

stryker

Annual Review
2018



Trevo Retriever and Benjamin

Saving a life ... and a way of living.

Seventh-grader Benjamin Bubis was going to soccer practice, as usual. When he got in the car with his grandfather, Boris Hutorin, little did he know he would become a lifesaving hero 40 minutes later.

Boris, who is 71, suddenly stopped talking during the drive. When Benjamin realized something was wrong with his grandfather, he grabbed the steering wheel to avoid crashing and guided the car to the side of the highway and called 911.

“I started to scream and scream, and he didn’t respond at all,” Benjamin recalls. “I was scared, so I called my mom and she told me to call 911. I pressed all the buttons, and I’m not sure what stopped the car.”

“I lost everything. I couldn’t hear anything, and I could only see from the left side,” says Boris.

An ambulance arrived to take him to UMass Memorial Medical Center in Worcester, MA, where he was seen by Dr. Ajit Puri, an experienced neurointervention specialist who uses minimally invasive techniques to treat stroke, brain aneurysms and carotid stenosis.

“Boris had a massive stroke where the main artery of the brain, called the middle cerebral artery, was blocked by a big clot,” says

Dr. Puri. “We call that a large vessel occlusion. He could not move the entire right side of his body. He could not speak at all, and he was having a severe gaze preference,” which indicates eye movement limitation.

Boris’s best chance for recovery with a large vessel occlusion was to have the clot removed using a stent retriever, a minimally invasive procedure that is now the standard of care for large vessel blockages. Dr. Puri guided **Stryker’s Trevo Retriever** from Boris’s femoral artery in his leg up to the brain, where the retriever ensnared the clot. Dr. Puri was then able to remove the retriever with the clot back through a catheter.

With Dr. Puri’s extensive experience using the stent retriever, the procedure, from the time the catheter was inserted, only took 21 minutes to restore blood flow to the brain. As a result, Boris was soon able to move the right side of his body and his speech is now back to normal.

“I feel lucky, because if it weren’t for Ben, if I was alone in the car—I’m pretty sure I was going 65 miles an hour—I would crash somewhere,” says Boris.



**Dr. Ajit Puri, Neurointervention specialist, and
Chris Lear, Stryker Territory Manager, Neurovascular**

Salt Lake City
Learning Center &
Trevo manufacturing
Utah

Feb. 2018 – Trevo
Retriever receives
expanded indication
for stroke treatment
up to 24 hours in U.S.

May 2018 – Trevo Retriever receives expanded indication for stroke treatment up to 24 hours in Europe

To experience our online, interactive Annual Review and learn more about Boris's story, please visit stryker.com/2018.

Boris survives his ischemic stroke thanks to grandson Benjamin and Dr. Ajit Puri
Massachusetts

Suzhou Training Center
China

Ischemic stroke training workshop
Brazil

Trevo Retriever: around the globe

— Training & education
— In the news

— Boris's story

Every second counts

Stroke is the fifth leading cause of death in the U.S. "Getting emergency help as soon as you recognize the signs of stroke for you or a loved one is critical," says Dr. Puri. In fact, patients can lose nearly two million brain neurons every minute until the clot is removed.

Boris was able to avoid long-term brain damage, thanks to Benjamin's actions and the quick response at the hospital, including the use of advanced treatments like the Trevo Retriever.

Until recently, the use of a stent retriever to remove a clot was limited to the first six hours after an ischemic stroke, which meant patients seeking help outside of this time window faced severe disability and even death. In early 2018 Stryker's Trevo Retriever became the first and only thrombectomy device to receive FDA clearance to significantly reduce disability in patients up to 24 hours from symptom onset. To learn more about the impact of these changes visit Stryker.com/Trevo24.

Boris Hutorin and his grandson, Benjamin



"Ben saved my life.
Dr. Puri saved my
way of living."

Dear shareholders,

Our momentum continues
as we delivered another
successful year in 2018!



Kevin A. Lobo

Chairman and Chief Executive Officer

We surpassed \$13 billion in sales for the first time, recorded our 39th consecutive year of sales growth, posted strong adjusted earnings, completed numerous acquisitions and garnered accolades as a great place to work.

Culture and leadership

Our mission—**Together with our customers, we are driven to make healthcare better**—is a unifying force in the company, as are our values: **Integrity, Accountability, People and Performance**. Our people are driven, team-oriented and humble. We continue to be seen as a great place to work (see page 12) and are honored to have received many international and diversity and inclusion recognitions.

Our leadership team (see page 16) has changed following the retirement of Lonny Carpenter and David Floyd, who both made significant contributions to our success. Tim Scannell was appointed President and Chief Operating Officer, and I look forward to his leadership in driving performance across our businesses and regions. We named two new commercial Group Presidents—Andy Pierce

(MedSurg) and Spencer Stiles (Neurotechnology, Instruments and Spine)—and, like Tim, both are longtime Stryker employees who have demonstrated excellent performance. Viju Menon also joined the company as Group President of Global Quality and Operations after a successful career in the technology industry. Howard Cox retired from our Board and was named Director Emeritus, while two new directors were added: Sheri McCoy and Rajeev Suri.

