.2.75 " United States Patient " means, for purposes of eligibility, a United States citizen or legal resident who underwent an Index Surgery.

1.2.76 " Unrepresented Claimant " means an Enrolled Claimant who is not represented by counsel as of the Execution Date.

1.2.76.1 For the avoidance of doubt, if an Enrolled Claimant who was represented by Counsel earlier than the Execution Date, but prior to the Execution Date had terminated the representation and was unrepresented by Counsel on the Execution Date, the Enrolled Claimant is an Unrepresented Claimant. Unrepresented Claimants who obtain assistance from the SOC or other Counsel who then retained Counsel after the Execution Date remain Unrepresented Claimants for purposes of the Settlement Program and are subject to the Unrepresented Claimant reductions applicable in the Settlement Program.

1.2.77 " Walk Away Deadline Date " is the date by which HOC may timely exercise its Walk Away Rights under Section 16.1. The initial Walk Away Deadline Date is June 15, 2015.

Article 2

Claimant Eligibility

Section 2.1 Eligibility Requirements

2.1.1 This Agreement applies only to United States Citizens or legal residents who were implanted with an Affected Product in the United States as defined in Section 1.2.74.

2.1.2 For the avoidance of doubt, except for Persons who qualify as Covered Unrevised, Infirm Claimants, Persons must have a Qualified Revision Surgery as defined above in order to participate in the Settlement Program.

2.1.3 Any Eligible Claimant who qualifies as a Qualified Claimant is entitled to only one (1) Net Base Award for each revised hip that underwent a Qualified Revision Surgery under the Base Award Program.

2.1.4 If the Claims Processor determines that an Enrolled Claimant is not eligible for the Settlement Program, the Enrolled Claimant shall then have the right to request a review of this determination pursuant to Section 5.1.4.

Article 3

Registration of All Filed and Unfiled Affected Product-Related Claims

Section 3.1 Registration

3.1.1 The purposes of the registration requirements set forth below are to allow the Parties, the MCL Court, the MDL Court and Other Courts to identify the filed and unfiled cases and Unfiled Claims Relating to the Affected Products, to create a joint database of such cases and Claims which will help the MCL Court, the MDL Court and Other Courts cooperatively manage the litigation and assist the Parties with effectuating the provisions of this Agreement.

Section 3.2 Plaintiff-Attorney Requirements

3.2.1 The Parties agree to apply jointly in each of the Coordinated Proceedings and Other Courts for a Registration Order, within seven (7) days following the Execution Date, requiring any Plaintiffs' Counsel representing clients with Affected Product-related claims pending in court to identify to HOC, the SOC, and the Claims Processor all clients with Claims Relating to the Affected Product, whether or not the claimant is revised or unrevised, whether their claims are filed or unfiled, and regardless if that Plaintiffs' Counsel agrees to enroll clients under this Settlement Program. Plaintiffs' Counsel must also identify the Primary Law Firm responsible for the claim, together with the Principal Responsible Attorney and legal assistant for that claim, and all Counsel with an interest in that claim, and to provide certain information about each claim. The Registration Orders also shall apply to Pro Se Plaintiffs and Unrepresented Claimants with Unfiled Claims Relating to the Affected Products. The Registration Order shall direct Counsel, Pro Se Plaintiffs and Unrepresented Claimants to use a standard template without deviating from its format for the accurate and efficient transfer of the required information about each claimant and claim to the Claims Processor and the Parties.

3.2.2 The Claims Processor will maintain a joint database of all cases filed in any court and all claims identified pursuant to the Registration Orders, which registration database shall be made available to the MCL Court, the MDL Court, any Other Courts that have entered a Registration Order, HOC, and the SOC. The registration database shall include for every registered Claim Relating to the Affected Products, *inter alia* , the current venue, case number, the identity of the Primary Law Firm responsible for the claim, together with the Principal Responsible Attorney for that claim and all other Counsel for that claim as well as other claim-specific information. Nothing herein prevents either HOC or the SOC from maintaining its own separate database of all registered Plaintiffs and claimants.

3.2.3 The obligations of all Counsel related to filed cases and claims, as well as Pro Se Plaintiffs and unfiled cases of Unrepresented Claimants, are set forth in the Registration Order and Registration Form to be agreed upon by the parties.

3.2.4 For sake of clarity, according to the terms of the Registration Order, all other Counsel must take such steps as are necessary to ensure that all Claims asserted on behalf of a Person asserting a personal injury or wrongful death Claim (whether or not in a

pending action or currently unfiled), and all Claims derivative thereof, Relating to the Affected Products (or in any way involving an Affected Product, including those not involving a Qualified Revision Surgery) are registered and all other Counsel are identified. Such registration requirement will apply regardless of (i) whether such Claims are the claims of Eligible Claimants, (ii) whether such Counsel intended to enroll any such Claims in the Settlement Program, (iii) whether such Claims are filed in any court or are Unfiled Claims, and (iv) whether such Claims involve a Qualified Revision Surgery or not.

Section 3.3 Registration Declaration

The Primary Law Firm, all other Counsel, Pro Se Plaintiffs and Unrepresented Claimants shall, in accordance with the Registration Order, register their Claims by serving on the Claims Processor a Registration Declaration under oath no later than December 14, 2014, covering each Plaintiff and Unfiled Claimant asserting such Claims, and, if applicable, the date Counsel was retained by the Plaintiff or Unfiled Claimant, and the Primary Counsel and all other Counsel of such Plaintiff or Unfiled Claimant, if another counsel.

Article 4

Enrollment into the Settlement Program

The purpose of the enrollment and documentation requirements with respect to a Claimant's entry into the Settlement Program is to establish eligibility and to determine whether the Enrolled Claimant qualifies as a Settlement Program Claimant for a Settlement Award Payment. Additional documentation relating to any Claim may be required.

Section 4.1 Enrollment in the Qualified Revision Surgery Program

4.1.1 Only Eligible Claimants (and, to the extent required, Legal Representatives and Derivative Claimants) may enroll in the Qualified Revision Surgery Program, which includes the Base Award Program and Enhancements Benefit Program.

4.1.1.1 A Qualified Claimant who receives an award under the Base Award Program does not automatically receive any Enhancements under the Enhancements Benefit Program. Rather, a Qualified Claimant must apply separately for the Enhancements Benefit Program by the EBP Application Deadline Date and meet the eligibility requirements for each Enhancement as set forth in the EBP Award Schedule before receiving any Enhancements.

4.1.2 In order for an Eligible Claimant to participate in the Base Award Program, such Eligible Claimant must deliver to the Claims Processor the following materials no later than March 2, 2015, which materials must be properly and fully completed, and properly and fully executed, by the various Persons specified therein:

4.1.2.1 A Claim Form bearing the Personal Signatures of the Eligible Claimant and his/her Principal Responsible Attorney;

4.1.2.2 A full valid Release in a form to be agreed upon by the parties, to (without limitation) release, indemnify and hold harmless all Released Parties and any Released Party, according to the terms set forth in the Release, and which shall release all Derivative Claimants from all current and potential future claims (a " Release "). The Release must bear the Personal Signature of the Eligible Claimant, and any Spouse, Derivative Claimant or Legal Representative, if applicable.

4.1.2.2.1 In the case of Spouses who are now divorced, separated or estranged, the Enrolled Claimant may provide an indemnity to HOC and other Released Parties in a form agreed to by the Parties in lieu of execution of the Release by such divorced, separated or estranged Spouse.

4.1.2.3 Dismissal with Prejudice Stipulations, in a form to be agreed upon by the parties, signed by the Principal Responsible Attorney, or Unrepresented Claimants with filed lawsuits, for any lawsuit Relating to the Affected Products of an enrolling Eligible Claimant that is pending in any court, including lawsuits involving derivative claims, with each party to bear its own costs;

4.1.2.4 The product code and lot number for each Affected Product implanted into the Eligible Claimant (or Product User if the Eligible Claimant is the Legal Representative of a Product User) and all contemporaneous Medical Records showing the implantation of each Affected Product in the Eligible Claimant (or Product User) in an Index Surgery, including but not limited to a true and correct copy of the Medical Records with manufacturer/product stickers or, in the event the manufacturer/product stickers are not available, a hospital's electronic implant log from all Index Surgeries and Qualified Revision Surgeries showing the device identifications, in accordance with the following:

4.1.2.4.1 The Eligible Claimant has the burden of proof and burden of producing what records the Eligible Claimant or his/her Counsel already possess and ordering, obtaining and submitting at the Eligible Claimant's own expense what additional records are needed to prove identification of the device. The Eligible Claimant or his/her Counsel may not intentionally withhold records from the Claims Processor already in their possession or obtained as a result of ordering the records.

4.1.2.4.2 The Claims Processor will review the totality of the evidence on device identification. Product stickers or, in the event the

manufacturer/product stickers are not available, a hospital's electronic implant log are dispositive of the device identification issue.

4.1.2.4.3 Notwithstanding anything to the contrary, if the Claims Processor accepts proof of an Affected Product's identification based on evidence other than product stickers or, in the event the manufacturer/product stickers are not available, a hospital's electronic implant log (e.g. operative report or discharge summary) the Claims Processor will notify HOC and HOC has the right to appeal that decision to a Special Master.

4.1.2.5 A true and correct copy of the following contemporaneous Medical Records: admission, including history and physical examination records; discharge summaries; anesthesia records; laboratory testing reports, including those relating to metal ion levels; diagnostic scan reports, including CT, MARS MRI, MRI, and ultrasound; pathology reports and operative reports pertaining to any Index Surgery and Qualified Revision Surgery the Eligible Claimant underwent.

4.1.2.6 The Eligible Claimant has the burden of proof and burden of producing what Medical Records the Eligible Claimant or his/her Counsel already possess and ordering, obtaining, and submitting at the Eligible Claimant's own expense what additional Medical Records are required under this Agreement. To the extent any specified Medical Record is not obtainable (e.g., an anesthesia record), but the evidence required under this Agreement is contained in another contemporaneous Medical Record, the Claims Processor may accept that evidence, provided notice is given to HOC and HOC may appeal the acceptance of such evidence to a Special Master.

4.1.3 The materials set forth in Sections 4.1.2.1 through 4.1.2.6, inclusive, constitute the "Required Submissions" and may also be referred to as the "Claim Package."

4.1.4 In order for an Eligible Claimant to participate in the EBP such Eligible Claimant must have previously delivered to the Claims Processor the Required Submissions, no later than the Enrollment Deadline Date, and must complete an EBP Claim Form which materials must be properly and fully compiled and completed, and properly and fully executed by the various Persons specified therein by the EBP Enrollment Application Deadline Dates as set forth below.

4.1.4.1 Application for the EBP will open on June 16, 2015, unless extended by written agreement of the Parties. An EBP Claim Form, along with all required documentation, must be submitted on or before September 30, 2015 to receive Past Matrix benefits.

4.1.4.2 For Future Matrix benefits, EBP Claim Forms and all required documentation must be submitted on or before September 30, 2015 or within 90 days of a respective claim's accrual (e.g. date of the Re-Revision, Myocardial Infarction, etc.), whichever is later; however, by no means shall a Qualified Claimant submit an EBP Claim Form for an Enhancement under the Future Matrix before September 30, 2015. Claimants may submit more than one EBP Claim Form for claims under the Future Matrix that accrue at different times.

4.1.5 The materials set forth in Section 4.1.4 constitute the " EBP Claim Package ."

Section 4.2 Enrollment in the Covered Unrevised, Infirm Claimant Program

4.2.1 Only those claimants who meet the eligibility requirements set forth in Article 8 may enroll in the Covered Unrevised, Infirm Claimant Program.

4.2.2 In order for an Enrolled Claimant to participate in the Covered Unrevised, Infirm Claimant Program, such Enrolled Claimant must deliver to the Claims Processor all Required Submissions no later than March 2, 2015, which materials must be properly and fully completed, and properly and fully executed, by the various Persons specified therein, with the exception of proof of a Qualified Revision Surgery. Rather, the Claimant must deliver to the Claims Processor contemporaneous Medical Records that were 1) created prior to the Execution Date, and 2) support the Claimant's claim that a Qualified Revision Surgery is indicated by the treating orthopaedic surgeon for the reasons underlying the Voluntary Recall but that s/he has been determined to be too infirm to undergo the procedure. The determination of infirmity shall be made by the physician who is treating the Claimant for the condition(s) that forms the basis for the infirmity or a medical specialist consulted by the treating physician.

Section 4.3 General Enrollment Requirements

4.3.1 Evidence of any Index Surgery, Qualified Revision Surgery (if applicable), and any of the other medical conditions described herein must be demonstrated solely by the Enrolled Claimant's Medical Records that are contemporaneous to the Index Surgery, Qualified Revision Surgery (if applicable), or the initial onset, diagnosis, treatment and/or occurrence of the medical condition at issue or any other compensable medical condition described herein. Except for the limited purpose of proving lost wages or loss of earnings under the Enhancements Benefit Program, evidence that is not a Medical Record and/or is prepared for the purpose of establishing a claim in the Settlement Program (e.g., a medical report or affidavit) and/or is not contemporaneous to the Index Surgery, Qualified Revision Surgery, or medical condition at issue is not acceptable as evidence of, or to establish, a Claim or award under the Settlement Program. No affidavits, expert reports, depositions, transcripts or medical articles may be submitted as part of the Claim Package, or otherwise in connection with a Claim to the Settlement Program.

4.3.2 The submission of the Claim Package to the Claims Processor constitutes an Enrolled Claimant's (and any Derivative Claimant's) irrevocable election to enroll and participate in the Settlement Program and abide by any court orders entered in the jurisdiction in which the case is currently venued in furtherance of this Agreement. As such, the Enrolled Claimant agrees to participate regardless of the final award amount issued and may not unilaterally exit the Settlement Program unless and until (i) the Enrolled Claimant does not qualify for compensation as a Settlement Program Claimant as set forth in Section 4.3.2.2, or (ii) HOC revokes the Enrolled Claimant's participation in the Settlement Program pursuant to Section 16.2, if applicable. Except as provided below, no Eligible Claimant (or related Derivative Claimant) may under any circumstances for any reason withdraw an Enrollment Form or request the return of his/her Release or Dismissal with Prejudice Stipulation.

4.3.2.1 Termination of the Settlement Program. If the Settlement Program is terminated under Article 16, the documents executed as part of the enrollment are null and void. The Releases will be rescinded and will have no effect, and the Dismissal with Prejudice Stipulations will not be filed with the Court and will be destroyed. Plaintiffs' claims in litigation will not be prejudiced by entering and exiting the Settlement Program under these conditions.

4.3.2.2 Failure to Qualify as a Settlement Program Claimant. If an Enrolled Claimant does not qualify for compensation as a Settlement Program Claimant, the documents executed as part of the enrollment are null and void and the Enrolled Claimant's Release will be rescinded and will have no effect, and the Enrolled Claimant's Dismissal with Prejudice Stipulations will not be filed with the applicable court and will be destroyed. Failure to qualify as a Settlement Program Claimant is confidential and shall not be disclosed outside of the Settlement Program, nor be admissible in any proceeding or at trial. The case will proceed in the same jurisdiction in which it was filed without prejudice.

4.3.2.3 Qualification as a Settlement Program and Filing of Dismissal with Prejudice Stipulations. HOC shall not file the Dismissal with Prejudice Stipulation with the applicable court until the Enrolled Claimant has been qualified and accepted in the Settlement Program as a Settlement Program Claimant and HOC has funded that Claimant's award.

4.3.3 The claims administration process shall effectuate the terms of any common benefit order entered in MDL 13-2441 or cost assessment order to be entered in the MCL Court. Regardless of whether a claimant is subject to either of the above orders, by enrolling in the Settlement, Claimants agree to a 1% cost and 3% fee assessment unless their claims were filed in the MCL Court prior to the Execution Date or they are represented by attorneys who have only filed claims in the MCL Court. By enrolling in the Settlement, individuals whose claims were filed in the MCL Court prior to the Execution Date and individuals who are represented by attorneys who have only filed claims in the MCL Court agree to a ½ % cost assessment. Enrolling Claimants agree that the cost and fee

assessments, whichever applicable, shall be used to pay for portions of the lien administration expenses, costs associated with the Special Masters and Claims Administrator, portions of the cost for establishment of a Qualified Settlement Fund and to reimburse counsel for costs and fees incurred and/or earned in litigating or resolving the case.

4.3.4 The Enrollment Form for a Claimant who is represented by Counsel must be submitted to the Claims Processor on his/her behalf by his/her Primary Law Firm. Claimants not represented by Counsel may submit a Claim Package without the assistance of Counsel. However, in any event, all Claim Forms and Releases must be properly and fully executed by the Claimants themselves and Derivative Claimants, if applicable (in addition to being executed by Counsel, if any, as specified therein).

4.3.4.1 All current Derivative Claimants and Spouses with filed lawsuits as of the Execution Date also must execute by Personal Signature and deliver to the Claims Processor their respective Enrolled Claimant's Release and a Dismissal with Prejudice Stipulation in order to be considered eligible for an award under the Enhancements Benefit Program. Current Spouses and Derivative Claimants have no direct rights or standing under the Settlement Program, and their status under the Settlement Program is totally derivative of that of their related Enrolled Claimant. Only Spouses with filed lawsuits may recover any benefit pursuant to Section 7.2.3 of this Agreement. Accordingly, if an individual who underwent a Qualified Revision Surgery does not enroll, then his or her Spouse cannot enroll in the Settlement Program.

4.3.5 Claimants who have not enrolled by the Enrollment Deadline Date shall not be eligible to participate in the Settlement Program except with the consent of HOC in its sole discretion.

4.3.6 The Principal Responsible Attorney may submit Enrollment Forms for Enrolled Claimants on a rolling basis. However, without limitation, HOC, at any time on or prior to the seventy-fifth (75 th) day after the Enrollment Deadline Date, and in its sole and absolute discretion, may exercise any right existing under Section 16.2 to cause the Claims Processor to reject any or all Enrollment Forms submitted by a Principal Responsible Attorney in relation to any or all of the Claimants enrolled by that Counsel with which that Counsel has an Interest.

4.3.7 Any portion of or all of the Claim Package may be required to be filed electronically. All Claim Packages shall be filed under penalty of perjury.

4.3.8 The Claims Administrator, Claims Processor, Special Masters, HOC and SOC, and their respective representatives and others deemed necessary by each to assist them and/or their representatives, will have reasonable access to submitted Claim Packages to the extent necessary. While HOC and the SOC have the right to access this data, neither shall have a role in the day-to-day operation of the claims administration process, nor shall their rights in this regard permit the interference with the operations of the claims administration process.

Section 4.4 Additional Claim Information

4.4.1 The Claims Processor may require Enrolled Claimants to submit such additional Medical Records and other records determined to be material and necessary (i) to determine whether a particular Enrolled Claimant meets the eligibility requirements to qualify for an award, or (ii) for purposes of the Claims valuation process (any such further required records or other documentation, the " Additional Claim Information "), including in connection with any audits of the Settlement Program. In such cases, the Claims Processor shall issue a written request to the Enrolled Claimant's Counsel, or if without counsel, to the Enrolled Claimant.

4.4.2 An Enrolled Claimant must produce Additional Claim Information either within thirty (30) days of service of a written request by the Claims Processor or by the deadline set forth in such request, whichever is later. An Enrolled Claimant who fails to timely produce the Additional Claim Information may appeal to a Special Master who, for good cause, may afford the Enrolled Claimant additional time.

4.4.3 Additional Claim Information shall be submitted by means of a Supplementary Claims Form or other means to be determined by the Claims Processor.

Section 4.5 Submissions Review

4.5.1 To the extent a Claim Package is incomplete, the Claims Processor will inform the appropriate Enrolled Claimant's Principal Responsible Attorney, or if not represented by Counsel, the Enrolled Claimant, of the deficiency in a written notice and provide the opportunity to correct the deficiency. Failure to respond to and correct the deficiency by the deadline date that is specified in the notice of deficiency (which shall be at least thirty (30) days from the sending of the notice of deficiency by the Claims Processor) will result in a determination that the Enrolled Claimant has not met the eligibility requirements and thus is not entitled to a Settlement Award Payment. Such a determination is final, binding and Non-Appealable.

4.5.2 Without limitation of Section 4.3 or Section 16.2, the Claims Processor (with HOC's sole and necessary consent) may accept or reject an Enrollment Form in relation to any particular Enrolled Claimant at any time on or prior to the seventy-fifth (75 th) day after the Enrollment Deadline Date if (i) the Claim Package received is not properly completed and executed by each Person required to execute such documents, or (ii) such Claim Package (a) fails to provide the information required therein to be provided in relation to such Enrolled Claimant, (b) fails to include the other Required Submissions, or (c) fails to include a Dismissal with Prejudice Stipulation executed on behalf of such Enrolled Claimant, and all related Executing Derivative Claimants, by their Counsel or if not represented by a Principal Responsible Attorney, on their own behalf.

4.5.3 The Claims Processor, with the consent of HOC and the SOC, shall establish deadlines and other procedures not inconsistent with this Agreement that are necessary for the timely, accurate, and efficient submission, review, and evaluation of Program Claims in order to keep the administrative costs of the Settlement Program to a minimum and to allow for the responsible, accurate and fair issuance of Settlement Award Payments. However, in no event shall any Settlement Award Payments be due or paid by HOC until all of HOC's Walk Away Rights, including the right described in Section 16.2, have expired without any of them being exercised.

