

Analyst meeting

November 2016

Forward looking statement

This presentation may contain information that includes or is based on forward-looking statements within the meaning of the federal securities law that are subject to various risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in such statements. Such factors include, but are not limited to: weakening of economic conditions that could adversely affect the level of demand for our products; pricing pressures generally, including cost-containment measures that could adversely affect the price of or demand for our products; changes in foreign exchange markets; legislative and regulatory actions; unanticipated issues arising in connection with clinical studies and otherwise that affect U.S. Food and Drug Administration approval of new products; changes in reimbursement level from third-party payors; a significant increase in product liability claims; the ultimate total cost with respect to the Rejuvenate and ABG II matter; the impact of investigative and legal proceedings and compliance risks; resolution of tax audits; the impact of the federal legislation to reform the United States healthcare system; changes in financial markets; changes in the competitive environment; our ability to integrate acquisitions; and our ability to realize anticipated cost savings. Additional information concerning these and other factors is contained in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

Agenda

Overview	Kevin Lobo Chairman and CEO
Mako Total Knee Surgeon Insights Guest Speakers: Kirby D. Hitt, M.D. Director, Division of Adult Reconstructive Surgery, Baylor Scott & White Health Seth A. Jerabek, M.D. Orthopaedic Surgeon, Hospital for Special Surgery	Introduction: David Floyd Group President, Orthopaedics Moderators: Bill Huffnagle President, Joint Replacement Division Robert Cohen VP & GM, Joint Replacement Research and Development
Spotlight on: Stryker Performance Solutions Guest Speakers: Jody White, MBA, FACHE Chief Executive Officer, Lowell General Hospital John R. Shurman II, M.D. Orthopaedic Surgeon, Kansas Surgery and Recovery Center	Moderators: Stuart Simpson VP & GM, Joint Replacement Commercial Business Brian McCrone VP, Stryker Performance Solutions
Spotlight on: Cost Transformation for Growth	Lonny Carpenter Group President, Global Quality and Business Operations
Financial outlook	Glenn Boehnlein Vice President, CFO
Investor Q&A	Senior Leadership Team
Product fair	Select MedSurg and Neurotechnology Products