Financial performance

Our organic sales growth of 7.9 percent (which excludes the impact of acquisitions, foreign currency exchange and the adoption of Accounting Standards update ASC 606) was once again at the high end of the medical technology industry and marked our sixth consecutive year of accelerating organic growth. Our sales growth was well balanced across geographies, with strong performances in the United States, South Pacific, Japan, Europe, Latin America and emerging markets. In fact, our organic sales growth outside the United States was higher than our United States growth. Reported sales growth was 9.3 percent, including 1.9 percent growth

from acquisitions and increased unit volume partially offset by a 1.4 percent impact from lower prices.

We also continued to generate healthy operational cash flow that contributed to a year-end cash and marketable securities position of \$3.7 billion, enabling us to increase our dividend rate by 10.6 percent for the January 2019 payment. Our reported net earnings grew 248.3 percent, aided by the favorability of onetime tax events, and our adjusted net earnings grew by 12.7 percent.

Innovation

In 2018, our strong innovation pipeline helped power our growth, as we spent 6.3 percent of sales on research and development and launched many exciting products, such as the Neuroform Atlas Stent System in Neurovascular and the Trident II Acetabular System in Joint Replacement.

We continued to add innovations to our product and service portfolios through acquisitions (see pages 4–5), including the high-growth spinal implant company K2M. Our Instruments business added Entellus, which expands our Ear, Nose and Throat (ENT) offering, along with Invuity, which offers lighted retractors and advanced energy products. We also acquired Hyperbranch, a dural sealant product that strengthens our Craniomaxillofacial (CMF) portfolio, and Hygia, to deepen our Sustainability Solutions business.

Cost transformation

Our multi-year effort to systematically reduce costs continues to progress. We were pleased to deliver 40 basis points of adjusted operating margin expansion in 2018 (excluding the impact of ASC 606), despite significant dilution from acquisitions. And we continue to make progress establishing shared services in Human Resources and Finance and implementing a single ERP system to support our commercial businesses and optimize our manufacturing and supply chain.

Looking ahead, we expect Stryker to continue to grow sales at the high end of the medical technology industry, while driving leveraged earnings. Our strategy, people and culture will enable us to maintain our strong performance in the years ahead.

I would like to thank our management teams, our Board of Directors, and our 36,000 employees worldwide who live our mission and values every day.



Kevin A. Lobo
Chairman and Chief Executive Officer

Mission

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

Values

Integrity

We do what's right

Accountability

We do what we say

People

We grow talent

Performance

We deliver

New acquisitions strengthen our future

Our disciplined approach to business development drives our growth and future innovation.

Mergers and acquisitions have long been a priority for our capital allocation and an accelerator of long-term performance. Our ability not only to acquire the right businesses but also to integrate them quickly to drive growth is a strength.

In 2018, we completed a series of acquisitions that will strengthen our core business and add complementary products where we already have a market presence.

▼ Hygia Health Services

With a focus on reprocessing patient-care single-use devices like ECG leads and infusor bags, Hygia will broaden the reprocessing capabilities of our Sustainability Solutions business. A premier provider of sustainability solutions in the global healthcare market, Hygia has helped several thousand single-use device reprocessing customers collectively save millions of dollars in supply costs and divert millions of pounds of waste from landfills.



▲ VEXIM

We acquired this French medical device company that specializes in the minimally invasive treatment of vertebral compression fractures. VEXIM's flagship product is the SpineJack system, a mechanical expandable vertebral compression fracture reduction and stabilization. VEXIM's portfolio is highly complementary to the Interventional Spine (IVS) business of our Instruments division.