Article 5

Qualifying for the Settlement Program

Section 5.1 Qualifying for the Settlement Program

5.1.1 The Claims Processor will review all Required Submissions of all Enrolled Claimants to determine whether each Claimant (1) has submitted a properly completed Claim Package (including with respect to any Derivative Claimants), and (2) meets the Settlement Program's eligibility requirements. Each Enrolled Claimant that the Claims Processor determines meets the requirements of Section 5.1 becomes a Qualified Claimant or a Covered Unrevised, Infirm Claimant.

5.1.1.1 An Enrolled Claimant has the burden of proof and burden of production that the Claim Package submitted by such Enrolled Claimant (and any Additional Claim Information that may be requested) establishes that the Enrolled Claimant has met the Settlement Program's eligibility requirements.

5.1.1.2 Any Enrolled Claimant determined by the Claims Processor to be qualified for the Qualified Revision Surgery Program will first have his/her Claim evaluated for the appropriate Net Base Award and subsequently, and to the extent applicable, any Net Enhancements Benefit(s) subject to the reductions and limitations on such awards as set forth in this Agreement, and all the other terms of this Agreement.

5.1.1.3 Any Enrolled Claimant determined by the Claims Processor to be qualified for the Covered Unrevised, Infirm Claimant Program will receive a benefit as set forth in Article 8.

5.1.2 The Claims Processor may, to verify completeness of the Claim Package; or to verify the presence or absence of a fact material to determining that the eligibility requirements have been met; or the validity and amount of the Program Claim; or in cases of inconsistency, suspicion of irregularity, for audit purposes and/or similarly appropriate circumstances, review and analyze other documents or materials that the Claims Processor has access to pursuant to this Agreement or which is requested and submitted as Additional Claims Information.

5.1.2.1 The Claims Processor may, in its discretion, seek information in addition to the Claim Package and any Additional Claim Information to assist in its administration of the Settlement Program. If necessary, the Claims Processor shall have access to all documents produced by the Settlement Program Claimants in any pending litigation (e.g., fact sheets, documents, interrogatory answers), or for Settlement Program Claimants without a pending lawsuit, other contemporaneous documents to support their claim under the Settlement Program. Nothing in this paragraph in any way relieves an Enrolled Claimant of his/her obligations regarding enrollment in or qualification for the Settlement Program as set forth in Article 4 and Article 5.

5.1.3 The Claims Processor promptly shall notify the Claims Administrator, HOC, the SOC and the respective Enrolled Claimant, or his/her Principal Responsible Attorney, in writing of a determination that the Enrolled Claimant is not a Settlement Program Claimant because the eligibility requirements have not been met.

5.1.4 Within thirty (30) days following service of any notice of the Claims Processor under Section 5.1.3 regarding a Claimant's eligibility determination, an Enrolled Claimant or his/her Principal Responsible Attorney may appeal the determination to one (1) of the Special Masters by serving on the Claims Processor a form of appeal (to be agreed upon by the Parties). Upon receipt of the notice of appeal, the Claims Processor will review the claim before sending it to one (1) of the Special Masters to determine if the Claims Processor agrees with the appeal. If the Claims Processor agrees with the Settlement Program Claimant's position, the Claims Processor will issue an amended determination notice, which will then provide the Settlement Program Claimant a new period to consider an appeal. If the Claims Processor does not agree with the Settlement Program Claimant's position on appeal, such appeal shall be directed to one (1) of the Special Masters. If an Enrolled Claimant or his/her Principal Responsible Attorney does not timely serve an appeal pursuant to this Section 5.1.4, the Claims Processor's determination is final, binding, and Non-Appealable, and absent a decision by HOC to the contrary pursuant to Section 5.1.5, the Enrolled Claimant shall cease to have any further rights under the Settlement Program, and the Claims Processor shall return to the Enrolled Claimant any Dismissal with Prejudice Stipulation and Release previously submitted by that Enrolled Claimant.

5.1.4.1 With respect to any timely appeal under Section 5.1.4, the Special Master will review, for an abuse of discretion, whether the Enrolled Claimant meets the eligibility requirements for status as a Settlement Program Claimant based solely on (1) the Claim Package before the Claims Processor when it issued the award determination, (2) any Additional Claim Information provided by that Claimant to the Claims Processor prior to the issuance of the Claims Processor's award determination, and (3) the terms of this Agreement. No new or additional evidence may be submitted in connection with any appeal.

5.1.4.2 The Special Master's determination of such appeal promptly will be communicated to the Claims Administrator, HOC, the SOC and the Enrolled Claimant, or his/her Principal Responsible Attorney. Within seven (7) days following service of the Special Master's determination, an Enrolled Claimant or his/her Principal Responsible Attorney may appeal such determination to the Claims Administrator by serving a form of appeal (to be agreed upon by the Parties) to the Claims Processor who shall direct such appeal to the Claims Administrator. If an Enrolled Claimant or his/her Principal Responsible Attorney does not timely serve an appeal pursuant to this Section 5.1.4.2, the Special Master's determination is final, binding, and Non-Appealable, and absent a decision by HOC to the contrary pursuant to Section 5.1.5, the Enrolled Claimant shall cease to have any further rights under the Settlement Program, and the Claims Processor shall return to the Enrolled Claimant any Dismissal with Prejudice Stipulation and Release previously submitted by that Enrolled Claimant.

5.1.4.2.1 With respect to any timely appeal under Section 5.1.4.2, the Claims Administrator will review, for an abuse of discretion, whether the Enrolled Claimant meets the eligibility requirements for status as a Settlement Program Claimant based solely on (1) the Claim Package before the Claims Processor when it issued the award determination, (2) any Additional Claim Information provided by that Claimant to the Claims Processor prior to the issuance of the Claims Processor's award determination, and (3) the terms of this Agreement. No new or additional evidence may be submitted in connection with any appeal.

5.1.4.3 The Special Master and/or the Claims Administrator, in his or her sole discretion, may assess costs of up to One Thousand Five Hundred and 00/100 Dollars ($1,500.00) (to be collected by the Claims Processor and credited to an Administrative Expenses account or other sub-account of the Escrow Account as determined by the Parties **)** to an Enrolled Claimant or his/her Principal Responsible Attorney upon a finding of no legitimate grounds for the appeal.

5.1.4.4 If the Special Master's or Claims Administrator's decision on this matter results in the Enrolled Claimant becoming a Settlement Program Claimant the Claims Processor will process the Program Claim pursuant to Section 5.2.

5.1.4.5 If the Special Master's or Claims Administrator's decision on this matter results in the determination that the Enrolled Claimant does not meet the Settlement Program's eligibility requirements, and absent a decision by HOC to the contrary pursuant to Section 5.1.5, the Enrolled Claimant shall cease to have any further rights under the Settlement Program, and the Claims Processor shall return to the Enrolled Claimant any Dismissal with Prejudice Stipulation and Release previously submitted by that Enrolled Claimant. Upon release from the Settlement Program, the Claimant may pursue any legal rights, if any.

5.1.5 Regardless of any contrary decision of the Claims Processor, Special Master and/or Claims Administrator, an Enrolled Claimant also will be deemed

to be a Settlement Program Claimant if HOC's representatives, in their sole and absolute discretion, deem (by written notice to such effect to the Claims Processor, the SOC and the Enrolled Claimant, or his/her Principal Responsible Attorney) such Enrolled Claimant to constitute a Settlement Program Claimant (for the avoidance of doubt, with or without regard to the eligibility requirements).

5.1.6 HOC further reserves the right to challenge the inclusion of any Enrolled Claimants in the Settlement Program whose claims may be barred under the applicable statute of limitations. Such challenge shall be made to the Claims Administrator, who will determine whether the applicable statute of limitations has expired based solely on (i) the Claim Package before the Claims Processor when it issued the award determination, (ii) any Additional Claim Information provided by that Settlement Program Claimant to the Claims Processor prior to the issuance of the award determination, (iii) the terms of this Agreement, (iv) briefs by the parties, and (v) sworn statements relevant to the inquiry. The burden of proof shall be on HOC and all disputed issues of fact shall be resolved in favor of the Enrolled Claimant. If the Claims Administrator determines that a claim is not barred under the applicable statute of limitation, the Enrolled Claimant's Claim Package will be processed pursuant to the terms of the Settlement Agreement. A determination that a claim is time barred will disqualify the Enrolled Claimant for compensation as a Settlement Program Claimant pursuant to Section 4.3.2.2. For the avoidance of doubt, any determinations made by the Claims Administrator under Section 5.1.6 that result in the Enrolled Claimant exiting the Settlement Program are inadmissible in a court of law.

Section 5.2 Determination and Appeal of Program Awards

5.2.1 Pursuant to Section 7.1, the Claims Processor will make a determination for each Qualified Claimant of any applicable reductions to any Base Award in order to arrive at Net Base Award(s).

5.2.2 Pursuant to Section 7.2, and subsequent to the Claims Processor's determination under the Base Award Program, any claim for an Enhancement submitted by a Qualified Claimant will be reviewed by the Claims Processor who will determine if the Qualified Claimant is eligible for the Enhancement and the Net Enhancements Benefit after any applicable reductions.

5.2.3 Pursuant to Article 8, the Claims Processor will make an initial determination for each Claimant who claims a benefit under the Covered Unrevised, Infirm Claimant Program as to whether such Claimant is eligible for a benefit thereunder, and, if so, the Claims Processor will issue the benefit in accordance with the terms of this Agreement

5.2.4 The determinations by the Claims Processor of any Net Base Award and Net Enhancements Benefit for a given Qualified Claimant will be issued separately and at different time intervals that, consistent with the other terms of this Agreement, would permit the payment of any Net Base Award prior to the determination and payment of

any Net Enhancements Benefit. If an Enrolled Claimant qualifies as a Covered Unrevised, Infirm Claimant, s/he will not also receive a Net Base Award or any Net Enhancements Benefit and the award for the Covered Unrevised, Infirm Claimant will be issued as soon as practicable in accordance with the terms of this Agreement.

5.25 The Claims Processor promptly shall notify the Claims Administrator, HOC, the SOC and the respective Claimant, or his/her Principal Responsible Attorney, in writing, of any of the award determinations made under Section 5.2.1, Section 5.2.2 or Section 5.2.3.

5.26 Within thirty (30) days following service of any notice of the Claims Processor under Section 5.2.5 regarding a Claimant's award determination, a Settlement Program Claimant or his/her Principal Responsible Attorney may appeal the determination to one (1) of the Special Masters by serving on the Claims Processor a form of appeal (to be agreed upon by the Parties). Upon receipt of the notice of appeal, the Claims Processor will review the claim before sending it to one (1) of the Special Masters to determine if the Claims Processor agrees with the appeal. If the Claims Processor agrees with the Settlement Program Claimant's position, the Claims Processor will issue an amended determination notice, which will then provide the Settlement Program Claimant a new period to consider an appeal. If the Claims Processor does not agree with the Settlement Program Claimant's position on appeal, such appeal shall be directed to one (1) of the Special Masters. If a Settlement Program Claimant or his/her Principal Responsible Attorney does not timely serve an appeal pursuant to this Section 5.2.6, the Claims Processor's award determination set forth in the notice provided will be final, binding, and Non-Appealable.

5.2.6.1 With respect to any timely appeal under Section 5.2.6, the Special Master will review, for an abuse of discretion, whether the award determination by the Claims Processor was correct based solely on (i) the Claim Package before the Claims Processor when it issued the award determination, (ii) any Additional Claim Information provided by that Settlement Program Claimant to the Claims Processor prior to the issuance of the Claims Processor's award determination, and (iii) the terms of this Agreement. No new or additional evidence may be submitted in connection with any appeal. The Special Master shall determine whether the Claims Processor's award determination should be affirmed or revised in any way.

5.2.6.2 The Special Master's determination of such appeal promptly will be communicated to the Claims Administrator, HOC, the SOC, and the Settlement Program Claimant or his/her Primary Responsible Attorney.

5.2.6.3 The Special Master's determination of an appeal will be final, binding and Non-Appealable. The Claims Processor shall process the subject award as determined by the Special Master.

5.2.6.4 The Special Master, in his or her sole discretion, may assess costs of up to One Thousand Five Hundred and 00/100 Dollars ($1,500.00) (to be collected by the Claims Processor and credited to an Administrative Expenses account or other sub-account of the Escrow Account as determined by the Parties **)** to a Settlement Program Claimant or his/her Principal Responsible Attorney upon a finding of no legitimate grounds for the appeal.

5.2.7 Nothing in this Article 5 or in any other terms of the Agreement limits HOC's rights and remedies in the event of fraud or other intentional misconduct.

Section 5.3 For the avoidance of doubt, there is no discovery process involved in the evaluation or determination of eligibility for the Settlement Program or the determination of Settlement Program Awards. There are no depositions, written discovery, expert reports, affidavits, hearings or trials in connection with the filing of a claim for a Settlement Program Award or the evaluation or determination of any Settlement Program Award. Settlement Program Claimants have the burden of proof and burden of production with respect to the contemporaneous Medical Records submitted in the Claims Package and any additional contemporaneous Medical Records of such Settlement Program Claimants submitted for establishing that the criteria for a Settlement Program Award have been met.

Article 6
Settlement Program: General Terms

Section 6.1 General Provision

6.1.1 No Settlement Award Payments will be made to Settlement Program Claimants until all of HOC's Walk Away Rights, including the right set forth in Section 16.2, have expired without being exercised.

6.1.2 The Broadspire Program is a voluntary program that was created by HOC and it is HOC's unilateral right to determine when the Broadspire Program ends. HOC has determined that once a Claimant enrolls in the Settlement Program, any benefits issued to such Claimant by Broadspire shall be terminated or otherwise no longer available.

6.1.2.1 A Qualified Claimant who receives any reimbursement from the Broadspire Program in connection with claims for lost wages will receive a dollar-for-dollar offset against any Enhancements issued to the Qualified Claimant for lost wages pursuant to the Enhancements Benefit Program, if applicable.

6.1.2.2 A Qualified Claimant who files a Broadspire Claim for a specific reimbursement after November 3, 2014 and before his/her Enrollment Date will have each such claim reviewed and processed by Broadspire; however, with the

exception of any such claims paid directly by Broadspire to a surgeon performing a Qualified Revision Surgery or the hospital where the Qualified Revision Surgery took place, a credit against any Net Base Award the Qualified Claimant receives will be issued to HOC for any such claim paid to or on behalf of the Qualified Claimant between November 3, 2014, and his/her Enrollment Date. Any Broadspire Claim for specific reimbursement that was in process before November 3, 2014 will not be subject to a credit against any Base Award received by the Qualified Claimant for such claim, except with regard to reimbursement for lost wages as referenced in Section 6.1.2.1.

6.1.2.3 The Broadspire Program will terminate for a litigant who meets the eligibility requirements set forth by this Settlement Agreement but chooses not to enroll in the Settlement Program by the Enrollment Deadline Date.

6.1.3 All awards issued pursuant to the Settlement Program are subject to the provisions on Liens in Article 17.

6.1.4 The consideration for the Releases and Dismissal with Prejudice Stipulations, if applicable, provided by Settlement Program Claimants is the establishment of the Settlement Program.

Section 6.2 No Punitive Damages

By enrolling in the Settlement Program, each Claimant (i) acknowledges that all Settlement Award Payments constitute damages on account of personal injuries or physical injuries or physical sickness within the meaning of Section 104 of the Internal Revenue Code of 1986, as amended, arising from the physical injuries alleged to have resulted from the implantation, use, and/or removal of the Affected Products and/or Qualified Revision Surgery, and no portion of Settlement Award Payments represent punitive or exemplary damages, nor prejudgment or post judgment interest, nor non-physical injuries, and (ii) waives any and all claims for punitive or exemplary damages, interest and non-physical injuries.

Article 7

Qualified Revision Surgery Program

The Qualified Revision Surgery Program is established as a means to provide Base Awards to Qualified Claimants who underwent Qualified Revision Surgeries through the Base Award Program as set forth in Section 7.1, as well as Enhancements for certain agreed-upon events and conditions through the Enhancements Benefit Program as set forth in Section 7.2 (together, the " Qualified Revision Surgery Program "). Qualified Claimants bear the burden of proof in establishing that they qualify for any awards under the Qualified Revision Surgery Program. All awards pursuant to the Qualified Revision Surgery Program are subject to reductions and limitations as set forth in this Agreement, including, without limitation, Section 7.1, Section 7.2 and the EBP Award Schedule.

Section 7.1 Base Award Program

With the exception of a Qualified Claimant who had bilateral Affected Products revised, a Qualified Claimant is eligible for exactly one (1) Base Award of Three Hundred Thousand and 00/100 Dollars ($300,000) for each revised hip, subject to any applicable reductions or limitations.

7.1.1 All Base Awards are subject to the reductions and limitations as set forth herein, the provisions on liens (Article 17), and the other terms of this Agreement.

7.1.2 The timing and amounts of HOC's payments to fund the Base Award Program are set forth in Article 9.

7.1.3 Revised Bilateral Affected Products

7.1.3.1 If a Qualified Claimant had bilateral Affected Products revised (either in a single Qualified Revision Surgery or two Qualified Revision Surgeries) and the evidentiary requirements set forth herein are satisfied for each Affected Product, the Qualified Claimant will receive one Base Award for each hip that underwent a Qualified Revision Surgery, subject to any reductions or other limitations for each such hip as set forth herein.

7.1.3.2 If a Qualified Claimant has bilateral Affected Products but only one was revised in a Qualified Revision Surgery, the Qualified Claimant will receive only one (1) Net Base Award. The Qualified Claimant will reserve all rights with respect to the unrevised Affected Product outside of the Settlement Program, and will not be entitled to any awards with respect to the unrevised Affected Product as part of this Settlement Program (even to the extent that it is subsequently revised after the Enrollment Date).

7.1.4 Base Award Reduction for Unrepresented Claimants

7.1.4.1 In addition to any other applicable reductions or limitations, any Base Award to an Unrepresented Claimant shall be reduced by twenty-nine percent (29%). Accordingly, an Unrepresented Claimant is eligible for an amount equal to seventy-one percent (71%) of the Base Award for each revised hip, being Two Hundred Thirteen Thousand and 00/100 Dollars ($213,000), subject to any other applicable reductions or limitations.

7.1.5 Reductions to Base Award

7.1.5.1 Obesity and Smoking. There will be no reductions to a Base Award relating to obesity and smoking. Reductions for obesity and smoking will apply only to certain Enhancements.

7.1.5.2 Unrelated Death. Any Base Award and each applicable Enhancement, as well as the applicable Enhancements Benefit Cap, shall be reduced by thirty percent (30%) if the Product User died prior to the Enrollment Date for reasons unrelated to the Qualified Revision Surgery. Any Product User who qualifies for a reduction to the Base Award for an Unrelated Death will not be entitled to an Enhancement for a Related Death as set forth in the EBP Award Schedule.

7.1.5.3 Age at Time of Implantation of the Affected Products. Any Base Award shall be reduced by the percentages shown below based upon the Qualified Claimant's age at the time any Affected Product that is the subject of the Qualified Revision Surgery was implanted:

Age at Index Surgery	Percent Reduction
Age $\geq$ 70	5%
Age $\geq$ 75	10%
Age $\geq$ 80	15%
Age $\geq$ 85	20%

7.1.5.4 The Affected Product is Implanted as a Revision Device. Where any Affected Product that was part of a Qualified Revision Surgery was implanted during a femoral stem revision, the Base Award will be reduced by fifteen percent (15%).

7.1.5.5 Multiple Reductions. The reductions to any Base Award and Enhancements shall be calculated separately. If multiple reductions apply to an award, the percentages of all reductions applicable to such award (other than the reduction for Unrepresented Claimants) shall be added together and the sum total

shall be the percentage that such award of the Qualified Claimant will be reduced. However, if any Base Award received by a Qualified Claimant is subject to the Unrepresented Claimant reduction, the reduction shall be taken first and all other reductions will be calculated on the remaining amount.

Section 7.2 Enhancements Benefit Program

The Enhancements Benefit Program is established as a means to provide benefits to Qualified Claimants in addition to the award available pursuant to the Base Award Program for certain agreed-upon events and conditions. Enhancements may be available as set forth in the EBP Award Schedule to a Qualified Claimant who claims such Enhancements and whose EBP Claim Form, Claim Package, EBP Claim Package and Additional Claim Information, if any, demonstrate entitlement. Qualifying for a Base Award does not automatically entitle a Qualified Claimant to any Enhancements. Qualified Claimants bear the burden of proof in establishing that they qualify for the Enhancements Benefit Program. Enhancements pursuant to the Enhancements Benefit Program are subject to reductions and limitations as set forth in this Agreement and the EBP Award Schedule.

7.2.1 Determinations of Enhancements

7.2.1.1 Claims for Enhancements will be evaluated by the Claims Processor based on their merits, the EBP Claim Form, Claim Package, EBP Claim Package, the contemporaneous Medical Records provided by Qualified Claimants and any other terms of this Agreement.

7.2.1.2 The Claims Processor may demand, at its sole discretion and at the Qualified Claimant's expense, that the Qualified Claimant provides additional Medical Records necessary to properly evaluate a claim for Enhancements. The Claims Processor has the right to obtain from each Qualified Claimant authorizations for the release of Medical Records, to be obtained at the Qualified Claimant's expense, if necessary, to evaluate his/her claim.

7.2.1.3 The initial determination of eligibility for, and the amount of, each Net Enhancements Benefit will be made by the Claims Processor pursuant to Sections 5.1 and 5.2 and based on the EBP Claim Form, Claim Package, EBP Claim Package, any Additional Claim Information, and the terms of this Agreement. Appeal rights relating to such determinations are set forth in Section 5.2.