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

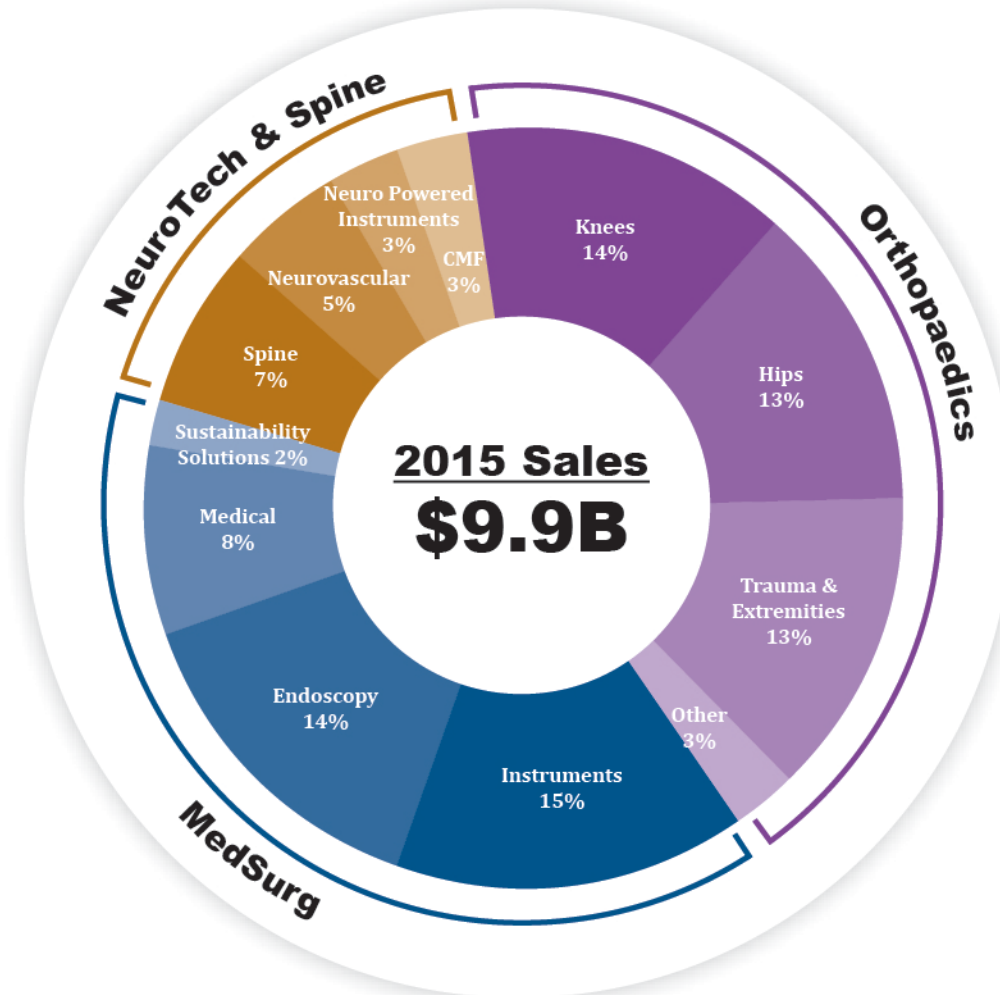
We deliver

Diverse global medtech leader

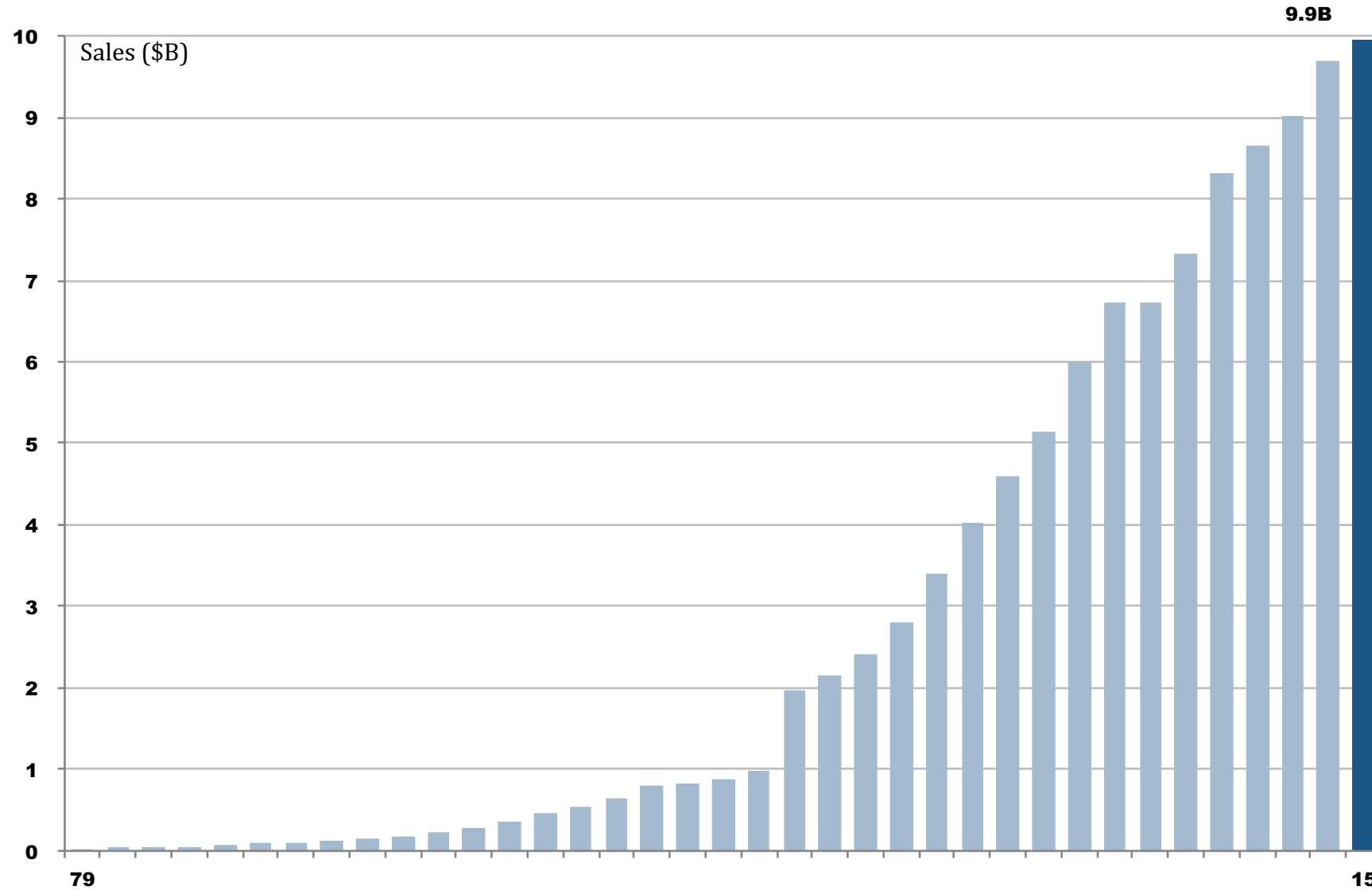
Pursuing global market leadership in three segments