K2M

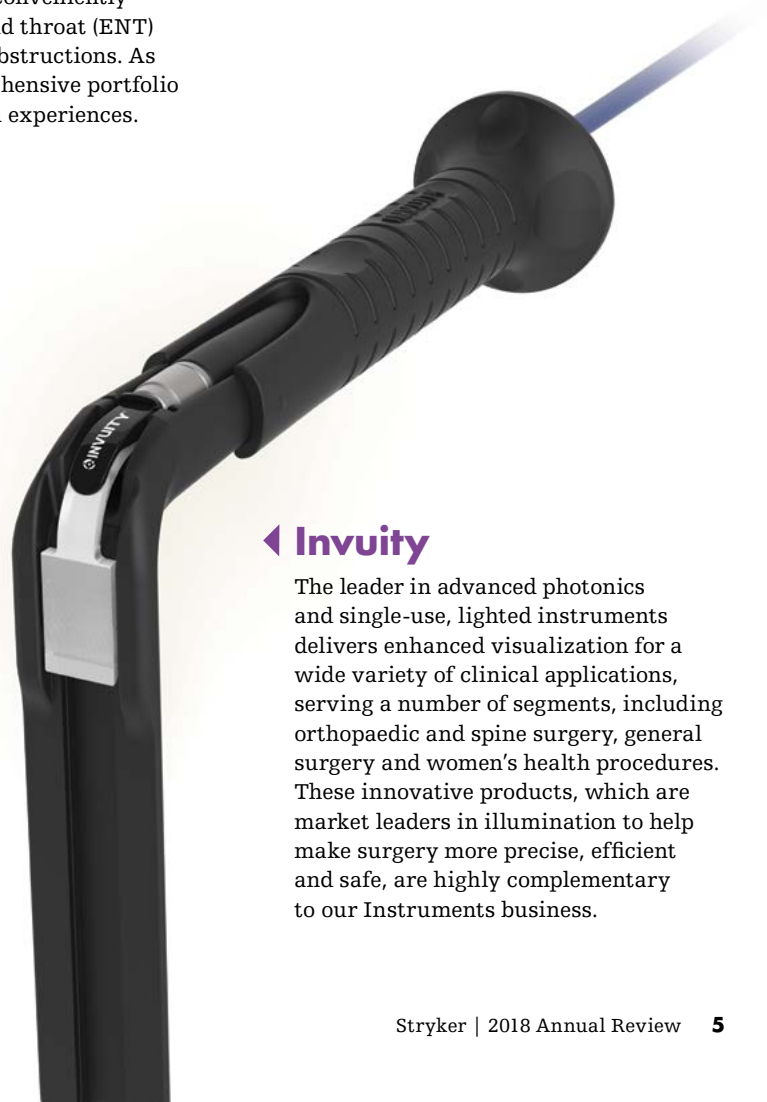
K2M is a global leader of complex spine and minimally invasive products designed to achieve three-dimensional Total Body Balance. Spine surgeons use these technologies and techniques to treat some of the most complicated spinal pathologies. K2M's innovative product portfolio and robust pipeline strengthen our leadership in the spine and neurotechnology markets, while expanding our global footprint.

Entellus

This high-growth global medical technology company focuses on minimally invasive devices that enable physicians to conveniently and comfortably perform a broad range of ear, nose and throat (ENT) procedures, including the treatment of nasal airway obstructions. As a leader in the ENT segment, Entellus brings a comprehensive portfolio of products that deliver superior patient and physician experiences.

HyperBranch

Supporting our growth strategy within our Neurotechnology business, HyperBranch develops and markets products for dural repair. The addition of its Adherus AutoSpray dural sealant to our cranial closure portfolio strengthens our position of excellence in the dural repair space.



Invuity

The leader in advanced photonics and single-use, lighted instruments delivers enhanced visualization for a wide variety of clinical applications, serving a number of segments, including orthopaedic and spine surgery, general surgery and women's health procedures. These innovative products, which are market leaders in illumination to help make surgery more precise, efficient and safe, are highly complementary to our Instruments business.

Making healthcare better, together with Mako

Mako Technology has evolved during its more than 13-year history. The year 2018 marked our five-year acquisition anniversary of MAKO Surgical Corp., and through the end of 2018 more than 200,000 Mako procedures have been performed in 26 countries across the globe.¹

Mako Robotic-Arm Assisted Surgery enables surgeons to have a more predictable surgical experience through three unique steps: CT based enhanced planning, dynamic joint balancing and haptic guidance.

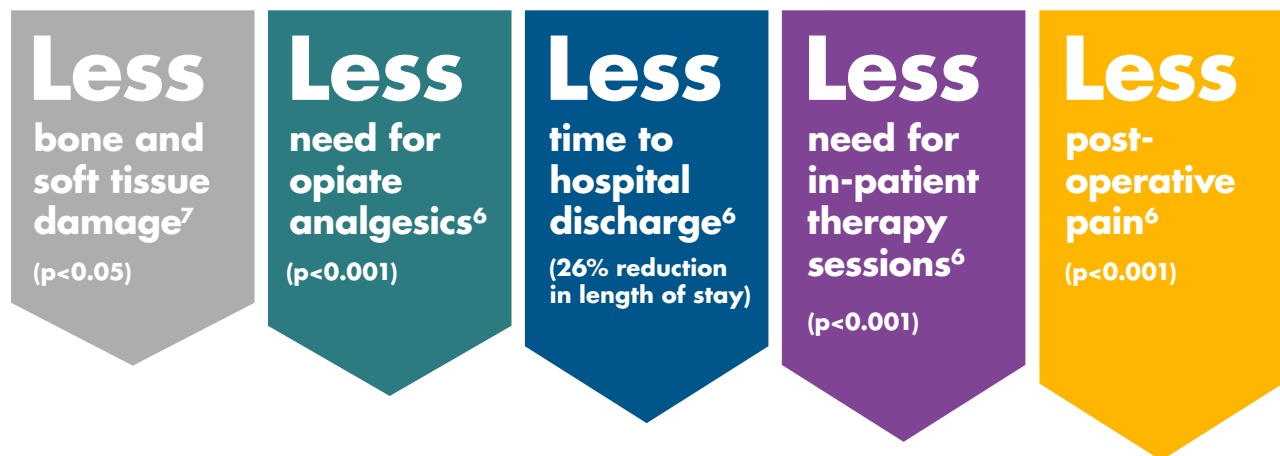
In partial knee and total hip applications, Mako has been shown to facilitate more accurate positioning to plan^{2,3} and has

demonstrated enhanced patient-reported outcomes, like less pain than those undergoing manual surgery during the 90-day post-operative period for Mako Partial Knee, and significantly higher modified Harris Hip scores (92.1+/-10.5 vs. 86.1+/-16.2, p=0.002) for Mako Total Hip compared to manual surgery.^{4,5}

Mako Total Knee was evaluated in two distinct, prospective, consecutive series, single-surgeon studies comparing patients undergoing conventional jig-based total-knee replacement versus Mako Total Knee surgery (40 patients⁶ and 30 patients⁷ in each cohort).