7.2.1.4 The categories, criteria, and amount of Enhancements are set forth in the EBP Award Schedule.

7.2.2 In no instance will a Qualified Claimant's Net Enhancements Benefit exceed Four Hundred Fifty Thousand and 0/100 Dollars ($450,000) for each hip that underwent a Qualified Revision Surgery, including those Enhancements issued under the Future Matrix (as defined in the EBP Award Schedule), unless s/he qualifies for an Enhancement for an Infection, in which case the Qualified

Claimant's Net Enhancements Benefit will not exceed Five Hundred Fifty Thousand and 0/100 Dollars ($550,000) for each hip that underwent a Qualified Revision Surgery, including Enhancements issued under the Future Matrix (together, the " Enhancements Benefit Cap "). Notwithstanding the foregoing, Enhancements associated with myocardial infarction, stroke, death and lost wages are not subject to the Enhancements Benefit Cap if the underlying covered events occurred prior to the Enrollment Date; however, such Enhancements are subject to the $450,000 Enhancements Benefit Cap if the underlying covered events occurred after the Enrollment Date.

7.2.3 A current Spouse of a Qualified Claimant with an active, filed lawsuit as of the Execution Date who executes a Release of his/her Spouse that is submitted to the Claims Processor at the time of enrollment in the Settlement Program shall receive a maximum one-time award of One Thousand Five Hundred and 00/100 Dollars ($1,500.00), regardless of whether that Qualified Claimant qualifies for any Enhancements. This payment is (i) subject to the Enhancements Benefit Cap and (ii) shall be made at the time the Spouse's Qualified Claimant receives any Net Base Award.

Article 8

Covered Unrevised, Infirm Claimants Program

Section 8.1 Benefits for Covered Unrevised, Infirm Claimants

The Covered Unrevised, Infirm Claimants Program is established as a means to provide an award to Enrolled Claimants who otherwise qualify for this award, despite not having been revised at the time of enrollment. The Enrolled Claimant bears the burden of proof in establishing that s/he qualifies for any award under Article 8.

Section 8.2 Determinations of Covered Unrevised, Infirm Claimants Benefits

8.2.1 Claims under the Covered Unrevised, Infirm Claimants Program will be evaluated by the Claims Processor based on their merits, the Claim Package, the contemporaneous Medical Records provided by the Enrolled Claimant, and any other terms of this Agreement.

8.2.2 The Claims Processor may demand, at its sole discretion and at the Enrolled Claimant's expense, that the Covered Unrevised, Infirm Claimant provide additional Medical Records necessary to properly evaluate a claim under the Covered Unrevised, Infirm Claimants Program. The Claims Processor has the right to obtain from each Covered Unrevised, Infirm Claimant authorizations for the release of Medical Records, to be obtained at the Enrolled Claimant's expense, if necessary, to evaluate his/her claim.

8.2.3 The initial determination of eligibility for, and amount of, an award under the Covered Unrevised, Infirm Claimants Program will be made by the Claims Processor pursuant to Sections 5.1 and 5.2 and based on the Claim Package, any Additional Claim Information, and the terms of this Agreement. Appeal rights are set forth in Section 5.2.

Section 8.3 Covered Unrevised, Infirm Claimants Benefits

8.3.1 Eligibility: A Product User who, on the Execution Date, (i) has a claim or filed lawsuit, (ii) is a United States Patient who was implanted with the Affected Product in the United States as defined in Section 1.2.74, and (iii) provides contemporaneous medical records created prior to the Execution Date that support the Product User's claim that a Qualified Revision Surgery is indicated by the treating orthopaedic surgeon for the reasons underlying the Voluntary Recall, but s/he has been determined to be too infirm to undergo the procedure. The determination of infirmity shall be made by the physician who is treating the Claimant for the condition(s) that forms the basis for the infirmity or a medical specialist consulted by the treating physician.

8.3.2 Benefits: If the foregoing eligibly requirements are met, a Covered Unrevised, Infirm Claimant will receive a flat award Seventy-Five Thousand and 00/100 Dollars ($75,000), not subject to any enhancements or reductions for any reason whatsoever, for each unrevised hip that was implanted with an Affected Product and, to the extent the subject hip is subsequently revised, will not be entitled to any additional awards as part of this Settlement Program.

Article 9

Timing of HOC's Payment Obligations

Section 9.1 Timing of Settlement Program Award and Payments

9.1.1 HOC agrees, subject to the terms and conditions hereof (including in particular Sections 9.1, 10.2 and Article 17), and in consultation with the Claims Processor, to make the necessary payments that are required to fund the Settlement Program Awards.

9.1.2 Settlement Program Status Reports: The Claims Processor shall promptly review Claim Packages upon receipt to determine completeness, eligibility and Settlement Program Awards. Promptly after the end of each calendar week beginning fourteen (14) Business Days after enrollment in the Settlement Program opens, the Claims Processor shall provide to HOC and the SOC a weekly status report, in such form and in such detail as HOC reasonably from time to time may specify, identifying those Enrolled Claimants who have qualified as Settlement Program Claimants together with the amount of each Net Base Award or Covered Unrevised, Infirm Claimant award.

9.1.3 Initial Settlement Program Award Report: Commencing within three (3) Business Days after HOC's Walk Away Rights have expired, including the right under Section 16.2, the Claims Processor shall provide notice to Settlement Program Claimants, in a form to be determined by the Parties, setting forth the amount of their Net Base Awards or Covered Unrevised, Infirm Claimant awards. Within seven (7) Business Days of such notices, the Claims Processor shall provide to HOC, the SOC and the Escrow Agent a report, in such form and in such detail as HOC reasonably from time to time may specify, identifying those Settlement Program Claimants who have accepted their Settlement Program Awards together with the amount of each Net Base Award or Covered Unrevised, Infirm Claimant award and setting forth the assessment amounts for each Settlement Program Claimant, and certifying those Settlement Program Awards in accordance with this Agreement (the " Initial Settlement Program Award Report ").

9.1.3.1 Within seven (7) Business Days following the receipt of the Initial Settlement Program Award Report, and assuming HOC has not previously objected to its accuracy based upon the weekly status reports, HOC will deposit, or cause to be deposited into the Escrow Account, an amount sufficient to pay the aggregate amount set forth in the Initial Settlement Program Award Report (with any applicable holdback to be held pursuant to the terms of the Escrow Agreement).

9.1.4 Following the delivery of the Initial Settlement Program Award Report to HOC, the Claims Processor shall deliver to HOC and the SOC supplemental Settlement Program Award reports on both the 15th and last day of each month, identifying those Settlement Program Claimants who, subsequent to the Initial Settlement Program Award Report, have accepted their Settlement Program Award, together with the amount of each Net Base Award or Covered Unrevised, Infirm Claimant award, setting forth the same information required in the Initial Base Award Report (each a " Supplemental Settlement Program Award Report " and, collectively with the Initial Base Award Report, each a " Settlement Program Award Report ").

9.1.4.1 Within seven (7) Business Days following the receipt of a Supplemental Settlement Program Award Report, and assuming HOC has not previously objected to its accuracy based upon the weekly status reports, HOC will deposit, or cause to be deposited into the Escrow Account, an amount sufficient to pay the aggregate amount set forth in the Supplemental Settlement Program Award Report (with any applicable holdback to be held pursuant to the terms of the Escrow Agreement).

9.1.4.2 With regard to deficient Claim Packages, upon the deficiency being cured, the Claims Processor shall process the Claim Package and include any Settlement Program Claimant in the weekly status report as set forth above. Thereafter, HOC shall fund the additional Settlement Program Awards as set forth in Section 9.1.4.1 provided that HOC is afforded at least forty-five (45) days to fund from notice by way of the status report as set forth in Section 9.1.2.

9.1.5 Within five (5) Business Days following the electronic transfer of funds into the Escrow Account in response to any Settlement Program Award Report, the Claims Processor, in a manner to be set forth in the Escrow Agreement, shall begin the process of disbursing the funds in short order to Settlement Program Claimants and their respective Primary Law Firm or to the Settlement Program Claimant's Primary Law Firm in trust for the respective Settlement Program Claimants.

Section 9.2 Timing of Enhancements Benefits Payments

9.2.1 HOC agrees, subject to the terms and conditions hereof (including in particular Sections 9.2, Section 10.2, and Article 17), and in consultation with the Claims Processor, to make the necessary payments that are required to fund the Net Enhancements Benefits.

9.2.2 EBP Status Reports: The Claims Processor shall promptly review EBP Claim Packages upon receipt to determine completeness, eligibility and Enhancements Benefits. Promptly after the end of each calendar week beginning fourteen (14) Business Days after the EBP application process opens, the Claims Processor shall provide to HOC and the SOC a weekly status report, in such form and in such detail as HOC reasonably from time to time may specify, identifying those Settlement Program Claimants who have qualified for Enhancements together with the amount of each Net Enhancements Benefit. The Claims Processor shall issue award notices to Settlement Program Claimants setting forth the Net Enhancements Benefit within thirty (30) Business Days of the status report identifying the Settlement Program Claimant's Net Enhancements Benefit.

9.2.3 Initial EBP Award Report: Within sixty (60) Business Days after the first EBP Status Report, the Claims Processor shall provide to HOC, the SOC and the Escrow Agent a report, in such form and in such detail as HOC reasonably from time to time may specify, identifying those Settlement Program Claimants who have accepted their Enhancement together with the amount of each Net Enhancements Benefit and setting forth the assessment amount for each Settlement Program Claimant, and certifying those Net Enhancements Benefits in accordance with this Agreement (the " Initial EBP Award Report ").

9.2.3.1 Within seven (7) Business Days following the receipt of the Initial EBP Award Report, and assuming HOC has not previously objected to its accuracy based upon the weekly status reports, HOC will deposit, or cause to be deposited, an amount sufficient to pay the aggregate amount set forth in the Initial EBP Award Report (with any applicable holdback to be held pursuant to the terms of the Escrow Agreement).

9.2.4 Following the delivery of the Initial EBP Award Report to HOC, the Claims Processor shall deliver to HOC and the SOC supplemental EBP Award reports on both the 15th and last day of each month, identifying those Settlement Program Claimants who, subsequent to the Initial EBP Award Report, have accepted their Enhancement, together with the amount of each Net Enhancements Benefit, setting

forth the same information required in the Initial EBP Report (each a " Supplemental EBP Report " and, collectively with the Initial EBP Report, each an " EBP Award Report ").

9.2.4.1 Within seven (7) Business Days following the receipt of a Supplemental EBP Award Report, and assuming HOC has not previously objected to its accuracy based upon the weekly status reports, HOC will deposit, or cause to be deposited, an amount sufficient to pay the aggregate amount set forth in the Supplemental EBP Award Report (with any applicable holdback to be held pursuant to the terms of the Escrow Agreement).

9.2.4.2 With regard to deficient EBP Claim Packages, upon the deficiency being cured, the Claims Processor shall process the EBP Claim Package and include any Settlement Program Claimant in the weekly status report as set forth above. Thereafter, HOC shall fund the additional Enhancements Benefits as set forth in Section 9.2.4.1 provided that HOC is afforded at least forty-five (45) days to fund from notice by way of the status report.

9.2.5 Within five (5) Business Days following the electronic transfer of funds into the Escrow Account in response to any EBP Award Report, the Claims Processor, in a manner to be set forth in the Escrow Agreement, shall begin the process of disbursing the funds in short order to Settlement Program Claimants and their respective Primary Law Firm or to the Settlement Program Claimant's Primary Law Firm in trust for the respective Settlement Program Claimants.

Section 9.3 Limit on Award Payments

9.3.1 Any term of this Agreement (or any escrow agreement referenced herein) to the contrary notwithstanding, HOC shall have no financial obligation under this Agreement other than its express obligations to make payments as described in Section 9.1, Section 9.2, Section 10.2, and Article 17. HOC shall have no obligation to pay (or to make any payment on account of), or reimburse any Enrolled Claimant, Settlement Program Claimant or Principal Responsible Attorney for, any costs or expenses incurred by such Enrolled Claimant, Settlement Program Claimant or Principal Responsible Attorney in connection with the Settlement Program. Neither HOC nor any of the other Released Parties shall have any responsibility for the management of any of the escrow funds referenced herein or any Liability to any Enrolled Claimant arising from the handling of Program Claims by the Claims Administrator, Claims Processor, Special Masters or Escrow Agent.

Section 9.4 Form of Notices to Escrow Agent

Notices to the Escrow Agent shall be in such form as the Escrow Agent reasonably may specify from time to time.

Settlement Program Administration and Expenses

Section 10.1 Administrative Costs

10.1.1 The reasonable and necessary administrative costs and expenses for the operation of the Settlement Program, including the fees, costs, and expenses of the Claims Processor and any physician consultants or other administrators to the extent necessary, and the fees of the Escrow Agent **,** shall be the sole responsibility of HOC.

10.1.2 The reasonable and necessary administrative costs and expenses for the Special Masters and Claims Administrator shall be split equally (50%/50%) between the Parties.

10.1.3 he Escrow Agreement shall also establish other escrow accounts or sub-accounts to hold funds pertaining to the reasonable and necessary administrative costs and expenses set forth in this Article 10, to the extent necessary.

10.1.4 The Parties, Claims Administrator, Claims Processor and the Escrow Agent shall agree to a written procedure for the invoicing of the reasonable and necessary administrative costs and expenses of the Settlement Program, the review and approval of such invoices and the payment of such invoices.

Section 10.2 Funding of Administrative Expenses Escrow Account

The claims administration process shall effectuate the terms of any common benefit order entered in MDL 13-2441 or cost assessment order to be entered in the MCL Court. Regardless of whether a claimant is subject to either of the above orders, by enrolling in the Settlement, Claimants agree to a 1% cost and 3% fee assessment unless their claims were filed in the MCL Court prior to the Execution Date or they are represented by attorneys who have only filed claims in the MCL Court. By enrolling in the Settlement, individuals whose claims were filed in the MCL Court prior to the Execution Date and individuals who are represented by attorneys who have only filed claims in the MCL Court agree to a ½ % cost assessment. Enrolling Claimants agree that the cost and fee assessments, whichever applicable, shall be used to pay for portions of the lien administration expenses, costs associated with the Special Masters and Claims Administrator, portions of the cost for establishment of a Qualified Settlement Fund and to reimburse counsel for costs and fees incurred and/or earned in litigating or resolving the case.

Section 10.3 Audits of Administrative Expenses and Payments

The Claims Processor and the Escrow Agent shall agree to a written procedure for the auditing of the reasonable and necessary administrative costs and expenses of the Settlement Program and for the receipt and review of such audit reports.

Article 11

Administrators

Section 11.1 Appointment and Replacement of Administrative Personnel

11.1.1 This Settlement Agreement is a private agreement and not subject to court approval.

11.1.2 In the event that HOC, on the one hand, and the SOC, on the other hand, at any time cannot agree on (i) the identity of any replacement Administrator, (ii) whether a particular Administrator should be removed (or any other exercise of rights under any Administrative Agreement that requires for such exercise joint action of HOC and the SOC), or (iii) the terms and conditions of a proposed Administrative Agreement, HOC or the SOC may, by notice to such effect to the other and to the Claims Administrator, refer the matter to the Claims Administrator. If the Claims Administrator, or the proposed Administrative Agreement of the Claims Administrator, is the subject of the dispute, then the references in the preceding sentence, and in Sections 11.1.3 and 11.1.4 to the "Claims Administrator" shall be to one (1) of the Special Masters, who is not involved and who has not rendered a decision in connection with the matter at issue, and who will be randomly selected.

11.1.3 In the event of a dispute described in clause (iii) of Section 11.1.2, HOC, on the one hand, and the SOC, on the other, shall, within five (5) Business Days of referral of such matter to the Claims Administrator, submit to each other and the Claims Administrator, its proposed form of Administrative Agreement. Either HOC or the SOC may, in its discretion, within a further five (5) Business Days, submit to each other and the Claims Administrator a memorandum supporting its position. If two (2) proposed forms of Administrative Agreements are submitted, the Claims Administrator shall select between the two (2) proposed forms of agreement on the basis of which proposed agreement in its opinion more closely reflects what is customary and "market" for agreements of the nature contemplated by the relevant Administrative Agreement (entered into in the context of programs of the nature of the Settlement Program) and such other matters as the Claims Administrator shall consider appropriate under the circumstances.

11.1.4 Any decision of the Claims Administrator pursuant to this Section 11.1 shall be final and Non-Appealable and binding on the Parties and (without limitation of the foregoing) the Parties shall take all actions required in order to implement such decision.

Section 11.2 Claims Administrator

11.2.1 The Claims Administrator will oversee the Settlement Program and will work with the Claims Processor, the Special Masters, the SOC and HOC, and others to ensure that the express terms and intent of this Agreement are properly and fairly applied in the Settlement Program and that clear errors are avoided.

The Claims Administrator shall be authorized to make final and binding determinations under this Agreement with the authority of an Arbitrator under the Federal Arbitration Act.

11.2.2 The SOC and HOC agree that the Claims Administrator is Hon. Diane M. Welsh (Ret.), and/or her agents, or upon her resignation or removal, any Person(s) to be appointed by the Parties.

Section 11.3 Claims Processor

The Claims Processor is The Garden City Group, Inc. **,** or upon its resignation or removal, any Person (s) to be appointed to oversee the administration of claims for benefits. The Claims Processor shall be authorized to make final and binding determinations under this Agreement with the authority of an Arbitrator under the Federal Arbitration Act.

Section 11.4 Special Masters

11.4.1 The Special Masters will be selected by the agreement of HOC and the SOC. There will be three (3) Special Masters retained to perform the Special Master tasks set forth in this Agreement.

11.4.2 The three (3) Special Masters chosen by the Parties to fill these positions are: Hon. Arthur J. Boylan (Ret.), Hon. C. Judson Hamlin (Ret.), and Mr. Edgar C. Gentle, III, Esq., or upon the resignation or removal of any one Special Master, any Person(s) to be appointed by the Parties to oversee the administration of claims for benefits. The Special Masters shall be authorized to make final and binding determinations under this Agreement with the authority of an Arbitrator under the Federal Arbitration Act.

Section 11.5 Certain General Authority of the Claims Processor

11.5.1 The Claims Processor shall have the authority to perform all actions, to the extent not expressly prohibited by, or otherwise inconsistent with, any provision of this Agreement, deemed by the Claims Processor to be reasonably necessary for the efficient and timely administration of this Agreement; provided, however, that such actions are agreed to by the Parties or otherwise ordered by the Claims Administrator.

11.5.2 The Claims Processor may create administrative procedures, supplementary to (and not inconsistent with) those specified herein that provide further specific details about how Program Claims are administered, and/or other aspects of the Settlement Program; provided, however that such procedures comply with the terms of this Agreement and are agreed to by the Parties or otherwise ordered by the Claims Administrator.

11.5.3 Without limitation of the foregoing, the Claims Processor shall, with the concurrence of the Claims Administrator, have the authority to modify and/or supplement the form of Enrollment Form, Claims Form and/or Supplementary Claims Form provided for herein to provide for more efficient administration of the Settlement Program, provided that (i) such changes may not materially alter the substance of such form without the written consent of both HOC and the SOC, (ii) such changes in any event must be approved by the Liaison committee described in Section 11.5.4 below, and (iii) no change shall be made in the form of Release or form of Dismissal with Prejudice Stipulation without prior written consent of HOC and the SOC.

11.5.4 Each of HOC and the SOC shall appoint two (2) individuals (such number to be determined in each of their respective discretion) to act as a liaison (" Liaison ") with the Claims Administrator, Claims Processor or any Special Master, including answering any questions that the Claims Administrator, Claims Processor or a Special Master may have with respect to the interpretation of any provision of this Agreement. Appointments under this Section 11.5.4 shall be in writing in a notice to the other Party and to the Claims Administrator, Claims Processor and the Special Masters.

Section 11.6 Liability of Administrative Personnel

Without limitation of Section 21.9.2, no Administrator, or employee or agent of any Administrator, shall be liable to any Eligible Claimant, Enrolled Claimant, Settlement Program Claimant or Principal Responsible Attorney for his/her acts or omissions, or those of any agent or employee of any Administrator, in connection with the Settlement Program except, with respect to each such Person, for such Person's own willful misconduct. Nothing in this Section 11.6 confers on any Enrolled Claimant or Principal Responsible Attorney any privity of contract with, or other right to institute any action against, any Administrator or Liaison.

Article 12

Certain Litigation Matters

Section 12.1 HOC Defenses

HOC agrees that, except as reflected in (i) the requirements for constituting an Eligible Claimant, (ii) the eligibility requirements of Section 2.1, (iii) Section 5.1.6 or (iv) the requirements for constituting an Enrolled Claimant or Settlement Program Claimant, and without limitation of, and subject to, all of the other express terms of this Agreement, any defenses of liability that HOC might otherwise have as against the Program Claims of any particular Settlement Program Claimant, such as statutes of limitation and repose, jurisdiction, venue, mitigation, comparative/contributory negligence, assumption of risk, independent intervening cause and products' liability, specific defenses such as state of the art, no safe alternative design, preemption, FDA and other regulatory approval, learned intermediary, etc.,

shall not (for purposes of, and solely for purposes of, this Agreement) apply to such Program Claim of such Settlement Program Claimant. For the avoidance of doubt, it is understood and agreed that any and all such defenses (and any and all other available defenses) shall be available to HOC with respect to any litigation outside of this Agreement with such Enrolled Claimant or Settlement Program Claimant (including in the event the Release is returned as set forth herein).

Section 12.2 Tolling

Without limitation of Section 12.1, in order to avoid the necessity of filing or pursuing a Claim Relating to the Affected Products, HOC hereby agrees, with respect to any particular Enrolled Claimant who has an Unfiled Claim and his/her Release is returned because of a termination of this Agreement and the Settlement Program or because they are determined to be ineligible for any reason pursuant to Section 4.3.2.2, to toll from the Enrollment Date until 60 days following such exit, the running of any applicable statute of limitations that otherwise may apply to the Claim Relating to the Affected Products of such Enrolled Claimant. All other tolling agreements heretofore entered into between an Enrolled Claimant and HOC, if any, are otherwise terminated and superseded by this Agreement, except as provided above.

Section 12.3 Use of Dismissal with Prejudice Stipulations and Releases

The Claims Processor shall retain control of the Release and Dismissal with Prejudice Stipulation of each Enrolled Claimant until such time as (a) HOC's Walk Away Rights shall have expired without HOC exercising any such Walk Away Rights, including the right described in Section 16.2, and (b) any such Net Base Award or Article 8 award has been funded to the Escrow Account pursuant to the Escrow Agreement, at which time such Dismissal with Prejudice Stipulation and such Enrolled Claimant's Release shall be delivered to HOC (and, without limitation, HOC shall be free to file or cause to be filed such Dismissal with Prejudice Stipulation and/or Release in any relevant action or proceeding).

Section 12.4 Pursuit of Certain Claims

12.4.1 From and after the date on which an Enrollment Form is submitted in relation to a particular Enrolled Claimant until the earlier of (i) the date on which such Enrolled Claimant's Dismissal with Prejudice Stipulation is delivered to HOC pursuant hereto, or (ii) if applicable, the date such Enrollment Form is rejected by the Claims Administrator or HOC in relation to such Enrolled Claimant pursuant to Section 16.2 or such that his/her Release is returned to him because this Agreement is terminated, such Enrolled Claimant, and all related Executing Derivative Claimants, shall:

12.4.1.1 be prohibited from, and refrain from, taking any action (including any legal action) to initiate, pursue or maintain, or otherwise attempt to execute upon, collect or otherwise enforce, any actual or alleged Released Claims and Liabilities of or against

HOC or any other Released Party (other than to the extent inherent in making and pursuing a Program Claim in accordance with the terms of this Agreement);

12.4.1.2 without limitation of Section 12.4.1.1, (i) cooperate in all reasonable respects with HOC to seek to stay, and to continue in effect any then outstanding stay with respect to, any pending legal proceedings instituted by such Eligible Claimant and/or Derivative Claimants against HOC or any other Released Party Relating to the Affected Products, and (ii) refrain from instituting any new legal action against any Released Party Relating to the Affected Products; and

12.4.1.3 without limitation of Section 12.4.1.1 or 12.4.1.2, be prohibited from, and refrain from, attempting to execute or collect on, or otherwise enforce, any judgment that may be entered against HOC or any other Released Party in any legal action described in Section 12.4.1.2.

12.4.2 Further, if such Enrolled Claimant is determined or deemed to be a Settlement Program Claimant, in furtherance and not in limitation of such Release, any judgment referred to in Section 12.4.1.3 automatically shall be deemed to have been Released (as such term is defined in such Release) by such Enrolled Claimant and all such Derivative Claimants, and such Enrolled Claimant and Derivative Claimants shall execute such instruments, and take such other actions, as HOC reasonably may request in order to further evidence or implement the same.

12.4.3 Without limitation of Section 12.4.1 (and in addition to and without limitation of the terms of his/her Release), each Enrolled Claimant, and all related Executing Derivative Claimants, jointly and severally, shall indemnify and hold harmless HOC and each other Released Party from and against (i) any and all Claims made or asserted (prior to, on or after the date of such Enrolled Claimant's Program Claim) against HOC or any Released Party by any other person or entity for contribution, indemnity (contractual or non-contractual or otherwise) arising out of any Claim Relating to the Affected Products made or asserted at any time by such Enrolled Claimant, and/or any Derivative Claimant and/or Product User with respect to such Enrolled Claimant, against any such Released Party and (ii) any and all damages, losses, costs, expenses (including legal fees and expenses) and/or Liabilities incurred or suffered by, or imposed on, any Released Party in connection with, arising out of or resulting from (a) any Claim described in clause (i) (including any amount paid or required to be paid in satisfaction of any such Claim), (b) any judgment suffered by any Released Party in any legal action described in Section 12.4.1.2 (including any amount paid or required to be paid in satisfaction of any such judgment), and/or (c) any violation by such Enrolled Claimant, and/or any related Executing Derivative Claimant, of Section 12.4.1. This Section 12.4.3 shall become null and void in the event that such Enrolled Claimant exits the Settlement Program under circumstances such that his/her Release is returned to him. HOC may set off all or any portion of any amount payable to any Released Party pursuant to this Section 12.4.3 by an Enrolled Claimant against an equal amount of any payment obligation hereunder in respect of any Settlement Award

Payment from time to time payable under this Agreement to such Enrolled Claimant (and such setoff shall be deemed to satisfy, to the extent of the amount of such setoff, both such payment obligation and the relevant Settlement Award Payment obligation to such Enrolled Claimant).

Section 12.5 Unrevised Claimants with Filed Lawsuits

12.5.1 With the exception of those Settlement Program Claimants who qualify as Covered Unrevised, Infirm Claimants, Product Users who are unrevised as of the Enrollment Deadline Date are excluded from the Settlement Program.

12.5.2 In order to properly effectuate the Settlement Agreement, the parties will agree to file motions in the MCL, the MDL or Other Courts requesting a stay of all non-revision cases for one (1) year from the Execution Date with the exception of any plaintiffs who are in extremis and seek to have their *de bene esse* depositions taken pursuant to MCL CMO No. 15 and the MCL Order in re Deposition Guidelines for Plaintiffs Who Are In Extremis. All plaintiffs with filed lawsuits who remain unrevised at the expiration of the stay will have their cases dismissed without prejudice. Upon dismissal without prejudice, the running of any applicable statute of limitations will be tolled until five (5) years from the date of the Index Surgery or June 30, 2017, whichever is sooner. In the event that the applicable statute of limitations for any unrevised plaintiffs has expired as of the expiration of the stay, such statute of limitations shall be tolled for one year from the expiration of the stay. For Persons who are revised during that period, tolling terminates upon revision and those revised plaintiffs will be subject to a conference before the court in which their respective lawsuits are filed.

Article 13

Submission to Authority

Section 13.1 Submission to Authority of Claims Administrator and Special Masters

13.1.1 Each Party and, by submitting an Enrollment Form and Release, each Enrolled Claimant and Principal Responsible Attorney, agree that authority over the process contemplated by the Settlement Program, including any Claims submitted under the Settlement Program, resides with those Persons appointed pursuant to this Agreement to exercise that authority, as such authority is specified in this Agreement, and that the Claims Administrator, Claims Processor and Special Masters in making the determinations with respect to claims submitted to the Settlement Program do so with the authority of Arbitrators under the Federal Arbitration Act and their decisions, except as subject to review under the Agreement, are final, binding, and Non-Appealable, including to any court of law. Nothing in Article 13 shall be interpreted to provide an Enrolled Claimant with any rights outside of the Settlement Agreement unless specifically set forth in this document.

13.1.2 Except as specifically provided in this Agreement, any dispute that arises under or otherwise in connection with (i) this Agreement and/or any Program Claim, or (ii) any other Administrative Agreement under which disputes are agreed to be handled in the manner set forth in this Article 13, shall be submitted to the Claims Administrator who shall sit as a binding arbitration panel and whose decision shall be final, binding and Non-Appealable. If any such dispute is brought to the Claims Administrator, each party who has a stake shall have fifteen (15) days (or such other amount of time as the Claims Administrator shall otherwise order) to submit papers and supporting evidence and to be heard on oral argument if the Claims Administrator desires oral argument.

13.1.3 If the Claims Administrator concludes, for whatever reason, that s/he should not determine an issue arising under this Agreement or otherwise in connection with this Agreement and/or any Program Claim, then one (1) of the Special Masters who has not rendered any decision with regard to the matter at issue will be randomly chosen and shall sit as a binding arbitration panel to decide the issue.

13.1.3.1 In such instances, any party may serve a demand for arbitration on the Special Master and all parties who have a stake in the issue disputed. Service shall be effected by regular and certified mail. Service shall be complete upon mailing.

13.1.3.2 The parties who have a stake in the issue disputed and who participate in the arbitration shall agree upon appropriate rules to govern the arbitration. If the parties cannot agree on appropriate rules within ten (10) Business Days of the service of the notice of demand, the applicable rules shall be the American Arbitration Association's Commercial Arbitration Rules that are effective on the date of the notice of demand, exclusive of the requirement that the American Arbitration Association administer the arbitration.

13.1.3.3 In deciding the issue disputed, prior decisions by the Claims Administrator or other Special Master on analogous matters under the Settlement Program shall bind the other Special Master. Where an analogous matter has not been decided previously, the Special Master shall apply the substantive law specified in Section 21.3, without regard to that jurisdiction's choice-of-law rules.

13.1.4 The Parties agree that if any Special Master is, under applicable law, precluded from determining an issue otherwise to be determined by a Special Master pursuant to Section 13.1.3, then another Special Master will be chosen.

13.1.5 Notwithstanding provisions to the contrary, to the extent any suit, action or proceeding by either Party or any Person with respect to such matter under this Section 13.1 may be instituted, it must be instituted in (and only in) the MCL Court (and appellate courts for the foregoing). Each Party or person hereby:

13.1.5.1 consents and submits, for itself and its property, to the jurisdiction of the MCL Court and such appellate courts for the purpose of any suit, action or proceeding

instituted against it pursuant to this Section 13.1.5, and (ii) agrees that a final judgment in any suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law;

13.1.5.2 agrees that service of all writs, process and summonses in any suit, action or proceeding pursuant to this Section 13.1.5 may be effected by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at its address for notices pursuant to Section 21.1, such service to become effective thirty (30) days after such mailing, provided that nothing contained in this Section 13.1.5.2 shall affect the right of any party to serve process in any other manner permitted by law;

13.1.5.3 waives any objection which it or s/he may now or hereafter have to the laying of venue of any suit, action or proceeding pursuant to this Section 13.1.5 brought in any court specified above in this Section 13.1.5, waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum, and agrees not to plead or claim either of the foregoing; and

13.1.5.4 To the extent a lawsuit is commenced despite the fact the Settlement Program Claimant, under the Settlement Agreement, consented to the Administrators acting with the authority of arbitrators under Federal Arbitration Act, the Settlement Program Claimant waives any right it may have to a trial by jury of any action, suit, action or proceeding pursuant to this Section 13.1.5 and agrees that any such dispute shall be tried before a judge sitting without a jury.

Article 14

Attorneys' Fees

Section 14.4 Individual Counsel Attorneys' Fees

Neither HOC nor any other Released Party shall have any responsibility whatsoever for the payment of Settlement Program Claimants' (and/or related Executing Derivative Claimant's) attorneys' fees or costs. The Claims Processor shall endeavor to make all Settlement Payments owed in relation to any particular Program Claim pursuant to this Agreement payable in the name of the relevant Settlement Program Claimant, his/her Counsel (if any) and each related Executing Derivative Claimant, subject to a reduction pursuant to common benefit fees and reimbursement of costs as set forth in Section 4.3.3 (for the avoidance of doubt, any such reduction nonetheless shall constitute a Settlement Award Payment). Provision, however, can be made for the Claims Processor to cause a Settlement Award Payment to be issued electronically to the Primary Law Firm of each Settlement Program Claimant in trust for such Settlement Program Claimants. However, none of the Released Parties or the Claims Processor shall have any Liability for any failure to do so. No notice of representation or change in representation by any Enrolled Claimant (and/or any Executing Derivative Claimant with respect to such Enrolled Claimant), other than that which is made in such Enrolled

Claimant's Enrollment Form, shall change the application of this Section 14.1. Any division of any Settlement Award Payment with respect to, and as between, any Settlement Program Claimants, any related Executing Derivative Claimants and/or his/her or their respective counsel is to be determined by such Persons and any such division, or any dispute in relation to such division, shall in no way affect the validity of this Agreement or the Release or Dismissal with Prejudice Stipulation executed by such Enrolled Claimant (and any related Executing Derivative Claimants) or his/her Counsel, as applicable. Nothing in this Section 14.1 limits or qualifies Article 16 or Article 17.

Article 15

Quality Control and Audit Procedures

Section 15.1 Prevention and Detection of Fraud - General

15.1.1 The Claims Administrator and Claims Processor shall have the authority and obligation to institute claim-auditing procedures and other procedures designed to detect and prevent the payment of fraudulent or deceitful Program Claims.

15.1.2 The submission of fraudulent or deceitful Program Claims will violate the criminal laws of the United States, subject those responsible to criminal prosecution in the federal courts, and render those responsible ineligible to participate in the Settlement Program or receive any Settlement Award Payments. Notwithstanding anything to the contrary, any Enrolled Claimant who improperly, fraudulently or deceitfully obtained a recovery from the Broadspire Program or other sources for Claims allegedly Relating to the Affected Products may not become an Eligible Claimant or Settlement Program Claimant under the terms of this Agreement, unless HOC in its sole discretion permits the person to be deemed a Settlement Program Claimant pursuant to Section 5.1.5.

15.1.3 The Claims Processor shall notify the Claims Administrator, Special Masters, HOC and the SOC, as well as any implicated Enrolled Claimant and his/her Counsel, of any preliminary determination that deception, dishonesty or fraud may be present in connection with or relating to any Program Claim or in any way to the Settlement Program. The Enrolled Claimant and/or his/her Counsel shall have the right to contest such preliminary determination to the Claims Administrator by requesting a hearing within ten (10) days of receiving such notice. The Claims Administrator may promulgate and revise rules for reviewing and resolving allegations of deception, dishonesty or fraud.

15.1.4 No Settlement Award may be paid in respect of a Program Claim while that Program Claim (i) is the subject of an audit by the Claims Processor (and to that end, the Claims Processor shall notify HOC and the SOC from time to time of which Program Claims are then subject to audit), or (ii) is the subject of an audit by HOC or the SOC for good cause.

15.1.5 Nothing herein prevents the Claims Processor, Claims Administrator, Special Masters, the SOC or HOC from reporting any indicia of deception, dishonesty, or fraud to the proper law enforcement authorities.

Section 15.2 Mandatory Periodic Audits

15.2.1 Base Award Mandatory Audits: Without limitation of Section 15.1, the Claims Processor shall conduct an audit of a sampling of at least five percent (5%) of the Base Award Claims whose enrollment forms were submitted prior to February 2, 2015. Thereafter, the Claims Processor shall audit an additional five percent (5%) of the Base Award Claims whose enrollment forms were submitted on or after February 2, 2015, unless the Claims Processor finds that two (2%) or more of the first audited claims were fraudulent or improperly processed (or the claimant fails to provide information requested to allow an audit to be conducted) in which case the Claims Processor shall conduct audits of at least an additional ten percent (10%) of Base Award Claims.

15.2.2 Enhancements Mandatory Audits: Without limitation of Section 15.1, the Claims Processor shall conduct an audit of eight percent (8%) of Enhancements Claims, unless the Claims Processor finds that two percent (2%) or more of the audited Enhancements Claims were fraudulent or improperly processed (or the claimant fails to provide information requested to allow an audit to be conducted) in which case the Claims Processor shall conduct additional audits of Enhancements Claims in his/her discretion in consultation with the SOC and HOC.

15.2.3 The Claims Processor, in its discretion, also shall conduct audits of a sampling of Base Award Claims, which audits shall include (i) obtaining confirmation of the authenticity of the medical and product identification evidence provided by the Eligible Claimants; and/or (ii) verifying that Medical Records not submitted by the Eligible Claimants are actually not available from the medical providers or other healthcare institutions involved in that Eligible Claimant's Index Surgery or Qualified Revision Surgery. The Claims Processor may require any Eligible Claimant whose claim is selected for an audit to provide medical and other record authorizations to permit the Claims Processor to obtain such records directly.

15.2.4 Notwithstanding anything to the contrary, the Claims Processor otherwise may audit such other Program Claims as the Claims Processor shall determine is warranted.

15.2.5 Program Claims shall be selected for audit on such basis as the Claims Processor may determine from time to time (taking into account, without limitation, any suspicions of, or past preliminary determinations of fraud, deception or dishonesty in connection with the Settlement Program). Those Program Claims selected for audit will not be placed on any award report, disbursement list, or settlement awards report or have their awards funded or paid until the audit for such Program Claim is

satisfactorily completed and the award determination is confirmed by the Claims Processor and placed on the next following award report and disbursement list.

15.2.6 If following completion of its audit of a Program Claim (or upon referral of a matter to the Claims Processor by HOC or by the SOC pursuant to Section 15.3.3), the Claims Processor determines that Section 15.1.3 is applicable, then the Claims Processor shall proceed as specified in Sections 15.1 and 15.4.

Section 15.3 HOC Audit Right

15.3.1 HOC shall have the absolute right and discretion at any time, or from time to time, to conduct, or have conducted by an independent auditor, audits to verify Program Claims submitted by Enrolled Claimants or any aspect thereof (including any Required Submissions or Medical Records); such audits may include individual Program Claims or groups of Program Claims. The Claims Processor shall fully cooperate with any such audit. Section 15.2.3 shall apply to any Program Claims selected for audit by HOC (with all references in said Section to the "Claims Processor" being deemed to constitute references to "HOC" for such purpose).

15.3.2 HOC shall notify SOC, the Claims Processor and the Claims Administrator of any audit that it is conducting or having conducted pursuant to Section 15.3.1 and which Program Claims are to be audited.

15.3.3 If following completion of its audit of a Program Claim, HOC is of the view that any indicia of deception, dishonesty or fraud relating to any Program Claim or in any way to the Settlement Program exist, HOC may bring such matter to the attention of the Claims Administrator for possible action pursuant to Section 15.4.4 and/or may proceed directly to make a motion to the court before which the Enrolled Claimant's case is pending or, in the event of an Unrepresented Claimant with an Unfiled Claim, the MDL Court, for action pursuant to Section 15.4.2.

Section 15.4 Relief

15.4.1 Each of the Claims Processor, Claims Administrator, HOC and the SOC shall have the right to petition the court before which the Enrolled Claimant's case is pending or, in the event of an Unrepresented Claimant with an Unfiled Claim, the MDL Court, for appropriate review and relief in the event of the detection of any indicia of deception, dishonesty or fraud relating to any Program Claim or in any way to the Settlement Program.

15.4.2 Without limitation of Section 15.4.1 and any term in this Agreement to the contrary notwithstanding, in the event that the court before which the Enrolled Claimant's case is pending or, in the event of an Unrepresented Claimant with an Unfiled Claim, the MDL Court, upon motion by the Claims Administrator, HOC or the SOC, determines that an Enrolled Claimant (and/or any related Executing Derivative Claimant), or Counsel for such Enrolled Claimant, has used, or that there is substantial

evidence that an Enrolled Claimant (and/or any related Executing Derivative Claimant), or Counsel for such Enrolled Claimant, has used, deception, dishonesty or fraud in connection with the Program Claim of such Enrolled Claimant:

15.4.2.1 such Enrolled Claimant's Claim shall be denied and such Enrolled Claimant immediately shall cease to have any further rights under the Settlement Program, but such Enrolled Claimant's Dismissal with Prejudice Stipulation and Release shall be delivered to HOC (and, without limitation, HOC shall be free to file or cause to be filed such Dismissal with Prejudice Stipulation and/or Release in any relevant action or proceeding);

15.4.2.2 each of such Enrolled Claimant (if the court before which the Enrolled Claimant's case is pending or, in the event of an Unrepresented Claimant with an Unfiled Claim, the MDL Court, makes such determination in respect of such Enrolled Claimant) and such Counsel (if the MCL Court makes such determination in respect of such Counsel) shall fully be liable (i) for the costs and expenses (including legal costs and expenses) incurred by any Administrator, HOC and/or the SOC in connection with any related audit and/or any related proceedings (including the MDL Court, MCL Court, or other court, proceedings) under this Section 15.4, and (ii) if applicable, to repay to HOC any Settlement Award Payment previously paid to or with respect to such Enrolled Claimant; and

15.4.2.3 such Enrolled Claimant (and/or any related Executing Derivative Claimant), such Counsel and/or such Counsel's other Enrolled Claimants shall be subject to such further sanctions or other penalties as the Claims Administrator may impose, including (i) in the case of such Counsel (and/or such Counsel's other Enrolled Claimants), raising the level of scrutiny of (including conducting audits, incremental to those conducted pursuant to Section 15.2, of), modifying the timing of the review of, and/or requiring such Counsel to pay the costs and expenses associated with any future audits (including any such incremental audits) of, any other Program Claim of any or all of the other Enrolled Claimants for which it is Counsel, (ii) suspension of Settlement Award Payments to all other Enrolled Claimants of such Counsel; and/or (iii) referral of the matter to the United States Attorney or other appropriate law enforcement officials for possible criminal prosecution, provided that no such further sanctions or other penalties shall affect the status of any other Qualified Claimant or its Program Claim unless such sanction or other penalty is consented to by HOC.

15.4.3 In the event that the Claims Processor determines that any Person (other than a Enrolled Claimant or Counsel) has engaged or participated in, or that there is substantial evidence that such Person has engaged or participated in, deception, dishonesty or fraud in relation to any Program Claim, then, without limitation of Section 15.4.2:

15.4.3.1 the Claims Processor shall refer such matter for possible action by the court before which the Enrolled Claimant's case is pending or, in the event of an

Unrepresented Claimant with an Unfiled Claim, the MDL Court, pursuant to Section 15.4.2;

15.4.3.2 pending resolution by the court before which the Enrolled Claimant's case is pending or, in the event of an Unrepresented Claimant with an Unfiled Claim, the MDL Court, of such matter pursuant to Section 15.4.2, the Claims Processor shall suspend further consideration of any documentation from such Person; and

15.4.3.3 the Claims Processor may raise the level of scrutiny of (including conducting audits, incremental to those conducted pursuant to Section 15.2, of), and/or modify the timing of the review of, any other Program Claim that includes documentation from such Person.