The studies concluded that Mako Total Knee with Triathlon was associated with:



1. Stryker's sales/case data.
 2. Bell SW; Anthony I; Jones B; MacLean A; Rowe P; Blyth M. Improved accuracy of component positioning with robotic-assisted unicompartmental knee arthroplasty: data from a prospective, randomized controlled study. *J Bone and Joint Surg.* 2016;98: 627–35.
 3. Elson L, Douchis J, Illgen R, Marchand R, et al. Precision of acetabular cup placement in robotic integrated total hip arthroplasty. *Hip Int* 2015; 25(6): 531–536.
 4. Blyth MJ, Anthony I, Rowe P, Banger MS, MacLean A, Jones B. Robotic-arm assisted versus conventional unicompartmental knee arthroplasty: Exploratory secondary analysis of a randomized controlled trial. *Bone and Joint Research.* 2017 Nov 16 (11): 631.
 5. Bukowski BR, Chughtai M, Anderson P, et al. Improved functional outcomes with robotic compared with manual total hip arthroplasty. *Surg Technol Int.* 2016 Oct.
 6. Haddad FS, et al. Robotic-arm assisted total knee arthroplasty is associated with improved early functional recovery and reduced time to hospital discharge compared with conventional jig-based total knee arthroplasty. *The Bone & Joint Journal.* July 2018.
 7. Haddad FS, et al. Iatrogenic Bone and Soft Tissue Trauma in Robotic-Arm Assisted Total Knee Arthroplasty Compared With Conventional Jig-Based Total Knee Arthroplasty: A Prospective Cohort Study and Validation of a New Classification System. *J Arthroplasty.* 2018 Aug;33(8):2496–2501. Epub 2018 Mar 27.
 Professor Fares S. Haddad is a consultant of Stryker. However, Dr. Haddad and the authors of publications #6 and #7 did not receive financial or in-kind compensation for the research or publications.

New education centers— **building knowledge and experience**

With a strong commitment to education and training for healthcare providers—to make healthcare better for patients—we have recently opened three state-of-the-art education and training centers.



▲ **Amsterdam Skills Centre**

Amsterdam, The Netherlands

The Amsterdam Skills Centre (ASC), which opened its doors in February 2019, offers medical specialists and other healthcare professionals from all over the world an innovative learning environment. A collaboration of Amsterdam University's Academic Medical Center and Stryker, which invested in the building and equipment, the ASC features 12 high-tech operating rooms, operating robots, virtual reality simulators and educational facilities.



▲ **Asia Pacific Training Center**

Hong Kong, China

Our new Asia Pacific Training Center in Hong Kong will provide surgeons in the region with world-class training and simulated operations using the Mako Robotic-Arm Assisted system. The 6,000-square-foot space will also be a top venue for seminars, workshops and hands-on training in surgical education. Through the center, surgeons can strengthen their surgical competencies and share knowledge of the latest techniques in robotic surgery. More than 100 guests were on hand to celebrate the opening in October 2018.



▲ **Mako Education Center**

Ft. Lauderdale, Florida, USA

The Mako Education Center is a premier training facility for surgeons, with a primary focus on Mako Robotic-Arm Assisted Surgery training and education. The 45,000-square-foot training center features a custom wet lab that accommodates 12 Mako stations, reflecting the importance of cutting-edge technology in medical and surgical applications. Following the ribbon-cutting, our Chairman and CEO, Kevin Lobo, hosted a global town hall for Stryker's more than 200 team members in the area.

Driven to **innovate**

Customers and patients are at the heart of everything we do. We nurture innovation to address customer challenges.

That approach began with our founder, Dr. Homer Stryker, an orthopaedic surgeon in Kalamazoo, Michigan, who invented products in the local community hospital where he worked to better serve the needs of his patients.

This spirit of innovation continues to drive us today. We collaborate with hospitals and healthcare providers to make sure we understand their practice environment, treatment protocols and unmet needs.

Our deep understanding of our customers helps us design and manufacture products and services that make a difference for them.

We collaborate across the company and leverage our talented innovators to develop meaningful technology and solutions. And we recognize our best.

Our R&D Fellows Award recognizes significant accomplishments in research and development over

time, reflecting the importance of innovation and collaboration to help solve customer problems and develop products and services that advance our mission.

Nominated by their R&D leader and division president, Fellows have developed breakthrough technology and market-leading products that have influenced the direction of our business.