15.4.4 In connection with the exercise by each of the Claims Administrator, Claims Processor, HOC and the SOC of its rights under this Article 15, each of the Claims Administrator, HOC and the SOC, as applicable, may request an Enrolled Claimant whose Program Claims are subject to an audit hereunder to deliver to it: (i) such authorization(s) as may reasonably be requested by the Claims Administrator, Claims Processor, HOC or the SOC, as applicable, in order to permit the Claims Administrator, Claims Processor, HOC or the SOC, as applicable, to request and obtain such additional records as the Claims Administrator, Claims Processor, HOC or the SOC, as applicable, may determine, and/or (ii) such other relevant records or other documentation (in addition to the Required Submissions and Additional Claim Information submitted as part of the Program Claim) within the Enrolled Claimant's custody, possession, or control as may reasonably be requested by the Claims Administrator, Claims Processor, HOC or the SOC. Any such authorization shall be in a form prepared by the Claims Administrator, Claims Processor, HOC or the SOC, as applicable. If the Enrolled Claimant fails or refuses to execute and deliver to the Claims Administrator or HOC, as applicable, any such authorizations or refuses to provide any material records or other documentation requested, within thirty (30) days after service of such form or request, then, without limitation of the possible application of the remainder of Section 15.4, Section 15.4.2.1 and Section 15.4.2.2 shall be applied to such Enrolled Claimant and his/her Program Claim.

Section 15.5 Quality Control

If, at any time, the Claims Processor or Claims Administrator learns or determines that all or any part of a Settlement Award Payment or determination of ineligibility or denial of a Settlement Award Payment was incorrect or any settlement awards report was incorrect, the Claims Processor may issue a revised Settlement Award Payment, determination or report to reflect the correct Settlement Award Payment, determination or report.

Section 15.6

Inaccuracy of Representations, Warranties or Certifications

Without limitation of the foregoing provisions of this Article 15, in the event that any representation, warranty, certification or covenant made in any Enrollment Form, Release or Dismissal with Prejudice Stipulation is inaccurate or breached in any material respect (and such inaccuracy or breach is not cured within ten (10) days of notice thereof by the Claims Administrator or HOC to the relevant Enrolled Claimant (or his/her Counsel, if any)), HOC in its sole and absolute discretion (and without limitation of any other remedy that HOC may have in respect of such matter, whether at law or in equity) at any time prior to any filing by HOC of such Enrolled Claimant's Dismissal with Prejudice Stipulation, may (any other term of this Agreement to the contrary notwithstanding) reject the Program Claims of, and (if applicable) rescind all Settlement Award Payments made to or with respect to, such Enrolled Claimant. In such case, (i) the affected Enrolled Claimant immediately shall cease to have any further rights under the Settlement Program, (ii) the affected Enrolled Claimant's Release and Dismissal with Prejudice Stipulation shall, subject to Section 12.3, be returned to such Enrolled Claimant (unless Section 15.4.2.1 is applicable to such Enrolled Claimant, in which case this clause (ii) shall not apply to such Enrolled Claimant), and (iii) such affected Enrolled Claimant, and his/her Counsel, shall be jointly and severally liable to repay to HOC any Settlement Award Payment previously paid to or with respect to, such Enrolled Claimant.

Section 15.7

No Misrepresentation of Settlement Program

Each Principal Responsible Attorney hereby covenants not to make any misrepresentation with respect to the Settlement Program or the terms and conditions of this Agreement to any Person, for example by leading Persons who are not Eligible Claimants to believe that they are, or may become, eligible to receive any Settlement Award Payment under the Settlement Program. The Parties agree that the provisions of this Section 15.7 are an essential element of this Agreement and that a breach of any such provision shall constitute a material breach of this Agreement entitling HOC to an immediate remedy against any Principal Responsible Attorney who breached such provision, including injunctive relief and attorneys' fees as determined by the MCL Court.

Article 16

Walk Away Rights and Participation Requirements

Section 16.1 Walk Away Rights and Termination of the Agreement

16.1.1 HOC shall have the option, in its sole discretion, to terminate the Settlement Program and this Agreement under any of the following circumstances, or pursuant to Section 16.2 (such options, HOC's " Walk Away Rights "), if:

16.1.1.1 the enrollment in the Settlement Program of Eligible Claimants who become Qualified Claimants (without regard to whether the claimant underwent an

Excluded Revision Surgery) is less than ninety-five (95%) of those Persons identified in response to the Registration Orders requiring the registration of all settlement claimants and claims Relating to the Affected Products who on the basis of information provided in response to the Registration Orders are Eligible Claimants without regard to whether the claimant underwent an Excluded Revision Surgery;

16.1.1.2 the MCL Court, MDL Court, or any other state court in a Coordinated Proceeding fails for any reason to enter the Registration Order by the tenth (10 th) day after the Execution Date; or

16.1.1.2.1 If any Primary Law Firm fails to file a registration declaration complying in all respects with the Registration Order by the deadline of such Registration Order, HOC may seek relief from the MCL Court, MDL Court or other participating court before which the matter(s) at issue is filed with respect to the Walk Away Deadline Date.

16.1.1.3 The SOC is unable to reach a Settlement Agreement with the Centers for Medicare and Medicaid Services ("CMS") by the Walk Away Deadline Date pursuant to Article 17.

16.1.2 The formula for calculating HOC's rights under Section 16.1.1 may be expressed as follows:

$$\frac{\text{\# of Eligible Claimants who enroll in the Settlement Program who are Qualified Claimants without regard to Excluded Revision Surgeries}}{\text{\# of Eligible Claimants identified in response to Registration Orders without regard to Excluded Revision Surgeries}} = < 95\%$$

16.1.2.1 Upon audit by the Claims Processor, Registration Declarations that are incorrect or fraudulent will not be considered in the participation rate calculation.

16.1.3 A termination by HOC shall be exercised by written notice to the SOC, the Claims Administrator, the MDL Court and the MCL Court served on or before the Walk Away Deadline Date.

16.1.4 The exercise by HOC of a Walk Away Right shall terminate the Settlement Program and this Agreement and will return the Parties and Enrolled Claimants to their respective positions prior to the settlement with all releases and dismissal stipulations being voided and returned or destroyed.

16.1.5 No Dismissal with Prejudice Stipulation will be filed until after (i) HOC's termination or Walk-Away Rights shall have expired without being exercised, and (ii) the depositing into the Escrow Account of any Base Award provided to the Settlement Program Claimant supplying such Dismissal with Prejudice Stipulation has occurred.

Section 16.2 Good Faith Participation

16.2.1 The Parties to this Agreement believe that this Agreement represents a fair, just and efficient method for resolving Settlement Program Claims.

16.2.2 All parties, including HOC, the SOC, each Primary Law Firm, Principal Responsible Attorney, and all other Counsel shall act in good faith in the implementation of this Agreement.

16.2.3 The Parties recognize that this is a nationwide settlement offer extended to all Claimants who are eligible for the Settlement Program. Further, the Parties recognize that HOC's key objective in entering into this Agreement and agreeing to establish the Settlement Program is that all Claimants who are eligible for the Settlement Program accept this Agreement and enroll in the Settlement Program in full and final resolution of their Settlement Program Claims. The Parties also recognize that the SOC's key objective in entering into this Agreement is to fairly compensate any Settlement Program Claim which qualifies under this Agreement and to work with the Claims Processor, Special Masters and the Claims Administrator on an allocation and informed consent process that accomplishes these goals. The SOC believes that this Agreement accomplishes these objectives and upon the execution and the Parties' endorsement of the Agreement, the SOC will present the Agreement to any counsel who has Affected Product cases in either state or federal court. HOC shall work with the SOC in good faith to attempt to identify all Counsel who represents Claimants who are eligible for the Settlement Program.

16.2.4 It is recognized and understood that the vast majority of Claimants who are eligible for the Settlement Program have retained counsel and have already filed actions in either state or federal court. The Parties recognize that each Claimant has the right to make an informed decision regarding participation in the Settlement Program, whether or not they are accepted as a Settlement Program Claimant, and the right to retain counsel. As such, the Primary Law Firm and Principal Responsible Attorney are responsible for the presentation of the Settlement Program and this Agreement to each potential Settlement Program Claimant with whom they have an interest and shall give each client the opportunity to provide informed consent regarding participation in the Settlement Program.

16.2.5 The Primary Law Firm, including the Principal Responsible Attorney, is the one primarily responsible for obtaining informed consent regarding participation in the Settlement Program from each Eligible Claimant and potential Settlement Program Claimant. The Primary Law Firm is responsible for ensuring the informed consent

documentation is complete. However, any Counsel of a client is to ensure that the Primary Law Firm, including Principal Responsible Attorney, in good faith fulfills this informed consent responsibility and with respect to participation in the Settlement Program. The Parties recognize, however, that the decision whether to enroll in the Settlement Program rests with each individual Claimant. [1]

16.2.6 At the SOC's expense and on notice to HOC, the Special Masters will be available to assist the Primary Law Firms, Principal Responsible Attorneys and all other Counsel with the informed consent process, including answering both general and specific questions with respect to the Settlement Program. Any questions relating to the general terms of this Agreement or the informed consent documentations should be presented to the SOC and/or Special Masters as set forth in Section 16.2.10. The purpose of this provision is to ensure that each Claimant who is eligible for the Settlement Program has the opportunity to make an informed decision regarding participation in the Settlement Program.

16.2.7 At the time of enrollment, each Primary Law Firm will serve on the Claims Processor and HOC a document which (a) identifies each Claimant who is eligible for the Settlement Program from which the Primary Law Firm has obtained informed consent, (b) represents that they have presented the terms of the Settlement Program to each of their respective clients for whom they are the Primary Law Firm who would be eligible to enroll in the Settlement Program, and (c) identifies each of their respective clients who has consented to be enrolled in the Settlement Program, without waiving any attorney client privileged communications.

16.2.8 With the objectives of the Agreement in mind, each Primary Law Firm, Principal Responsible Attorney and all other Counsel must act in good faith with respect to the informed consent process and with respect to participation in the Settlement Program by their clients with whom they have an interest. At the time of enrollment, each Primary Law Firm and Principal Responsible Attorney shall represent and warrant that they each will use their best efforts to secure all documentation required for timely enrollment and compliance with this Agreement, including Releases and, where applicable, Stipulations of Dismissal with Prejudice, from all of their clients who elect to enroll in the Settlement Program and to otherwise effectuate the terms of this Agreement and, subject to the exercise of their independent professional judgment as to the circumstances of individual clients, they will endorse enrollment in the Settlement Program to clients covered by this Agreement.

[1] The Team and SOC, and their designees, are entirely responsible for the creation of the informed consent documentation about the Settlement Program to be used to assist the Primary Law Firm and Counsel with their clients. Neither HOC nor any Released Parties have any responsibility or involvement in connection with informing potentially eligible Claimants about the terms of the Settlement Program or in obtaining informed consent from potentially eligible Claimants to be enrolled in the Settlement Program.

16.2.9 HOC may also seek from the Special Masters a report with respect to any Primary Law Firm, Principal Responsible Attorney or all other Counsel's good faith participation in the Agreement and Settlement Program. In the event there is evidence that any such law firm or counsel has not acted in good faith with respect to the informed consent process and with respect to participating in the Settlement Program, HOC may request a meet and confer with that law firm or Counsel and the Special Masters.

16.2.10 Because the settlement involves thousands of patients represented by many law firms, the Special Masters shall in their discretion determine the procedure for the meet and confer process and whether the meet and confer needs to be in person or over the phone. However, nothing in this Agreement shall constitute a general waiver of attorney-client privileged communications. The Special Masters shall work with the SOC at the SOC's expense and on notice to HOC to answer questions from any Claimants who are eligible for the Settlement Program or Party or their Counsel relating to participation in the settlement, including any Claimant who is eligible for the Settlement Program, along with their Counsel, who may be considering whether or not to participate based upon his or her particular facts or circumstances. Upon the conclusion of the meet and confer process, the Special Masters will report to the Claims Administrator on the status.

16.2.11 Anyone who participates in a meet and confer under Section 16.2.9 may request at their sole discretion a meet and confer that further involves the Claims Administrator and all interested Claimants who are eligible for the Settlement Program, Parties and counsel. The Claims Administrator shall work with the Special Masters and the SOC to answer questions from any Party or their counsel relating to participation in the settlement including any Claimant who is eligible for the Settlement Program, along with their counsel, who may be considering whether or not to participate based upon his or her particular facts or circumstances.

16.2.12 Upon the conclusion of the meet and confer process set forth in Sections 16.2.9 to 16.2.11, and after a hearing and opportunity to be heard, a Special Master may determine that any Primary Law Firm, Primary Responsible Attorney or all other Counsel did not act in good faith in connection with the informed consent process and participation in the Settlement Program. If such a determination is made, and affirmed by the Claims Administrator, then HOC, at its sole option, may revoke the participation in the Settlement Program of all or some of the clients with whom that law firm and/or counsel has an interest.

Section 16.3 Calculation of Claimants for Walk Away Rights

For the avoidance of doubt, for the purpose of HOC's Walk Away Rights and termination of this Agreement under this Article 16, all Legal Representatives of a decedent, which decedent and/or any of whose Legal Representatives is an "Eligible Claimant", are counted as a (single)

registered "Eligible Claimant" (so long as data for such decedent is provided in a properly completed, and submitted, Registration Declaration). (For the purpose of Settlement Award Payments, a Legal Representative of a decedent is entitled to no payment before a court of competent jurisdiction approves the distribution.)

Section 16.4 Time to Exercise Walk Away Right

16.4.1 HOC may exercise its Walk Away Rights at any time until June 15, 2015, unless otherwise agreed to by the Parties.

16.4.2 HOC, in its sole and absolute discretion, may irrevocably waive its Walk Away Rights by a written notice to such effect and expressly captioned "Section 16.4.2 Waiver Notice" delivered to the SOC and the Claims Administrator.

16.4.3 HOC may exercise its right under Section 16.2.12, at any time until seventy-five days (75) after the Enrollment Deadline Date or fifteen (15) Business Days after a determination under Section 16.2.12, whichever resulting date is later.

Section 16.5 Notice of Exercise

HOC shall exercise its Walk Away Right by giving written notice to the SOC, the Claims Administrator, Claims Processor, the Escrow Agent and to each of the Judges overseeing the Coordinated Proceedings.

Section 16.6 Effects of Termination

16.6.1 Upon exercising a Walk Away Right, any term of this Agreement or the Escrow Agreement to the contrary notwithstanding:

16.6.1.1 this Agreement immediately shall terminate and (without limitation of the foregoing) HOC immediately shall cease to have any further financial obligations under this Agreement or to any Enrolled Claimant or Counsel; and

16.6.1.2 The Escrow Account shall continue to be used for any payment of Administrative Expenses that are authorized under the Administrative Agreements and that (i) had already accrued at the time HOC exercised a Walk Away Right, or (ii) accrued thereafter as legitimate expenses related to winding up the Settlement Program. HOC shall execute and deliver any direction to the Escrow Agent necessary to effect the foregoing. If following the winding up of the Settlement Program, any funds remain that were part of the Escrow Account shall be returned to HOC.

16.6.2 In the case of any exercise by HOC of a Walk Away Right, all Releases and Dismissal with Prejudice Stipulations shall, subject to Section 12.3, be returned to the applicable Enrolled Claimant or destroyed.

Article 17

Liens

Section 17.1 General Assumption of Lien Obligations : Settlement Program Claimants agree to assume and resolve all Liens, claims or interests held or asserted by third parties. Liens shall include, but are not limited to, attorney liens, medical or healthcare liens, alimony liens, disability or lost wage liens, or other interests or Liens claimed by a Third Party. Liens in this context shall include, without limitation, all liens, actions or notices asserted against a Settlement Program Claimant, a Released Parties, or others. Settlement Program Claimants shall indemnify and hold harmless Released Parties from Liabilities incurred in connection with Liens asserted by third parties in accordance with the indemnification terms and conditions set forth in Section 4.1.2.2. Nothing herein shall be interpreted to create or expand Lien recovery rights held by third parties pursuant to applicable law.

Section 17.2 Healthcare Related Liens. Liens to be assumed by Settlement Program Claimants shall include, but are not limited to, any Liens that may be asserted by any Federal Health Care Program or any instrumentality thereof; any commercial Third-Party Payor, and any Healthcare Provider (collectively " Healthcare Liens "). The SOC has appointed the Lien Resolution Administrator to resolve all Federal Health Care Program Liens obligations and any Lien obligations under Medicare Part C, also known as Medicare Advantage; and as otherwise specified in this Agreement. The terms and conditions of the Healthcare Lien assumption obligations are set forth below.

17.2.1 Medicare Parts A & B. Settlement Program Claimants specifically assume any and all Liens arising under the Medicare Secondary Payor Act and its associated regulations (42 U.S.C. §1395y(b); 42 C.F.R. Part 411) and/or any statutory or common law reimbursement provisions (" Covered Laws ") for items and services furnished to Medicare Part A and Part B beneficiaries. Any release or settlement agreement with the Centers for Medicare and Medicaid Services (" CMS ") addressing the Covered Laws shall specifically include a release of CMS' recovery rights, interests and/or Liens associated with items and services covered and otherwise reimbursable by Medicare relating to the Affected Products, as against any Medicare beneficiary; any Released Party; any Healthcare Provider; or any other party. Any such release or settlement with CMS shall further include a release of all reporting obligations pursuant to 42 U.S.C. Section 1395y(b)(8), and all penalties for non-compliance with same, for Settlement Program Claimants.

17.2.1.1 Within two (2) business days following the Execution Date, a representative of the SOC, along with the LRA, shall, in connection with a representative of HOC,

jointly contact CMS to inform the agency that Settlement Program Claimants have fully assumed the Lien resolution obligations under this Agreement.

17.2.1.2 The LRA shall be authorized to engage in discussions and negotiations with CMS to resolve and fully settle CMS' interests relating to the Covered Laws. In the event any obligations with regard to CMS' interests are not timely resolved, or to the extent a Released Party receives a government inquiry regarding Lien resolution obligations, the LRA shall provide HOC, upon request, with copies of all correspondence (including e-mails and other documents) submitted to or received from CMS with respect to the Lien resolution obligations set forth herein. Further, prior to executing any settlement or repayment agreement with CMS (the " CMS Agreement "), the SOC shall provide HOC with a copy of any proposed CMS Agreement. No CMS Agreement shall be executed unless it encompasses the releases and other provisions set forth in this Section 17.2.1. HOC shall have an opportunity to review the CMS Agreement and may object to any settlement that fails to meet these requirements. Any change of the Lien Resolution Administrator prior to the execution of this Agreement or prior to the expiration of the Walk Away Deadline Date shall be subject to HOC's review and approval.

17.2.1.3 In the event the SOC enters into a CMS Agreement that fails to meet the requirements of this Section 17.2.1 or in the event that no CMS Agreement is executed on or before the Walk Away Deadline Date, HOC shall be permitted to either (i) exercise its Walk Away Rights; or (ii) put aside an escrow of funds otherwise required to be paid pursuant to this Agreement, including pursuant to the Future Matrix (as defined in the EBP Award Schedule), in such amount reasonably estimated to cover the resolution costs of Liens or interests arising under the Covered Laws as a condition of releasing HOC's Walk Away Rights. The amount put aside by the Claims Processor will be released to the Settlement Program Claimant upon entry of a CMS Agreement that meets the requirements of this Section 17.2.1, including all applicable release requirements, or proof of settlement with CMS on a case-by-case basis, whichever occurs first. In the event the SOC elects to enter into a settlement with CMS in which Medicare Parts A and Part B Liens are resolved on an individualized, case-by-case basis (as opposed to a global basis), HOC shall be entitled to request and receive appropriate proof of resolution of each Lien resolved.

17.2.2 Federal Health Care Program Payors (other than Medicare Parts A & B) and Medicare Advantage/Part C Plans. Prior to the Walk Away Deadline Date, the LRA or the SOC shall provide to a representative of HOC, a specified process for resolution of Liens of Federal Health Care Programs (other than Medicare Parts A & B as addressed by Section 17.2.1 above) including Medicare Advantage/Part C Plans. For purpose of this provision, a Medicare Part C beneficiary is an individual who is eligible for Medicare coverage and who has elected to receive Medicare-covered health care items and services through a "Medicare Advantage" plan. Such process shall mandate participation by Settlement Program Claimants who are covered under a Federal Health

Care Program and/or Medicare Advantage Plan through a centralized Lien resolution program administered by the LRA. HOC shall have an opportunity to review the lien resolution process established by the LRA to resolve Medicare Advantage Liens and may object to any processes not consistent with this Section 17.2.2.

17.2.2.1 In connection with any Liens asserted by Federal Health Care Programs (other than Medicare Parts A and Part B) and Medicare Advantage/Part C plans with regard to a Settlement Program Claimant, the LRA shall (i) identify all Settlement Program Claimants who are Federal Health Care Program Payors or Medicare Part C beneficiaries; (ii) notify the Federal Health Care Programs and/or Part C Medicare Advantage Plan in writing that the Settlement Program Claimant has asserted a claim under the Settlement Program and that, if such plan or payor intends to assert a Lien relating to the Settlement Program Claimant's settlement, such Lien should be submitted directly to the LRA for resolution (" Payor Notice ").