2018 R&D Fellow inductees



John Scanlan

Senior Director, Business and Process Development, Advanced Operations

Early in his career, John played a key role in developing and introducing many new knee, hip and bone cement products before leading teams in the development of our additive manufacturing technology. His work included technical and process design as well as the creation of a software and equipment supplier base for producing high-quality, innovative additive products. John's leadership resulted in the launch of our first additive implant, the Triathlon Tritanium Tibial Baseplate, in June 2013, and many others that followed.



Robert Cohen

VP, R&D, Chief Technology Officer, Joint Replacement

Robert's many contributions to the advancement of hip and knee products over the years are evident in the 28 patents for which he is responsible, including the tibial component delta fit keel design, which is integral to tibial component stability and initial fixation. Robert was also instrumental in transitioning Mako robotics from being a niche player in partial knee replacement to establishing a broad-based arthroplasty platform, while guiding the development process and regulatory strategy for Mako Total Knee.

Diversity and **inclusion**

We encourage, value and leverage the differences in people and perspectives to make healthcare better.

Inspiring women in STEM

We understand that the future of medical device innovation relies on exceptional talent in Science, Technology, Engineering and Math (STEM). That's why our Stryker's Women's Network (SWN) partnered with I WISH (Inspiring Women in STEM), an initiative to inspire and motivate young female students to pursue careers in STEM. I WISH encourages female role models to share their experiences, from school subject choices and college and career choices to day-to-day work as engineers.

The statistics tell the story: 58 percent of students earning a degree in the United States are women, but only 39 percent of students earning STEM degrees are women.

I WISH hosted a conference and interactive exhibitions in Cork and Dublin, Ireland, where a Stryker team met with 6,000 women to show them how we are driven to make healthcare better.

Our team members also spoke to the teachers in attendance about our graduate programs and the opportunities that are available

to students, including the Quality Graduate Rotational Program, the RISE Engineering Program, the Global Engineering Development Program and various internships.

We also had interactive, hands-on demonstrations of our products and technologies that improve and save lives, including defibrillators, endoscopes, cranial drills, biomaterials, stents, catheters, ultrasonics and robots, among others.

Employee resource groups (ERGs)

SWN enhances opportunities for members through networking, professional development, leadership messages, community outreach and educational projects that drive the attraction, development, engagement and retention of talented women.

The network is open to all employees, both men and women, and includes thousands of members across the globe.

Other Stryker ERGs include Stryker's Allies for Equality (SAFE), Women in Stryker's Engineering (WISE), Stryker's African American Network (SAAN), SOMOS (Hispanic/Latino), Stryker's Emerging Professionals (SEP) and Stryker's Veterans Association (SVA).

58%
of the students
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39%
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are women

“Gender balance increases our ability to attract the best talent and make healthcare better for customers and patients.”

– Katherine Owen
Vice President, Strategy
and Investor Relations



We understand that attracting and empowering a diverse team is critical for our business and we take steps to ensure that we have a great workplace for everyone.

Our commitment to people and planet

As an industry leader, we believe corporate responsibility is a strategic priority, and we invest time and resources in the areas that are most important to our employees, customers and the communities where we live and work.

We accomplish this by focusing on five distinct areas:



Investing in people

Promoting health, safety,
talent and inclusion



Product lifecycle innovation

Carefully considering our
use of materials across a
product's lifecycle



Operational efficiency

Reducing water, waste
and emissions



Responsible supply chains

Managing and sourcing
with high standards



Ethics and accountability

Ensuring transparency,
honesty and fairness are
always paramount

Key initiatives in 2018

Below are a few highlights of our commitment to people and planet and our 2018 achievements, through our key focus areas.



Operation Smile

491
life-changing
surgeries funded
by employee
and company
donations

Visit smile.stryker.com
to learn more



Improving caregiver safety through the Neptune 3 Waste Management System

A closed mobile technology that manages hazardous fluids and the smoke evacuation of harmful particles, eliminating the need to dump or solidify waste from a standard canister.



Sustainability Solutions

13.2M
pounds of
waste diverted
from landfills

\$339.5M
saved in
supply costs



\$200M
spent with minority-,
women- and
veteran-owned
businesses

\$575M
spent with small
businesses supporting
manufacturing
or delivery of our
products

“We believe the health of the world is as important as the people who live in it. We are committed to making responsible decisions that help people and preserve the planet for future generations.”

– Kevin Lobo, Chairman and Chief Executive Officer

Global recognition

FORTUNE Change the World

#25 in 2018

out of 57 companies—
recipient for the first time

LinkedIn Top Companies

Where the World Wants to Work Now

#30 in 2018

recipient for the second time

Women's Choice Award

2018 award

named to three lists including
100 Best Workplaces for Women,
100 Best Companies for Millennial
Women and 50 Best Companies for
Multicultural Women

Top Employer Deutschland (Germany)

2019 award

recipient for the third
consecutive year

Best Workplaces International

#2 for Australia, 2018

recipient for the fifth consecutive year

Brazil, 2018

recipient for the fifth consecutive year

Canada, 2018

recipient for the ninth consecutive year

France, 2018

recipient for the first time

Netherlands, 2018

recipient for the first time

Mexico, 2018

recipient for the fifth time

Spain, 2018

recipient for the third time

FORTUNE Best Workplaces (U.S.)