17.2.2.2 Any resolution of a Lien or interest held by a Federal Health Care Program or Medicare Advantage Plan Claim shall specifically release the Released Parties, and all applicable Healthcare Providers, under the Covered Laws or any other state or federal law which permit(s) such plan to assert a Lien.

17.2.3 Federal Health Care Program (other than Medicare Parts A & B as addressed by Section 17.2.1 above). In the event the LRA has failed to fully resolve a Lien with any Federal Health Care Program (other than Medicare Parts A & B) prior to the distribution date to such Settlement Program Claimant, an amount reasonably estimated to resolve such Lien shall be withheld by the Claims Processor and put aside in escrow pending the resolution of such Lien. The amount put aside by the Claims Processor will be released to the Settlement Program Claimant upon proof of resolution.

17.2.4 Medicare Advantage/Part C Plans. Settlement Program Claimants shall provide at least three (3) written separate Payor Notices, separated by a minimum of thirty (30) days between each written notice, to Medicare Advantage/Part C Plans within ninety (90) to one hundred (100) days following a Settlement Program Claimant's enrollment in the Settlement Program or upon a Settlement Program Claimant's knowledge that a Medicare Part C plan may have a reimbursement claim against it, whichever is later. To the extent the applicable Medicare Advantage/Part C Plan does not respond in any manner within thirty (30) days of the last Payor Notice, a Settlement Program Claimant may petition the Special Master to instruct the Claims Processor to disburse applicable funds comprising the Settlement Program Claimant's Settlement Award Payment; provided the Claims Processor shall put Twenty-Five Thousand and 00/100 Dollars ($25,000) in escrow pending the resolution of such Lien. Such amount shall be held in escrow for the earlier of two (2) years following the date of the last Payor Notice or until such time as the LRA or the applicable Settlement Program Claimant's Counsel obtains an order from the court with jurisdiction over the Settlement Program Claimant's case extinguishing any Liens that may be asserted by any Medicare

Advantage Plan that has failed to timely assert a Lien. HOC shall have the right to receive proof of resolution of each Lien addressed pursuant to this Section 17.2.4.

17.2.5 Commercial Third-Party Payors.

17.2.5.1 Settlement Program Claimants shall have sole responsibility for resolution of Liens asserted by commercial Third-Party Payors. This process may include the use of the LRA, an individual Settlement Program Claimant's Counsel, or by a different lien resolution company of the Settlement Program Claimant's or Counsel's choosing. Unrepresented Claimants shall be required to use the LRA for resolution of Third Party Payor Liens.

17.2.5.2 Any settlement of a Lien asserted by a Third-Party Payor shall include appropriate releases, without regard to form, reasonably necessary to fully and finally release Released Parties from such Liens, including to the maximum extent possible, Liens related to the Future Matrix.

174.2.5.3 In the event the Lien for such Third-Party Payor has not been resolved prior to the distribution of a Settlement Program Award from the Claims Processor, Settlement Program Claimant's Counsel (or, in the event of an Unrepresented Claimant, the LRA) shall put in escrow an amount reasonably estimated to resolve such Third-Party Payor Lien, pending resolution of such Lien. Settlement Program Claimant's Counsel (or, in the event of an unrepresented claimant, the LRA) shall disburse such funds held in escrow only upon a final release of such Lien otherwise consistent with this Section 17.2.5.

17.2.5.4 Any Settlement Program Claimant using an entity other than the LRA for Lien resolution purposes shall provide proof of resolution of Liens pursuant to this Section 17.2.5 to the Claims Processor.

17.2.6 Healthcare Providers.

17.2.6.1 Settlement Program Claimants shall have sole responsibility for resolution of Liens asserted by Healthcare Providers. This process may include the use of the LRA or by a different Lien resolution company of the Settlement Program Claimant's or Counsel's choosing. Unrepresented Claimants shall be required to use the LRA for resolution of Healthcare Provider Liens.

17.2.6.2 Any settlement of a Lien asserted by a Healthcare Provider shall include appropriate releases, without regard to form, reasonably necessary to fully and finally release Released Parties from such Lien, including to the maximum extent possible, Liens related to the Future Matrix.

17.2.6.3 In the event the Lien for such Healthcare Provider has not been resolved prior to the distribution of a Settlement Program Award from the Claims Processor, the Settlement Program Claimant's Counsel (or, in the event of an unrepresented

claimant, the LRA) shall put in escrow an amount reasonably estimated to resolve such Healthcare Provider Lien, pending resolution of such Lien. Settlement Program Claimant's Counsel (or, in the event of an Unrepresented Claimant, the LRA) shall disburse such funds held in escrow only upon a final release of such Lien otherwise consistent with this Section 17.2.6.

17.2.6.4 Settlement Program Claimants shall ensure that any Healthcare Provider Liens are resolved using relevant market data on provider charges for the fair and reasonable resolution of such Liens. HOC shall have the right to receive data regarding the resolution of Healthcare Provider Liens, including reasonable audit and verification rights. Any Settlement Program Claimant using an entity other than the LRA for Lien resolution purposes shall provide proof of resolution of Liens pursuant to this Section 17.2.6 to the Claims Processor.

Section 17.3 Cooperation, Reports and Data Exchange Relating to Liens

17.3.1 Settlement Program Claimants, through the LRA, shall provide monthly updates to the designated representative of HOC concerning resolution of Liens in accordance with this Agreement. Said reports shall include status of negotiations concerning resolution procedures contemplated by this Agreement; lien disputes; value of individual Liens, both asserted and resolved; and Healthcare Provider Liens as provided in this Agreement. The LRA and the designated representative of HOC shall meet not less than once per month on the status of Lien resolution procedures as provided in this Agreement. To the extent a Released Party receives any direct demand or action for an asserted Lien, a designated representative of HOC shall have access to all documents, proposals, emails and communications exchanged with the applicable third party concerning the claims resolution procedures outlined in this Agreement. To the extent required to fulfill applicable reporting or other duties, Settlement Program Claimants and the LRA shall permit HOC access, upon request, to Liens resolution information. Settlement Program Claimants shall provide HOC with access to proof of Lien resolution in individual cases, including but not limited to Unrepresented Claimants. Settlement Program Claimants agree to indemnify, defend and hold Released Parties harmless from Liabilities (including reasonable attorney's fees and costs) arising out of, or incurred as a result of, Liens asserted by Third Parties; including without limitation, the obligation to fully and finally resolve such Liens pursuant to Article 17 of this Agreement.

17.3.2 Payment for all Liens shall be made directly by the LRA, or the Qualified Settlement Fund Administrator, or the Settlement Program Claimant's legal counsel, or other designated representative of Settlement Program Claimant (or the Settlement Program Claimant, if unrepresented). No payment or distribution of funds shall issue from a Released Party or the Claims Processor to any Third Party for resolution of Liens.

Section 17.4 Settlement Program Claimants' Holdback Associated With Lien Administration

In the absence of a court order (including but not limited to a common benefit order or cost assessment order) or binding agreement covering or providing the payment of the administrative costs associated with the negotiation and administration of Liens pursuant to the Lien resolution terms of this Section, each Settlement Program Claimant or their Counsel (or, in the case of an unrepresented claimant, the Settlement Program Claimant him or herself) shall be responsible for the direct payment of any and all fees and costs of the LRA or any other third party engaged to resolve Liens on behalf of such Settlement Program Claimant. Neither the Released Parties nor the Claims Processor shall be responsible for payment of fees and costs of the LRA or any other third party engaged to resolve Liens on behalf of Settlement Program Claimants.

Article 18

No Admission of Liability or Lack of Merit

Section 18.1 No Admission of Liability or Lack of Merit

18.1.1 Neither this Agreement, nor any exhibit, document or instrument delivered hereunder or in connection herewith, nor any statement, transaction or proceeding in connection with the negotiation, execution or implementation of this Agreement, is intended to be or shall be construed as or deemed to be evidence of an admission or concession by HOC of any fault, liability, wrongdoing or damages or of the truth of any allegations asserted by any plaintiff or claimant against it, or as an admission by any Enrolled Claimant of any lack of merit in their claims.

18.1.2 No Party, no Principal Responsible Attorney and no Enrolled Claimant shall seek to introduce and/or offer the terms of this Agreement, any statement, transaction or proceeding in connection with the negotiation, execution or implementation of this Agreement, or any statements in the documents delivered in connection with this Agreement, or otherwise rely on the terms of this Agreement, in any judicial proceeding, except insofar as it is necessary to enforce the terms of this Agreement (or in connection with the determination of any income tax Liability of a party) or any instrument executed and delivered pursuant to this Agreement (including any Enrollment Form and the executed attachments thereto). If a Person seeks to introduce and/or offer any of the matters described herein in any proceeding against HOC or any Released Party, the restrictions of this Section 18.1.2 shall not be applicable to HOC with respect to that Person.

18.1.3 Nothing in this Article 18 applies to (i) any action to submit into evidence in any legal proceeding (past, present or future), or otherwise to file or enforce in any manner, or (ii) any other action by HOC in relation to any Release or any Dismissal with Prejudice Stipulation that is released or provided to HOC in accordance with the terms of this Agreement.

Article 19

Reporting Obligations; HOC and SOC Access to Data

Section 19.1 Reporting Obligations

The Claims Processor shall periodically report to the Claims Administrator, the SOC and HOC as set forth in this Agreement and any Administrative Agreement with the Claims Processor.

Section 19.2 HOC and the SOC Access to Data

HOC and the SOC shall be entitled to review all Enrollment Forms, all Claims Forms, all Required Submissions, and all Registration Declarations (including all exhibits and attachments thereto), and (in each case) all related materials. The representatives of HOC and the SOC shall, at any time (or from time to time), be afforded complete access to and permitted to inspect all of the records or other documentation submitted in connection with the Claims of Eligible Claimants. Each of HOC and the SOC and their respective representatives (including any auditing firm(s) that HOC or the SOC may retain) shall, in connection with any exercise by it of any of its rights under Article 15, at its request and expense, and at any time (or from time to time), be afforded complete access to and permitted to inspect such Program Claims of such Enrolled Claimants as HOC or the SOC, as the case may be, shall specify. For the avoidance of doubt and without limitation, by enrolling in the Settlement Program, each Enrolled Claimant consents to granting access to HOC, the SOC and all the Administrators, and each of their respective representatives to the documents that s/he executes and submits (and/or such Enrolled Claimant's Product User's) of as part of the Required Submissions, including personal information, Medical Records and Lien information. Neither HOC nor the SOC shall have any other right of access pursuant to the Settlement Program to such Enrolled Claimant's (and/or such Enrolled Claimant's Product User's) personal information except as required by law. While HOC and the SOC have the right to access this data, neither shall have a role in the day-to-day operation of the claims administration process, nor shall their rights in this regard permit the interference with the operations of the claims administration process.

Article 20

Public Statements; Confidentiality

Section 20.1 Enrolled Claimant Confidential Information

Any personal records or other personal information provided by or regarding an Enrolled Claimant pursuant to this Agreement, and the amount of any payments and/or awards made to Settlement Program Claimants under this Agreement (such amount information, " Award Information "), shall be kept confidential by the Parties and, in the case of Award Information, such Enrolled Claimant (and his/her Executing Derivative Claimants) and his/her Counsel, and shall not be disclosed except (i) to appropriate Persons to the extent necessary to process Program Claims or provide benefits under this Agreement, including in connection with the resolution of Assumed Liens, (ii) as otherwise expressly provided in this Agreement, (iii) as may be required by law, ethical requirements, normal business reporting and insurance

purposes, or listing agreements, (iv) as may be reasonably necessary in order to enforce, or exercise HOC's rights under or with respect to, such Enrolled Claimant's Required Submissions or (with respect to such Enrolled Claimant (and/or his/her Executing Derivative Claimants) or his/her Counsel) this Agreement, or (v) to the immediate family members, counsel, accountants, financial advisors, and/or Lien holders of such Enrolled Claimant, if any (each of whom shall be instructed by such Enrolled Claimant, upon such disclosure, to maintain and honor the confidentiality of such information). All Enrolled Claimants shall be deemed to have consented to the disclosure of these records and other information for these purposes.

Section 20.2 Accurate Public Statement

The Parties shall cooperate in the public description of this Agreement and the Settlement Program established herein and shall agree upon the timing of distribution.

Article 21

Miscellaneous

Section 21.1 Notice by Parties

21.1.1 Any notice, request, instruction or other document to be given by HOC to the SOC, or to be given by the SOC or other Counsel to HOC, shall be in writing and delivered by mail, by Federal Express, to the extent specified hereunder, by electronic mail, as follows, or as otherwise instructed by a notice delivered to the other Party pursuant to this subsection:

21.1.1.1 If to HOC (to each of the following):

Kim M. Catullo, Esq.
Gibbons P.C.
One Gateway Center
Newark, New Jersey 07102-5310
Phone: 973-596-4815
Facsimile: 973-639-6280
Email: kcatullo@gibbonslaw.com

Nora E. Wolf, Esq.
Gibbons P.C.
One Gateway Center
Newark, New Jersey 07102-5310
Phone: 212-613-2089
Facsimile: 212-554-9693
Email: nwolf@gibbonslaw.com

21.1.1.2 If to the SOC (to each of the following):

Ellen Relkin, Esq.
Weitz & Luxenberg
700 Broadway
New York, NY 10003
Phone: 212-558-5500
Facsimile: 212-344-5461
Email: erelkin@weitzlux.com

Peter J. Flowers, Esq.
Meyers & Flowers
225 W Wacker Dr. #1515
Chicago, IL 60606
Phone: 312-214-1017
Facsimile: 630-845-8982
Email: pjf@meyers-flowers.com

21.12 Any notice to be given by any Administrator of the Settlement Program to either HOC and/or the SOC shall be given to the liaison committee comprised of representatives of both HOC and SOC referred to in Section 11.5.4 by a method identified in Section 21.1.1.

21.1.3 HOC may for all purposes of this Agreement treat the Counsel specified in accordance with Section 1.2.15 as such Enrolled Claimant's Counsel, unless and until otherwise advised by both such Enrolled Claimant and such counsel.

21.1.4 Any notice, request, instruction or other document to be given by any Party or any Administrator to any Enrolled Claimant or his/her Counsel hereunder, shall be in writing and delivered by mail, by Federal Express, by electronic mail, or by posting on the electronic web portal created by the Claims Processor, and such Party or Administrator may rely on the mailing, and/or email addresses and/or numbers that were last provided by the Enrolled Claimant or his/her Counsel to the Claims Processor, and shall have no obligation to (but in its sole and absolute discretion may) take other steps to locate Enrolled Claimants or Counsel whose mail, or electronic mail has been returned as undelivered or undeliverable. Each Enrolled Claimant and (if applicable) his/her Counsel shall have the responsibility to keep the Claims Processor informed of the correct mailing, and email addresses and numbers for both such Enrolled Claimant and such Counsel.

21.1.5 Any such notice, request, instruction or other document shall be deemed to have been given as of the date so transmitted by electronic mail, the date posted on the electronic web portal created by the Claims Processor, on the next Business Day when sent by Federal Express or five (5) Business Days after the date so mailed, provided that if any such date on which any such notice or other communication shall be deemed to have been given is not a Business Day, then such notice or other communication shall be deemed to have been given as of the next following Business Day.

Section 21.2 Receipt of Documentation

Any form or other documentation required to be served or submitted under this Agreement shall be deemed timely (i) if delivered by mail (and not required to be delivered in some other fashion), if postmarked (or, in the absence of a postmark or if such postmark is illegible, if received) on or before the date by which it is required to be submitted under this Agreement or (ii) if delivered (and expressly permitted or required to be delivered) by electronic mail, when it is capable of being accessed from such electronic mail address; or (iii) when uploaded on the electronic web portal created by the Claims Processor.

Section 21.3 Governing Law

This Agreement shall be governed by and construed in accordance with the law of New Jersey without regard to any choice-of-law rules that would require the application of the law of another jurisdiction.

Section 21.4 Waiver of Inconsistent Provisions of Law; Severability

21.4.1 To the fullest extent permitted by applicable law, each Party, each Enrolled Claimant and each Principal Responsible Attorney waives any provision of law (including the common law), which renders any provision of this Agreement invalid, illegal or unenforceable in any respect.

21.4.2 Any provision of this Agreement which is prohibited or unenforceable to any extent or in any particular context shall be ineffective, but such ineffectiveness shall be limited as follows: (i) if such provision is prohibited or unenforceable only in or as it relates to a particular jurisdiction, such provision shall be ineffective only in or as it relates to (as the case may be) such jurisdiction and only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability in or as it relates to (as the case may be) such jurisdiction shall not otherwise invalidate or render unenforceable such provision (in such or any other jurisdiction); (ii) if (without limitation of, and after giving effect to, clause (i)) such provision is prohibited or unenforceable only in a particular context (including only as to a particular Person or Persons or under any particular circumstance or circumstances), such provision shall be ineffective, but only in such particular context; and (iii) without limitation of clauses (i) or (ii), such ineffectiveness shall not invalidate any other provision of this Agreement.

Section 21.5 Facsimile Signatures

This Agreement and any amendments thereto, to the extent signed and delivered by means of a facsimile machine or electronic scan (including in the form of an Adobe Acrobat PDF file format), shall be treated in all manner and respects as an original agreement and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

Section 21.6 Construction

With regard to each and every term and condition of this Agreement, the parties thereto understand and agree that the same have or has been mutually negotiated, prepared and drafted, and if at any time the parties thereto desire or are required to interpret or construe any such term or condition or any agreement or instrument subject hereto, no consideration shall be given to the issue of which party thereto actually prepared, drafted or requested any term or condition thereof.

Section 21.7 Entire Agreement

This Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes and cancels all previous agreements, negotiations, and commitments in writings between the Parties hereto with respect to the subject matter hereof.

Section 21.8 Headings; References

The headings of the Table of Contents, Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Any reference to an Exhibit, Annex, or Schedule shall be deemed to refer to the applicable Exhibit, Annex, or Schedule attached hereto. The words “include” and “including” and words of similar import when used in this Agreement or any Exhibit hereto are not limiting and shall be construed to be followed by the words “without limitation,” whether or not they are in fact followed by such words. The definitions contained in this Agreement or any Exhibit hereto are applicable to the singular as well as the plural forms of such terms. Words of any gender (masculine, feminine, neuter) mean and include correlative words of the other genders. As used herein or in any Exhibit hereto, the term “dollars” and the symbol “$”, shall mean United States dollars. References herein to instruments or documents being submitted “by” any Person include (whether or not so specified) submission of the same on behalf of such Person by his/her Counsel whether or not so specified, provided that if any particular instrument or document is required herein to be executed by a particular Person, it must (unless otherwise expressly specified herein) be so executed by such Person. References herein to any particular Section (such as, for example, Section 5.2) shall be deemed to refer to all sub-Sections of such Section (such, as for example, Section 5.2.1, 5.2.2, etc.), all sub-sub- Sections of such sub-Sections, and so on; the corresponding principle applies to all references herein to any particular sub-Section, sub-sub-Section and so on.

Section 21.9 No Third Party Beneficiaries; Assignment

21.9.1 No provision of this Agreement or any Exhibit thereto is intended to create any third-party beneficiary to this Agreement. For the avoidance of doubt, nothing in this Section 21.9 limits or modifies the third-party beneficiary provisions of any Enrollment Form, Release or Dismissal with Prejudice Stipulation. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns; provided , however , that neither this Agreement nor any of the rights, interests, or obligations hereunder may be assigned - at any time, including but not limited to prior to the Execution Date -- by the any Eligible Claimant or Counsel, without the prior written consent of HOC. No right to receive a Settlement Award Payment pursuant to the Settlement Program may be assigned - at any time, including but not limited to prior to the Execution Date -- by any Eligible Claimant, Settlement Program Claimant and/or any Principal Responsible Attorney without the prior written consent of HOC. Any assignment in violation of this Section 21.9.1 shall be null and void *ab initio* , and if such assignment is not null and void *ab initio* for any reason, payment of any

Settlement Payment Awards under the Settlement Program to such Settlement Program Claimants shall be precluded until such time as assignments in violation of this Section 21.9 have been nullified and voided and the Claims Administrator has been provided proof of such nullification.

21.9.2 Without limitation of Section 21.9.1 but also without limitation of the SOC's right to enforce this Agreement, no Enrolled Claimant (including any Enrolled Claimant or Settlement Program Claimant) shall have any right to institute any proceeding, judicial or otherwise, against HOC, the SOC or any Administrator to enforce, or otherwise with respect to, this Agreement.

Section 21.10 Amendments; No Implied Waiver

This Agreement may be amended by (and only by) an instrument signed by HOC, on the one hand, the SOC, on the other hand. Except where a specific period for action or inaction is provided herein, no failure on the part of a Party to exercise, and no delay on the part of either Party in exercising, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any waiver on the part of either Party of any such right, power or privilege, or any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other right, power or privilege; nor shall any waiver on the part of a Party, on any particular occasion or in any particular instance, of any particular right, power or privilege operate as a waiver of such right, power or privilege on any other occasion or in any other instance.

Section 21.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall together constitute one and the same instrument. It shall not be necessary for any counterpart to bear the Personal Signature of all Parties hereto.

Section 21.12 Tax Matters

The Parties agree to characterize the Escrow Account for federal, state and local income tax purposes in such manner as is reasonably determined by HOC, including without limitation as a "qualified settlement fund" within the meaning of Treasury Regulation Section 1.468B-1. The Escrow Agent, the SOC, and HOC shall timely provide each other with such material and relevant information as and to the extent reasonably requested by the other party in connection with any tax filing or the payment of any taxes or any private letter ruling regarding the tax status of these escrow funds. Within a reasonable time after the execution of this Agreement, the SOC will seek an order from the MCL Court and MDL Court indicating that such escrow accounts established pursuant to this Agreement are qualified settlement funds within the meaning of Treasury Regulation Section 1.468B-1. To the extent any settlement award constitutes a tax liability of the Settlement Program Claimant, it is the Settlement Program Claimant's responsibility to pay such tax.