For Women, 2018

recipient for the second time

For Diversity, 2018

#40 out of 100 companies—
recipient for the second
consecutive year

For Giving Back, 2018

#22 out of 50 companies—
recipient for the third
consecutive year

For Manufacturing and Production, 2018

#1 out of 20 companies—
recipient for the third time

FORTUNE World's Most Admired Companies

#3 in 2019

Medical Products & Equipment

recipient for the 17th consecutive year

FORTUNE 500 Largest U.S.-Based Companies

#240 in 2018

joined the list in 2003—
recipient for the 16th consecutive year

FORTUNE World's Best Workplaces

#12 in 2018

out of 25 companies—
recipient for the second time

FORTUNE 100 Best Companies to Work For (U.S.)

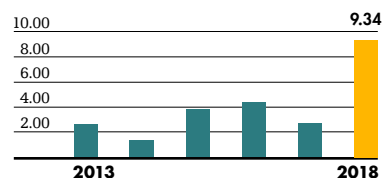
#11 in 2018

recipient for the ninth
consecutive year

Financial highlights

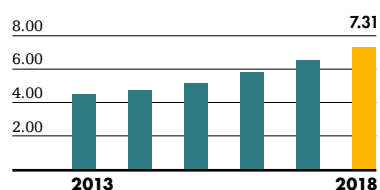
Net earnings

\$ per diluted share



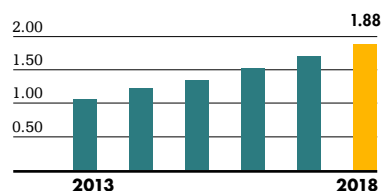
Adjusted net earnings¹

\$ per diluted share



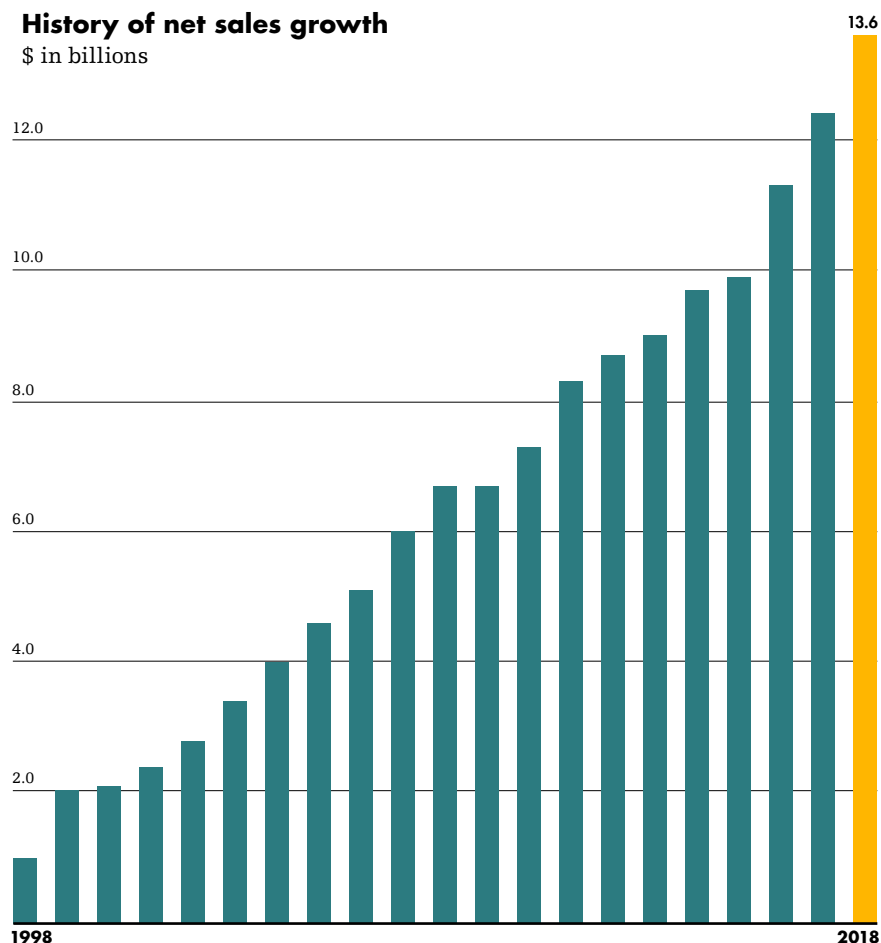
Dividends paid

\$ per share of common stock



History of net sales growth

\$ in billions



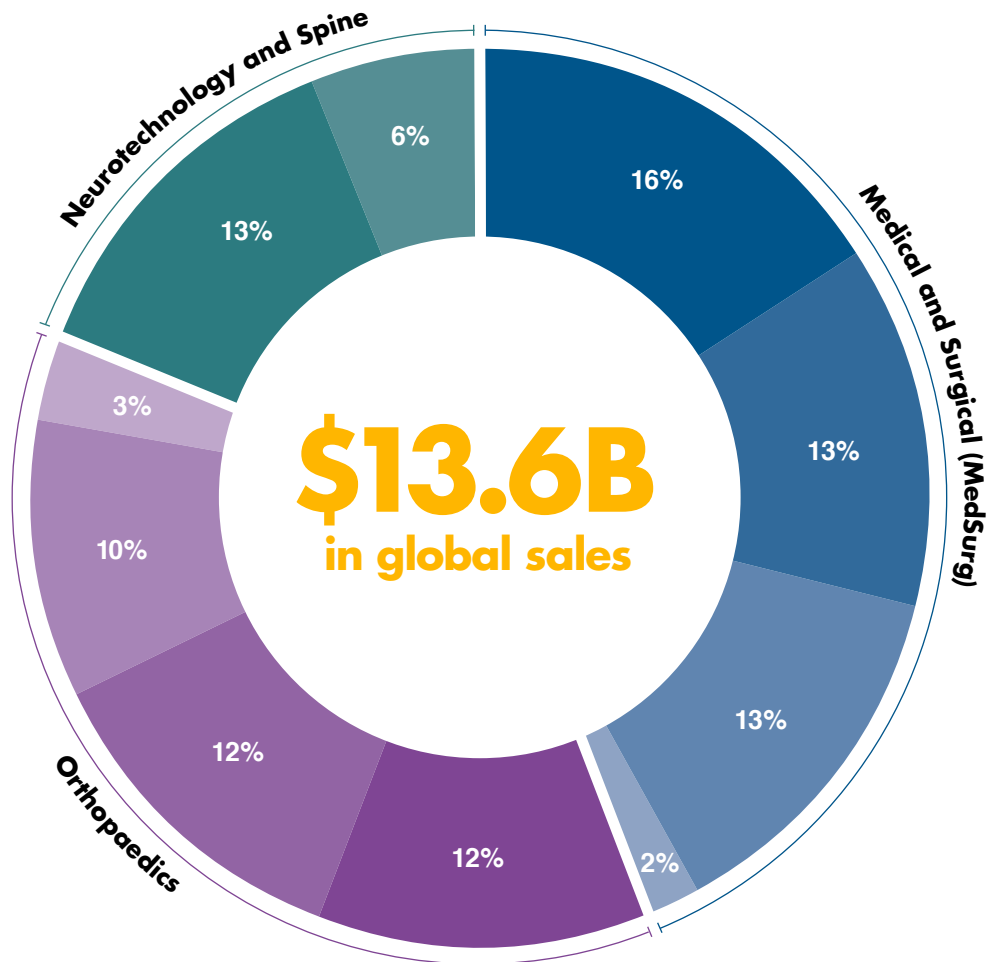
Financial overview

(\$ in millions, except per share amounts)

	2018	2017	% Change
Net sales	\$13,601	\$12,444	9.3
Earnings before income taxes	2,356	2,063	14.2
Income taxes	(1,197)	1,043	(214.8)