Section 21.13 Further Assurances

From time to time following the Execution Date, (1) each Party shall take such reasonable actions consistent with the terms of this Agreement as may reasonably be requested by the other Party, and otherwise reasonably cooperate with the other Party in a manner consistent with the terms of this Agreement as reasonably requested by such other Party, and (ii) each Enrolled Claimant (and his/her related Executing Derivative Claimants) and their Counsel shall take such reasonable actions consistent with the terms of this Agreement as may reasonably be requested by HOC or the SOC, and otherwise reasonably cooperate with HOC and the SOC in a manner consistent with the terms of this Agreement as reasonably requested by HOC or the SOC, in the case of each of (i) and (ii) as may be reasonably necessary in order further to effectuate the intent and purposes of this Agreement and to carry out the terms hereof.

I N WITNESS WHEREOF, the Parties have executed this Agreement as of the last date set forth below.

PLAINTIFFS' SETTLEMENT COMMITTEE

NEW JERSEY **MDL**

_____
Ellen Relkin
Weitz & Luxenberg

Dated: _____

_____
Peter J. Flowers
Meyers & Flowers

Dated: _____

_____
Thomas R. Anapol
Anapol Schwartz

Dated: _____

_____
Annesley H. DeGaris
Cory Watson Crowder & DeGaris

Dated: _____

_____
Tara Sutton
Robins Kaplan Miller & Ciresi LLP

Dated: _____

_____
R. Eric Kennedy
Weisman, Kennedy & Berris Co., L.P.A.

Dated: _____

_____
C. Calvin Warriner III
Searcy Denney Scarola Barnhart & Shipley

Dated: _____

_____
Genevieve M. Zimmerman
Meshbesher & Spence

Dated: _____

NEW JERSEY PLAINTIFFS' STEERING COMMITTEE

_____
David R. Buchanan
Seeger Weiss LLP

Dated: _____

_____
Tobias L. Millrood
Pogust Braslow & Millrood, LLC

Dated: _____

MDL PLAINTIFFS' LEAD COUNSEL COMMITTEE

_____
Wendy R. Fleishman
Lieff Cabraser Heimann & Bernstein, LLP

Dated: _____

_____
Ben W. Gordon, Jr.
Levin Papantonio Thomas Mitchell Rafferty & Proctor, P.A.

Dated: _____

_____
Charles S. Zimmerman
Zimmerman Reed, PLLP

Dated: _____

DEFENDANT
Howmedica Osteonics Corp.

By: _____

Dated: _____

SCHEDULE 1

ENHANCEMENTS BENEFIT PROGRAM AWARD SCHEDULE

For purposes of providing Enhancements Benefits to Qualified Claimants, the following matrices are established in accordance with the terms of the Settlement Agreement and the Qualified Revision Surgery Program therein. Each Matrix is divided into levels (the " Matrix Levels ") that describe the Enhancement that a Qualified Claimant may be entitled to recover based on (1) the complications that s/he has experienced, (2) the severity of those complications, and (3) certain other objective factors.

If a Qualified Claimant is eligible for an Enhancement, such Qualified Claimant shall receive the amounts stated in the applicable Matrix Level, subject to any applicable Matrix Level-specific reductions and limitations and the Enhancements Benefit Cap.

For purposes of determining the amount of an Enhancement with respect to a given Matrix Level pursuant to this Enhancements Benefit Program Award Schedule, the terms defined in the Settlement Agreement are incorporated by reference. In addition, the below-listed terms shall have the following meanings:

1) " Additional Surgery " means specific procedures set forth in Enhancements Past Matrix Level II(a).
2) " Covered Open Surgical Procedure Under General Anesthesia " means a Re-Revision Surgery, Additional Surgery, open reduction, open reduction with conversion to constrained component, or open Infection-related surgical procedure as set forth in each procedure's respective Past Matrix Level.
3) " Infection " for purposes of determining qualification for an Enhancement, means any Infection that does not form the basis for an Excluded Infection-Related Revision Surgery and also satisfies the eligibility requirements set forth in Past Matrix II(c).
4) " Intra-Operative Fracture " means the unintentional fracturing of the femur bone during the course of an operation.
5) " Osteotomy " means a surgical procedure in which the surgeon intentionally cuts or saws the femur bone in order to facilitate removal of a femoral stem component.

PAST MATRIX

This matrix (the " Past Matrix ") is separated into levels that are based upon the varying complications that may entitle a Qualified Claimant to an Enhancement. These levels are as follows:

I. PAST MATRIX LEVEL I (RE-REVISION)

a. **Re-Revision Surgery**

i. **Eligibility** . Qualified Claimants who have undergone a Re-Revision Surgery and meet the following criteria:

1. A Re-Revision Surgery, which occurred prior to the Enrollment Date that (i) was determined to be medically necessary, (ii) required removal of the revision femoral stem component, and (iii) was made necessary by the Qualified Revision Surgery (" Re-Revision Surgery "); and
2. Was not necessitated by a Re-Revision surgery, the underlying cause of which was "trauma" as defined in Section 1.2.32.2 (an " Excluded Trauma-Related Re-Revision Surgery ").

ii. **Benefits** : If the foregoing eligibly requirements are met, a Qualified Claimant may be entitled to an Enhancement as follows:

1. $175,000 for the first Re-Revision Surgery and $100,000 for each additional Re-Revision Surgery.
2. A Qualified Claimant who is making a claim for a Re-Revision Surgery that was caused by an Infection, as described in the eligibility requirements set forth in Past Matrix Level II(c)(i), shall be governed by this Past Matrix Level.
3. If a dislocation event was one of the causes of a Re-Revision Surgery, the Enhancement will issue under this Past Matrix Level and not Past Matrix Level II(b).
4. The maximum number of compensable Re-Revision Surgeries shall be three (3) per hip in which an Affected Product has been removed.

b. **Events Associated with Qualified Revision Surgery or Covered Re-Revision Surgery**

i. **Eligibility** : Qualified Claimants who underwent a Qualified Revision Surgery or Re-Revision Surgery that is not an Excluded Revision Surgery or an Excluded Trauma-Related Re-Revision Surgery, and

experienced one of the below-listed injuries may receive an Enhancement under this Matrix Level.

ii. **Benefits** : If the foregoing eligibly requirements are met, a Qualified Claimant may be entitled to an Enhancement as follows:

1. Controlled Osteotomy : A Qualified Claimant who, prior to the Enrollment Date, underwent a controlled Osteotomy during a Qualified Revision Surgery or Re-Revision Surgery shall receive $75,000. This Enhancement is not available to those Qualified Claimants who underwent a controlled Osteotomy during their Index Surgery. The maximum number of Enhancements under this Past Matrix Level shall be two (2) per hip in which an Affected Product has been removed.
2. Intra-Operative Femur Fracture *With* Osteotomy : A Qualified Claimant who, prior to the Enrollment Date, experienced an Intra-Operative Femur Fracture during a Qualified Revision Surgery or Re-Revision Surgery that required an Osteotomy, as well as cabling or prosthetic fixation, shall receive $100,000. The maximum number Enhancements under this Past Matrix Level shall be two (2) per hip in which an Affected Product has been removed.
3. Intra-Operative Femur Fracture *Without* Osteotomy : A Qualified Claimant who, prior to the Enrollment Date, experienced an intra-operative femur fracture requiring cabling or prosthetic fixation during a Qualified Revision Surgery or Re-Revision Surgery that did not require an Osteotomy shall receive $40,000. The maximum number of Enhancements under this Past Matrix Level shall be two (2) per hip in which an Affected Product has been removed.
4. Surgical Repair/Reattachment of a Damaged Abductor Muscle Complex : A Qualified Claimant who, prior to the Enrollment date and during a Qualified Revision Surgery or Re-Revision Surgery, presents objective documented evidence of damage to the abductor muscle complex related to the reasons underlying the Voluntary Recall that is sufficient to require surgical repair of the muscles shall receive $75,000. This Enhancement excludes mere debridement of tissue, including necrotic tissue. The maximum number of Enhancements under this Past Matrix Level shall be two (2) per hip in which an Affected Product has been removed.

II. PAST MATRIX LEVEL II (MAJOR COMPLICATIONS)

a. **Additional Surgeries**

i. **Eligibility** . Qualified Claimants who have undergone an Additional Surgery in the hip in which the Affected Product was removed.

ii. **Benefits** : If the foregoing eligibly requirements are met, a Qualified Claimant may be entitled to an Enhancement as follows:

1. Removal of Hardware : A Qualified Claimant who, prior to the Enrollment Date and following a Qualified Revision Surgery or Re-Revision Surgery, undergoes an additional surgery to remove hardware that was implanted during an osteotomy or repair of an intra-operative femur fracture shall receive $35,000. The maximum number of Enhancements under this Past Matrix Level shall be two (2) per hip in which an Affected Product has been removed.
2. Debridement and/or Removal of Pseudotumors : A Qualified Claimant who, prior to the Enrollment Date and following a Qualified Revision Surgery or Re-Revision Surgery, undergoes an additional surgery that requires debridement, and is preceded by objective documented evidence through preoperative imaging, or supported by intra-operative findings or pathology that demonstrates the presence of tissue damage related to the reasons underlying the Voluntary Recall shall receive $70,000. This Enhancement excludes exploratory surgeries. The maximum number of Enhancements under this Past Matrix Level shall be two (2) per hip in which an Affected Product has been removed.
3. Reattachment/Repair of a Damaged Abductor Muscle Complex : A Qualified Claimant who, prior to the Enrollment Date and following a Qualified Revision Surgery or Re-Revision Surgery, undergoes an additional surgery that requires reattachment or repair of a damaged abductor muscle complex and there exists evidence of damage to the abductor muscle complex related to the reasons underlying the Voluntary Recall shall receive $100,000. This Enhancement is not available for mere debridement of tissue, including necrotic tissue, and excludes exploratory surgeries. The maximum number of Enhancements under this Past Matrix Level shall be two (2) per hip in which an Affected Product has been removed.
4. Placement of Constrained Component Due to Dislocation : A Qualified Claimant who, prior to the Enrollment Date and following a Qualified Revision Surgery or Re-Revision Surgery, undergoes an additional surgery to place a constrained component due to dislocation shall receive $50,000. The maximum number of

Enhancements shall be two (2) per hip in which an Affected Product has been removed.

a. If a constrained component is placed during an open reduction, the Enhancement will issue under this Past Matrix Level and not Past Matrix Level II(b).

5. Post-Revision Femur Fracture : A Qualified Claimant who, prior to the Enrollment Date and following a Qualified Revision Surgery or Re-Revision Surgery, undergoes an additional surgery to repair a femur fracture that occurred within ninety (90) days of a Qualified Revision Surgery or Re-Revision Surgery shall receive $100,000; provided , however , that there will be a ten percent (10%) reduction to said amount where the Qualified Claimant had a BMI [2] of forty (40) or greater at the time of the Revision Surgery and a fifteen percent (15%) reduction of the stated award where the Qualified Claimant had a BMI of fifty (50) or greater at the time of the Revision Surgery. The maximum number of Enhancements under this Past Matrix Level shall be two (2) per hip in which an Affected Product has been removed.

iii. Notwithstanding anything to the contrary contained in Past Matrix Level II (a), a Qualified Claimant shall receive only one (1) Enhancement under Past Matrix Level II(a) per Additional Surgery (the greater of which applies), regardless of the number of Enhancements under Past Matrix Level II(a) that apply to that surgery.

b. **Dislocation**

i. **Eligibility** : A Qualified Claimant who, prior to the Enrollment Date and following a Qualified Revision Surgery or Re-Revision Surgery, experiences a dislocation of the femoral head of the hip in which the Affected Product was removed may be entitled to an Enhancement set forth in this Past Matrix Level II (b) provided that (i) the first dislocation occurred within nine (9) months after a Qualified Revision Surgery or Re-Revision Surgery, whichever is later, (ii) the dislocation event is documented by a diagnosis in contemporary medical records, and (iii) the dislocation event necessitated (a) a closed reduction in a hospital, or (b) an open reduction in a hospital, and subject to the following criteria:

1. Dislocation events that occur before the Index Surgery and/or before the Qualified Revision Surgery do not qualify for this Enhancement.

[2] " Body Mass Index " or "BMI" means the number derived as follows: weight (lb) / [height (in)] [2] x 703. For example, a person who is 65 inches tall and weights 150 pounds has a BMI or 24.96.

2. Dislocation events after a Qualified Revision Surgery or Re-Revision Surgery that are caused or precipitated by trauma as defined in Section 1.2.32.2 are not entitled to an Enhancement under this Past Matrix Level.
3. If a dislocation event was one of the causes of a Re-Revision Surgery, an eligible Qualified Claimant's Enhancement will issue under Past Matrix Level I and not this Past Matrix Level II(b).

ii. **Benefits** : If the foregoing eligibly requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Past Matrix Level as follows:

1. $25,000 for each dislocation managed in a closed reduction.
2. $60,000 for each dislocation managed in an open reduction.
3. $75,000 for each dislocation managed in an open reduction with conversion to a constrained component due to dislocation.
4. If a separate surgery for conversion to a constrained component is performed, an eligible Qualified Claimant's Enhancement will issue under Past Matrix Level II(a) and not Past Matrix Level II(b).
5. There will be a ten percent (10%) reduction of the stated award where the Qualified Claimant had a BMI of forty (40) or greater at the time of the Revision Surgery and a fifteen percent (15%) reduction of the stated award where the Qualified Claimant had a BMI of fifty (50) or greater at the time of the Revision Surgery.
6. The maximum number of Enhancements under this Past Matrix Level shall be three (3) per hip in which the Affected Product has been removed, regardless of the method by which the dislocation events are managed.

c. **Infection**

i. **Eligibility** . A Qualified Claimant who (i) prior to the Enrollment Date is diagnosed with an Infection of the hip in which the Affected Product was removed within nine (9) months of a Qualified Revision Surgery, Re-Revision Surgery or Additional Surgery (as set forth in Past Matrix Level II(a)), and (ii) provides contemporaneous Medical Records of same.

ii. **Benefits** : If the foregoing eligibly requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Past Matrix Level as follows:

1. Infection-Related Open Surgical Procedures

    a. A Qualified Claimant, who undergoes surgery under general anesthesia for irrigation and debridement of an infected surgical wound that occurs within ninety (90) days of the diagnosis of the subject Infection, shall receive $30,000.
    b. A Qualified Claimant whose Infection-related treatment commences within ninety (90) days of the diagnosis of the subject Infection and who requires a two-stage surgery under general anesthesia that requires removal of the femoral head, acetabular shell and/or acetabular liner of the hip in which the Affected Product was removed for treatment of the Infection and s/he subsequently returns to surgery to replace the previously removed components shall receive $75,000.
    c. If the femoral stem of the hip in which Affected Product was removed during a Covered Infection-related open surgical procedure, the Qualified Claimant's Enhancement will issue under Past Matrix Level I and not this Past Matrix Level, provided that the eligibility requirements in Past Matrix Level II(c)(i) have been satisfied.
    d. The Enhancements for covered Infection-related open surgical procedures under this Past Matrix Level are only available to those Qualified Claimants who required the above-listed procedures in the hip in which the Affected Product was removed following a Qualified Revision Surgery, Re-Revision Surgery, or Additional Surgery. The maximum number of Enhancements under this Past Matrix Level shall be two (2) per Qualified Claimant. A Qualified Claimant who undergoes a surgical procedure that would qualify as both an Additional Surgery and an Infection-related open surgical procedure may only receive one (1) Enhancement for that surgery, the greater of which applies.
    e. Notwithstanding anything to the contrary contained in Past Matrix Level II(c), a Qualified Claimant shall receive only one (1) Enhancement under Past Matrix Level II(c) per covered Infection-related open surgical procedure (the greater of which applies), regardless of the number of Enhancements under Past Matrix Level II (c) that apply to that surgery.

2. Infection-Related Non-Surgical Treatment

a. A Qualified Claimant who undergoes intravenous antibiotic treatment lasting six (6) weeks or longer that begins within ninety (90) days of the diagnosis of the subject Infection shall receive $10,000.
b. A Qualified Claimant whose Infection-related treatment commences within ninety (90) days of the diagnosis of the subject Infection and requires placement and continuous use of a wound vac shall receive $10,000.
c. A Qualified Claimant whose Infection-related treatment commences within ninety (90) days of the diagnosis of the subject Infection and requires confinement in a skilled nursing facility, related to Infection, for rehabilitation, wound care, and/or intravenous administration shall receive an Enhancement as follows:
    i. Greater than 15 days: $15,000.
    ii. Greater than 30 days: $30,000.
    iii. Greater than 45 days: $45,000.
    iv. Greater than 60 days: $60,000.
d. There will be two (2) Enhancements per Qualified Claimant under this Past Matrix Level (the greater of which applies), regardless of the number of qualifying treatments under this Past Matrix Level that apply.

d. **Foot Drop**

i. **Eligibility** : A Qualified Claimant who, prior to the Enrollment Date and following a Qualified Revision Surgery or Re-Revision Surgery, has suffered injury to the peroneal nerve as a result of the Qualified Revision Surgery or Re-Revision Surgery in the hip in which the Affected Product was removed, that resulted in the inability to lift the front part of the foot and which is diagnosed during the hospitalization for the Qualified Revision Surgery or Re-Revision Surgery.

ii. **Benefits** : If the foregoing eligibly requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Past Matrix Level as follows:
1. A Qualified Claimant shall receive a one-time benefit of $20,000 for a foot drop that is documented in contemporaneous medical records as existing more than ninety (90) days after the date of the Qualified Revision Surgery or Re-Revision Surgery

2. If that Qualified Claimant's foot drop continues to exist, as evidenced by contemporaneous Medical Records, on the date that is 365 days after a Qualified Revision Surgery or Re-Revision Surgery s/he shall not receive an Enhancement under Past Matrix Level II(d)(1), but instead shall receive an Enhancement pursuant to the following matrix based on the Qualified Claimant's age on the date of his/her first Qualified Revision Surgery and the defined severity level:

	Age on Date of Qualified Revision Surgery				
Severity Level	≤ 40	41-49	50-59	60-69	≥ 70
Moderate*	$144,000	$113,000	$83,000	$57,000	$34,000
Severe**	$288,000	$227,000	$167,000	$114,000	$68,000

*" Moderate " means the Qualified Claimant experiences a gait alteration requiring the use of crutches, a cane or walker for a substantial portion of activities of daily living provided that, but for the reasons necessitating the Qualified Revision Surgery or a Re-Revision Surgery, the Qualified Claimant would not be experiencing a gait alteration requiring the use of crutches, a cane or walker for a substantial portion of activities of daily living. Evidence of circumstances pre-dating the implantation of an Affected Product is relevant to this determination.

**" Severe " means the Qualified Claimant requires use of a wheelchair for a substantial portion of activities of daily living or underwent an amputation provided that, but for the reasons necessitating the Qualified Revision Surgery or a Re-Revision Surgery, the Qualified Claimant would not require the use of a wheelchair for a substantial portion of activities of daily living or would not have undergone an amputation. Evidence of circumstances pre-dating the implantation of an Affected Product is relevant to this determination.

e. **Pulmonary Embolism (" PE ") or Deep Vein Thrombosis (" DVT ")**

i. **Eligibility:** A Qualified Claimant who, prior to the Enrollment Date, was either (i) diagnosed contemporaneously during the hospitalization for the Qualified Revision Surgery or Covered Open Surgical Procedure Under General Anesthesia; or (ii) within seventy-two (72) hours of a Qualified Revision Surgery or Covered Open Surgical Procedure Under General Anesthesia, whichever is later, with a PE (an

obstruction of an artery in the lungs caused by a blood clot) or DVT (a condition in which a blood clot forms in one or more of the veins in the legs or pelvis) requiring further hospitalization.

ii. **Benefits:** If the foregoing eligibly requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Past Matrix Level as follows:

1. $20,000 for a DVT.
2. $35,000 for a PE.
3. A Qualified Claimant is entitled to only one PE or DVT Enhancement per Qualified Revision Surgery or Covered Open Surgical Procedure Under General Anesthesia (the greater of which applies); and
4. The maximum number Enhancements under this Past Matrix Level shall be two (2), regardless of the number of Qualified Revision Surgeries or Covered Open Surgical Procedures.

III. PAST MATRIX LEVEL III (MYOCARDIAL INFARCTION)

a. **Eligibility** : A Qualified Claimant who, prior to the Enrollment Date, has suffered a myocardial infarction (MI) during (i) a Qualified Revision Surgery or Covered Open Surgical Procedure Under General Anesthesia; or (ii) hospitalization for the Qualified Revision Surgery or Covered Open Surgical Procedure Under General Anesthesia; or (iii) within seventy-two (72) hours of a Qualified Revision Surgery or Covered Open Surgical Procedure Under General Anesthesia, whichever is later.

b. **Benefits** : If the foregoing eligibly requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Past Matrix Level based upon (a) the pre- and post-myocardial infarction change in Functional Classification (as defined by the New York Heart Association), and (b) the Qualified Claimant's age on the date of the myocardial infarction, as follows:

	Age on Date of Myocardial Infarction				
Complication Level	≤ 40	41-49	50-59	60-69	≥ 70
1 class change	$280,000	$221,000	$162,000	$110,000	$66,000
2 class change	$320,000	$252,000	$185,000	$126,000	$76,000
3 class change	$360,000	$284,000	$208,000	$142,000	$85,000

i. Only one Enhancement may be given under this Past Matrix Level, regardless of the number, type or location of the MIs suffered.
ii. There will be a ten (10%) reduction of the stated Enhancement where the Qualified Claimant had a BMI of forty (40) or greater at the time of the Index Surgery and a fifteen percent (15%) reduction of the stated award where the Qualified Claimant had a BMI of fifty (50) or greater at the time of the Index Surgery.
iii. There will be a five percent (5%) reduction of the stated Enhancement where the Qualified Claimant was a current smoker at the time of the Qualified Revision Surgery.