Net earnings	3,553	1,020	248.3
Adjusted net earnings¹	2,779	2,465	12.7
Net earnings per diluted share of common stock			
Reported	\$ 9.34	\$ 2.68	248.5
Adjusted¹	7.31	6.49	12.6
Dividends paid per share of common stock	\$ 1.88	\$ 1.70	10.6
Cash, cash equivalents and marketable securities	3,699	2,793	32.4

1. Adjusted net earnings and adjusted net earnings per diluted share are non-GAAP financial measures. Refer to page 17 for a reconciliation to the most directly comparable GAAP financial measures, net earnings and net earnings per diluted share.

Leading in medtech



MedSurg

44%

- 16% Medical
- 13% Instruments
- 13% Endoscopy
- 2% Sustainability Solutions

Orthopaedics

37%

- 12% Knees
- 12% Trauma & Extremities
- 10% Hips
- 3% Other

Neurotechnology and Spine

19%

- 13% Neurotechnology
- 6% Spine

Board of Directors

Pictured below from left to right

Louise L. Francesconi † ‡

Allan C. Golston * **

Kevin A. Lobo *

Mary K. Brainerd **

Andrew K. Silvernail **

Ronda E. Stryker †

Rajeev Suri **

Roch Doliveux, D.V.M. † ‡

Srikant M. Datar, Ph.D. † ‡

Sherilyn S. McCoy † ‡

- * Chairman of the Board
- * Lead Independent Director
- ** Audit Committee
- † Compensation Committee
- ‡ Governance and Nominating Committee

Chairman Emeritus

John W. Brown

Former Chairman, President
and Chief Executive Officer

Director Emeritus

Howard E. Cox, Jr.