IV. PAST MATRIX LEVEL IV (STROKE)

a. **Eligibility:** A Qualified Claimant who, prior to the Enrollment Date, has suffered a stroke (i) during a Qualified Revision Surgery or Covered Open Surgical Procedure Under General Anesthesia; (ii) during the hospitalization for a Covered Open Surgical Procedure Under General Anesthesia; or (iii) within seventy-two (72) hours of a Qualified Revision Surgery or Covered Open Surgical Procedure Under General Anesthesia, whichever is later.
b. **Benefits:** If the foregoing eligibly requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Past Matrix Level based upon (a) the American Heart Association Stroke Outcome Classification, and (b) the age of the Qualified Claimant on the date of the stroke, as follows:

	Age on Date of Stroke				
Stroke Outcome Classification	≤ 40	41-49	50-59	60-69	≥ 70
Level I	$360,000	$285,000	$209,000	$143,000	$85,000
Level II	$412,000	$325,000	$239,000	$163,000	$97,000
Level III	$464,000	$366,000	$268,000	$183,000	$110,000
Level IV	$516,000	$407,000	$299,000	$203,000	$123,000

i. A transient ischemic attack or "TIA" is not considered a stroke for purposes of this Past Matrix Level.

ii. Only one Enhancement may be given under this Past Matrix Level, regardless of the number or types of strokes suffered.

iii. There will be a ten percent (10%) reduction of the stated Enhancement where the Qualified Claimant had a BMI of forty (40) or greater at the time of the Index Surgery and a fifteen (15%) reduction of the stated award where the Qualified Claimant had a BMI of fifty (50) or greater at the time of the Index Surgery.

iv. There will be a five (5%) reduction of the stated Enhancement where the Qualified Claimant was a current smoker at the time of the Qualified Revision Surgery.

V. PAST MATRIX LEVEL V (DEATH)

a. **Eligibility:** A Qualified Claimant whose Product User died (i) during the Qualified Revision Surgery or Covered Open Surgical Procedure Under General Anesthesia, or (ii) during the hospitalization for the Qualified Revision Surgery or Covered Open Surgical Procedure Under General Anesthesia.

b. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Past Matrix Level as follows:

i. S/he will receive a minimum payment of $100,000;

ii. S/he will receive $206,000 if the Product User was married on the date of the Product User's death;

iii. S/he will receive $100,000 multiplied by the number of minor children (under the age of 18), if any, on the date of the Product User's death;

iv. S/he will receive $25,000 multiplied by the number of adult children (age 18 or older), if any, on the date of the Product User's death;

v. S/he will receive $50,000 multiplied by the number of parents, if any, on the date of the Product User's death; and

vi. Where applicable under state law, an award pertaining to a deceased Product User's lost income under this Past Matrix Level will be calculated as the sum of the following: (i) the percentage of the " adjusted current annual income " equal to the number of days from the date of death to the end of the year divided by 365; and (ii) the present value of the future " adjusted current annual income ," beginning the year following the death, ending the year of the Product User's 62nd birthday, and discounted to the Enrollment Date at a net interest rate of 1.0% (which percentage is calculated as the difference between 3.0% growth and a 4.0% discount rate), less an amount for personal consumption. If the Product User had no such income or was age 62 or older at the time of death, then there is no payment for lost wages under this Past Matrix Level V.

vii. A Qualified Claimant who is eligible to receive an Enhancement under this Past Matrix Level V will be ineligible to receive all other Enhancements provided for in the Settlement Agreement for injuries suffered during or as a result of the same Qualified Revision Surgery or Covered Open Surgical Procedure Under General Anesthesia.

viii. Under no circumstances should the total benefits recoverable under this Matrix Level VI exceed $600,000.

ix. There will be a ten percent (10%) reduction of the stated Enhancement where the Qualified Claimant had a BMI of forty (40) or greater at the time of the Index Surgery and a fifteen (15%) reduction of the stated award where the Qualified Claimant had a BMI of fifty (50) or greater at the time of the Index Surgery.

x. There will be a five (5%) reduction of the stated Enhancement where the Qualified Claimant was a current smoker at the time of the Qualified Revision Surgery.

VI. PAST MATRIX LEVEL VI (LOST WAGES)

a. A Qualified Claimant who lost wages in connection with a Qualified Revision Surgery or Re-Revision Surgery may be eligible for lost wages under this Past Matrix Level VI. The threshold for eligibility will be twenty percent (20%) of the Qualified Claimant's aggregate annual income for the two (2) years preceding his/her Index Surgery, less any amount received from the Broadspire Program, to offset economic loss. Under no circumstances will this Enhancement exceed $200,000.

FUTURE MATRIX

This matrix (the " Future Matrix ") is intended to compensate Qualified Claimants who, after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia, whichever is later, experience events specifically set forth in this Future Matrix. The categories of compensable conditions to be provided for in the Future Matrix are the same as those provided for in the Past Matrix.

The Future Matrix is divided into Matrix Levels that describe the amount that a Qualified Claimant may be entitled to recover based on (1) the complications that s/he has experienced, (2) the severity of those complications, and (3) certain other objective factors.

If a Qualified Claimant is eligible for an Enhancement under the Future Matrix, such Qualified Claimant shall receive the amounts stated in the applicable Matrix Level, subject to any applicable Matrix Level-specific reductions and limitations and the Enhancements Benefit Cap. In addition, there will be no reduction to an Enhancement pursuant to the Future Matrix for covered events that occur within one (1) year of the Enrollment Date. Any Enhancements issued pursuant to the Future Matrix for covered events that occur during the second (2nd) year following the Enrollment Date are subject to a reduction of thirty percent (30%).

I. **FUTURE MATRIX LEVEL I (RE-REVISION)**

a. **Re-Revision**

i. **Eligibility:** A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on that hip, whichever is later, underwent a Re-Revision Surgery or subsequent Re-Revision Surgery.

ii. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Future Matrix Level I(a), calculated in the same manner and subject to the same limitations as an award under Past Matrix Level I(a) and the Enhancements Benefit Cap, except that the Future Matrix Level I(a) Enhancement will be subject to a thirty percent (30%) reduction for any Re-Revision or subsequent Re-Revisions that occur during the second (2nd) year following the Enrollment Date.

b. **Events Associated with Qualified Revision Surgery or Covered Re-Revision Surgery:**

i. **Eligibility** : A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on

that hip, whichever is later, experienced an event and meets the eligibility requirements as set forth in Past Matrix Level I(b).

ii. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Future Matrix Level I(b), calculated in the same manner and subject to the same limitations as an award under Past Matrix Level I(b) and the Enhancements Benefit Cap, except that the Future Matrix Level I(b) Enhancement will be subject to a thirty percent (30%) reduction for any covered events that occur during the second (2nd) year following the Enrollment Date.

II. FUTURE MATRIX LEVEL II (MAJOR COMPLICATIONS)

Eligibility: A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on that hip, whichever is later, suffers any of the following major complications as documented in contemporaneous Medical Records, as follows:

a. **Additional Surgeries**

i. **Eligibility:** A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on that hip in which the Affected Product was removed, whichever is later, underwent an Additional Surgery and meets the eligibility requirements as set forth in Past Matrix Level II(a).

ii. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Future Matrix Level II(a), calculated in the same manner and subject to the same limitations and reductions as an award under Past Matrix Level II(a) and the Enhancements Benefit Cap, except that the Future Matrix Level II(a) Enhancement will be subject to a thirty percent (30%) reduction for any covered events that occur during the second (2nd) year following the Enrollment Date.

b. **Dislocation**

i. **Eligibility** : A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on that hip in which the Affected Product was removed, which ever is later, experienced a dislocation event and meets the eligibility requirements as set forth in Past Matrix Level II(b).

ii. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Future Matrix Level II(b), calculated in the same manner and subject to the same limitations and reductions as an award under Past Matrix Level II(b) and the Enhancements Benefit Cap, except that the Future Matrix Level II(b) Enhancement will be subject to a thirty percent (30%) reduction for any covered events that occur during the second (2nd) year following the Enrollment Date.

c. **Infection**

i. **Eligibility:** A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on that hip in which the Affected Product was removed, which ever is later, experienced an Infection and meets the eligibility requirements as set forth in Past Matrix Level II(c).

ii. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Future Matrix Level II(c), calculated in the same manner and subject to the same limitations as an award under Past Matrix Level II(c) and the Enhancements Benefit Cap, except that the Future Matrix Level II (c) Enhancement will be subject to a thirty percent (30%) reduction for any covered events that occur during the second (2nd) year following the Enrollment Date.

d. **Foot Drop**

i. **Eligibility:** A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on that hip in which the Affected Product was removed, which ever is later, experienced a foot drop and meets the eligibility requirements as set forth in Past Matrix Level II(d).

ii. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Future Matrix Level II(d), calculated in the same manner and subject to the same limitations as an award under the Past Matrix Level II(d) and the Enhancements Benefit Cap, except that the Future Matrix Level II(d) Enhancement will be subject to a thirty percent (30%) reduction for any covered events that occur during the second (2nd) year following the Enrollment Date.

e. **Pulmonary Embolism and Deep Vein Thrombosis**

i. **Eligibility:** A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on that hip in which the Affected Product was removed, which ever is later, experienced a PE or DVT and meets the eligibility requirements as set forth in Past Matrix Level II(e).

ii. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Future Matrix Level II(e), calculated in the same manner and subject to the same limitations as an award under Past Matrix Level II(e) and the Enhancements Benefit Cap, except that the Future Matrix Level II (e) Enhancement will be subject to a thirty percent (30%) reduction for any covered events that occur during the second (2 nd) year following the Enrollment Date.

III. **FUTURE MATRIX LEVEL III (MYOCARDIAL INFARCTION)**

a. **Eligibility:** A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on that hip, which ever is later, experienced a myocardial infarction and meets the eligibility requirements as set forth in Past Matrix Level III.

b. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Future Matrix Level III, calculated in the same manner and subject to the same limitations and reductions as an award under Past Matrix Level III and the Enhancements Benefit Cap, except that the Future Matrix Level III Enhancement will be subject to a thirty percent (30%) reduction for any covered events that occur during the second (2 nd) year following the Enrollment Date.

IV. **FUTURE MATRIX LEVEL IV (STROKE)**

a. **Eligibility:** A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on that hip, which ever is later, experienced a stroke and meets the eligibility requirements as set forth in Past Matrix Level IV.

b. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Future Matrix Level IV, calculated in the same manner and subject to the same limitations and reductions as an award under Past Matrix Level IV and the Enhancements Benefit Cap, except that the Future Matrix Level IV Enhancement will be subject to a thirty percent (30%) reduction for any covered events that occur during the second (2 nd) year following the Enrollment Date.

V. **FUTURE MATRIX LEVEL V (DEATH)**

a. **Eligibility:** A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on that hip, which ever is later, died and meets the eligibility requirements as set forth in Past Matrix Level V.

b. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Future Matrix Level V, calculated in the same manner and subject to the same limitations and reductions as an award under Past Matrix Level V and the Enhancements Benefit Cap, except that the Future Matrix Level V Enhancement will be subject to a thirty percent (30%) reduction for any covered events that occur during the second (2 nd) year following the Enrollment Date.

VI. **FUTURE MATRIX LEVEL VI (LOST WAGES)**

a. **Eligibility:** A Qualified Claimant who on or after the Enrollment Date and within two (2) years of the Qualified Revision Surgery or the last pre-enrollment Covered Open Surgical Procedure Under General Anesthesia on that hip, which ever is later, lost wages and meets the eligibility requirements as set forth in Past Matrix Level VI.

b. **Benefits:** If the foregoing eligibility requirements are met, a Qualified Claimant may be entitled to receive an Enhancement under this Future Matrix Level VI, calculated in the same manner and subject to the same limitations and reductions as an award under Past Matrix Level VI and the Enhancements Benefit Cap, except that the Future Matrix Level VI Enhancement will be subject to a thirty percent (30%) reduction for any covered events that occur during the second (2 nd) year following the Enrollment Date.

EXHIBIT 21(i)

STRYKER CORPORATION
LIST OF SUBSIDIARIES
As of January 31, 2015

Name of Subsidiary	State or Country of Incorporation
Alcott Indemnity Company	Vermont
Benoist Girard SAS	France
Berchtold + Fritz GmbH	Germany
Berchtold Asia SDN BHD	Malaysia
Berchtold China Ltd	China
Berchtold Consulting GmbH	Switzerland
Berchtold Corporation	Delaware
Berchtold Deutschland GmbH & Co KG	Germany
Berchtold do Brasil Importacao e Exportacao Ltda. EPP	Brazil
Berchtold Espana S.L.	Spain
Berchtold GmbH & Co KG	Germany
Berchtold Holding GmbH	Germany
Berchtold Holding GmbH (f/k/a Berchtold Holding AG)	Switzerland
Berchtold Italia Srl	Italy
Berchtold Japan KK	Japan
Berchtold Pacific Pty	Australia
Berchtold UK Limited	United Kingdom
Cersys, Inc.	Delaware
Changzhou Orthomed Medical Instruments Company Limited	China
Colorado Biomedical, Inc.	Colorado
Concentric Medical Europe SARL	Belgium
Concentric Medical, Inc.	Delaware
Everest Biomedical Instruments Company	Delaware
Gaymar Industries, Inc.	New York
Howmedica International S. de R.L.	Panama
Howmedica Osteonics Corp.	New Jersey
Image Guided Technologies, Inc.	Colorado
Instrumedics, LLC	Michigan
Jiangsu Chuangyi Medical Instrument Company Limited	China
Link Technology, Inc.	Colorado
Mako Surgical, Inc.	Delaware
Medicycle, Inc.	Arizona
MediSearch, Inc.	Puerto Rico
Memometal Technologies SAS	France
Memometal UK Limited	United Kingdom
Memometal, Inc.	Delaware
MicroDexterity Systems, Inc.	Delaware

N.V. Stryker SA	Belgium
Nettrick Limited	Ireland
OOO Stryker	Russia
Orthomed (Hong Kong) Medical Instrument Company Limited	Hong Kong
Orthovita, Inc.	Pennsylvania
Osteo France SARL	France
OtisMed Corporation	California
ParaMed Corporation	Utah
Patient Safety Technologies, Inc.	Delaware
Pficonprod Pty. Ltd.	Australia
Pivot Medical, Inc.	Delaware
S.E.H.T. SARL	France
S.I.R.E., LLC	Michigan
Shanghai Gongpin Trading Company Limited	China
SpineCore, Inc.	Delaware
SSI Divesture, Inc.	Massachusetts
Stryker (Barbados) Foreign Sales Corporation	Barbados
Stryker (Beijing) Healthcare Products Co. Ltd.	China
Stryker (India) Private Limited	India
Stryker (Shanghai) Healthcare Products Co., Ltd.	China
Stryker (Suzhou) Medical Technology Co Ltd.	China
Stryker (Thailand) Limited	Thailand
Stryker AB	Sweden
Stryker Acquisitions BV	The Netherlands
Stryker Asia Holdings CV	The Netherlands
Stryker Australia LLC	Delaware
Stryker Australia Pty. Ltd.	Australia
Stryker Beteiligungs GmbH	Germany
Stryker Biotech LLC	Michigan
Stryker Canada Holding Company	Canada
Stryker Canada LP	Canada
Stryker Canadian Management ULC	Canada
Stryker Capital BV	The Netherlands
Stryker China Limited	Hong Kong
Stryker Colombia SAS	Colombia
Stryker Combo LLC	Michigan
Stryker Communications, Inc.	Delaware
Stryker Corporation	Michigan
Stryker Corporation (Chile) y Compania Limitada	Chile
Stryker Corporation (Malaysia) Sdn. Bhd.	Malaysia
Stryker Czech Republic s.r.o.	Czech Republic
Stryker do Brasil Ltda.	Brazil
Stryker EMEA Supply Chain Services BV	The Netherlands
Stryker European Coordination Center BV	The Netherlands
Stryker European Holdin gs Coöperatief U.A.	The Netherlands
Stryker European Holdings I, LLC	Delaware

Stryker European Holdings II, LLC	Delaware
Stryker European Holdings III, LLC	Delaware
Stryker European Holdings IV, LLC	Delaware
Stryker European Holdings V, LLC	Delaware
Stryker European Holdings VI, LLC	Delaware
Stryker European Operations BV	The Netherlands
Stryker European Technologies CV	The Netherlands
Stryker Far East, Inc.	Delaware
Stryker Financial Services CV	The Netherlands
Stryker Foreign Acquisitions, Inc.	Delaware
Stryker France Holding SNC	France
Stryker France MM Holdings SAS	France
Stryker France SAS	France
Stryker Funding BV	The Netherlands
Stryker GI Ltd.	Israel
Stryker GI Services CV	The Netherlands
Stryker Global Technology Center Private Limited	India
Stryker GmbH	Austria
Stryker GmbH & Co. KG	Germany
Stryker Grundstucks GmbH & Co KG	Germany
Stryker Grundstucks Verwaltungs GmbH	Germany
Stryker Hellas Limited Liability Company Trading in Medical Devices EPE	Greece
Stryker Holdings BV	The Netherlands
Stryker Hong Kong Holding Ltd	Hong Kong
Stryker Iberia, SL	Spain
Stryker IFSC Limited	Ireland
Stryker International Acquisitions BV	The Netherlands
Stryker International Holdings BV	The Netherlands
Stryker Investment Holdings BV	The Netherlands
Stryker Ireland Holdings	Ireland
Stryker Ireland Limited	Ireland
Stryker Italia SRL	Italy
Stryker Japan Holdings BV	The Netherlands
Stryker Japan KK	Japan
Stryker Korea Ltd.	South Korea
Stryker Lebanon (Offshore) SAL	Lebanon
Stryker Leibinger GmbH & Co. KG	Germany
Stryker Luxembourg Holdings SARL	Luxembourg
Stryker Luxembourg SARL	Luxembourg
Stryker Mauritius Holding Ltd.	Mauritius
Stryker Medical Quebec LP	Canada
Stryker Medtech KK	Japan
Stryker Medtech Limited	Ireland
Stryker Mexico, S.A. de C.V.	Mexico
Stryker Nederland BV	The Netherlands
Stryker New Zealand Limited	New Zealand

Stryker Newplant GmbH	Switzerland
Stryker NV Operations Limited	Ireland
Stryker Pacific Limited	Hong Kong
Stryker Performance Solutions LLC	New Jersey
Stryker Polska Sp.z.o.o.	Poland
Stryker Portugal - Produtos Medicos Unipessoal, Lda.	Portugal
Stryker Puerto Rico Limited	Ireland
Stryker Real Estate BV	The Netherlands
Stryker Romania SRL	Romania
Stryker SA	Switzerland
Stryker Sales Corporation	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 Spain Holding, SL	Spain
Stryker Spine SA	Switzerland
Stryker Spine SAS	France
Stryker Sustainability Solutions, Inc.	Delaware
Stryker Tibbi Cihazlan Sanayi Ve Ticaret Limited	Turkey
Stryker Trauma GmbH	Germany
Stryker Trauma SA	Switzerland
Stryker Trauma SAS	France
Stryker U.S. Holding LLC	Delaware
Stryker UK Limited	United Kingdom
Stryker Verwaltungs GmbH	Germany
Stryker-Osteonics SA	Switzerland
SurgiCount Medical, Inc.	California
Surpass Medical, Ltd.	Israel
Trauson (China) Medical Instrument Company Limited	China
Trauson (Hong Kong) Company Limited	Hong Kong
Trauson Holdings (BV) Limited	British Virgin Islands
Trauson Holdings (Hong Kong) Company Limited	Hong Kong
Trauson Holdings Company Limited	Cayman Islands
Waterloo Bedding Co.	Canada

Stryker Corporation directly or indirectly owns 100% of the outstanding voting securities of each of the above-named subsidiaries.

EXHIBIT 23(i)

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. 333-186953) of Stryker Corporation, and

(2) Registration Statement (Form S-8 Nos. 333-78201, 333-140961, 333-150396 and 333-179142) of Stryker Corporation;

of our reports dated February 12, 2015, 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, 2014.

/s/ ERNST & YOUNG LLP

Grand Rapids, Michigan
February 12, 2015

EXHIBIT 31(i)

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, 2014 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; and

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 12, 2015

/s/ KEVIN A. LOBO

Kevin A. Lobo

President and Chief Executive Officer

EXHIBIT 31(ii)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, William R. Jellison, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2014 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; and

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 12, 2015

/s/ WILLIAM R. JELLISON

William R. Jellison

Vice President, Chief Financial Officer

Exhibit 32(i)

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, 2014 (the "Report"), I, Kevin A. Lobo, President 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.

/s/ KEVIN A. LOBO

Kevin A. Lobo
President and Chief Executive Officer
February 12, 2015

Exhibit 32(ii)

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, 2014 (the "Report"), I, William R. Jellison, 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.

/s/ WILLIAM R. JELLISON

William R. Jellison
Vice President, Chief Financial Officer
February 12, 2015