Leadership team

Pictured below from left to right

Kevin A. Lobo

Chairman and
Chief Executive Officer

Glenn S. Boehnlein

Vice President,
Chief Financial Officer

Yin C. Becker

Vice President,
Communications,
Public Affairs and
Corporate Marketing

Michael D. Hutchinson

Vice President,
Chief Legal Officer

Viju S. Menon

Group President, Global
Quality and Operations

J. Andrew Pierce

Group President, MedSurg

Bijoy S. N. Sagar

Vice President, Chief Digital
Technology Officer

M. Kathryn Fink

Vice President, Chief Human
Resources Officer

Spencer S. Stiles

Group President,
Neurotechnology,
Instruments and Spine

Katherine A. Owen

Vice President, Strategy and
Investor Relations

Timothy J. Scannell

President and
Chief Operating Officer

Division Presidents

Businesses

Xavier M. C. Berling

Trauma & Extremities

Dylan B. Crotty

Instruments

Brent W. Ladd

Endoscopy

Eric D. Major

Spine

Mark H. Paul

Neurovascular

Bradford L. Saar

Medical

Stuart F. Simpson

Joint Replacement

Brian J. White

Sustainability Solutions

Regions

Maurice Ben-Mayor

South Pacific

Laurence F. I. Hipkin

Eastern Europe,
Middle East, Africa

Scott A. MacNair

Canada

Graham A. McLean

Asia Pacific

Hiroyuki Saeki

Japan

Fabrizio Signorin

Latin America

Stuart A. J. Silk

Europe, Middle East, Africa,
Latin America, Canada



Other Officers

Dean H. Bergy

VP, Corporate Secretary

William E. Berry, Jr.

VP, Corporate Controller

Jeanne M. Blondia

VP, Finance and Treasurer

Irene B. Corbe

VP, Internal Audit

William J. Cymbaluk

VP, Corporate Regulatory Affairs and Quality Assurance

David G. Furgason

VP, Tax

Bronwen R. Taylor

VP, Compliance and Risk Management

With appreciation

We want to express our gratitude and appreciation to Lonny Carpenter, Group President and Advisor to the CEO, who is retiring from Stryker on March 31, 2019, and David Floyd, Group President and Advisor to the CEO, who will retire on June 30, 2019.

Lonny has had an amazing career and left a wonderful legacy in his 30 years with the company, playing major roles in helping us grow into the Fortune 250 Company that we are today. David has made significant contributions to the growth and success of the company since joining in 2012, including his role in spearheading numerous acquisitions, such as Mako Surgical and Small Bone Innovations.

Our best wishes to them both.



Lonny Carpenter



David Floyd

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

	Net earnings (\$ millions)						Net earnings per diluted share					
	2013	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017	2018
Reported	\$1,006	\$ 515	\$1,439	\$1,647	\$1,020	\$3,553	\$2.63	\$1.34	\$3.78	\$4.35	\$2.68	\$9.34
Acquisition and integration-related charges												
Inventory stepped-up to fair value	21	15	4	23	20	9	0.06	0.04	0.01	0.06	0.05	0.02
Other acquisition and integration-related	51	50	20	77	31	90	0.13	0.13	0.05	0.20	0.09	0.24
Amortization of purchased intangible assets	98	133	147	221	250	338	0.26	0.35	0.39	0.59	0.67	0.89
Restructuring-related and other charges	46	78	97	98	155	179	0.12	0.20	0.26	0.26	0.41	0.47
Medical device regulations	–	–	–	–	–	10	–	–	–	–	–	0.03
Recall-related matters	460	628	210	127	131	18	1.20	1.65	0.55	0.34	0.34	0.05
Regulatory and legal matters	63	–	(46)	(7)	25	141	0.17	–	(0.12)	(0.02)	0.06	0.37
Donations	15	–	–	–	–	–	0.04	–	–	–	–	–
Tax matters	(46)	391	78	8	833	(1,559)	(0.12)	1.02	0.20	0.02	2.19	(4.10)
Adjusted	\$1,714	\$1,810	\$1,949	\$2,194	\$2,465	\$2,779	\$4.49	\$4.73	\$5.12	\$5.80	\$6.49	\$7.31
Effective Tax Rate – Reported	17.0%	55.6%	17.1%	14.3%	50.6%	(50.8%)						
Effective Tax Rate – Adjusted	22.7%	22.3%	17.3%	17.3%	15.6%	16.7%						
Weighted average diluted shares outstanding							382.1	382.8	380.9	378.5	380.1	380.3

Refer to our 2018 Annual Report on Form 10-K, available at stryker.com, for additional information regarding our non-GAAP financial measures.

Our Annual Review contains many of the valuable trademarks owned and/or used by Stryker and our subsidiaries and affiliates in the U.S. and internationally to distinguish products and services of outstanding quality. All other trademarks featured herein are the property of their respective owners.

Orthopaedics



Hips



Knees



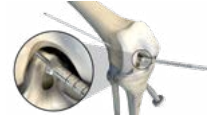
Robotic-Arm Assisted Technology



Trauma



Extremities



Sports Medicine

Medical and Surgical equipment



Power Tools and Surgical Equipment



Advanced Guidance Technologies



Minimally-Invasive and Open Surgical Visualization Solutions



Infrastructure and Integration



Emergency and Acute Care



Reprocessing and Remanufacturing

Neurotechnology and Spine



Craniomaxillo-facial



Interventional Spine



Neurosurgical, Spine and ENT



Neurovascular



Spinal Implants and Biologics