3Q16 sales totaled \$2.8B, +6.2% organically

On track to deliver organic sales growth in 2016 of 6.0-6.5%



Culture of growth



Strong organic sales growth is **sustainable** ...

2010:	Today:
<ul style="list-style-type: none">• Limited knee industry market share shifts	<ul style="list-style-type: none">• Mako robotic offering & 3D printed products will drive share gains
<ul style="list-style-type: none">• Niche player in Neurotechnology	<ul style="list-style-type: none">• Market leader in total stroke care, powered instruments & CMF
<ul style="list-style-type: none">• Distant follower in Trauma and Extremities	<ul style="list-style-type: none">• Fastest growing & broad portfolio• Market leader in foot and ankle
<ul style="list-style-type: none">• Underperformance in Europe	<ul style="list-style-type: none">• Growing well above European market since 2015
<ul style="list-style-type: none">• Limited emerging market focus	<ul style="list-style-type: none">• Offerings in both premium and value segment
<ul style="list-style-type: none">• Medical division fully dependent on capital equipment market	<ul style="list-style-type: none">• Medical offering includes a more balanced mix of disposables & a higher growth profile

... with strong **operational leverage capabilities**

2010:	Today:
<ul style="list-style-type: none">• Decentralized manufacturing	<ul style="list-style-type: none">• Centralized Global Quality and Operations group
<ul style="list-style-type: none">• Disparate ERPs	<ul style="list-style-type: none">• Moving to a single ERP
<ul style="list-style-type: none">• Dispersed European leadership	<ul style="list-style-type: none">• European regional headquarters and Transatlantic Operating Model
<ul style="list-style-type: none">• Regionally focused operating structure	<ul style="list-style-type: none">• Globally focused operating structure
<ul style="list-style-type: none">• Siloed divisions and regions	<ul style="list-style-type: none">• Strong collaboration across the company

Stryker's **core strategies**

- Business unit specialization
- Acquisitions
- International growth
- Cost transformation for growth

Business Unit **Specialization**

- Enables critical link between customers, marketing, R&D and BD
- Key to driving market share gains and category leadership
- Long history of building specialized sales forces focused on specific surgeon specialties
- Driving innovation with R&D spending now >6% of sales

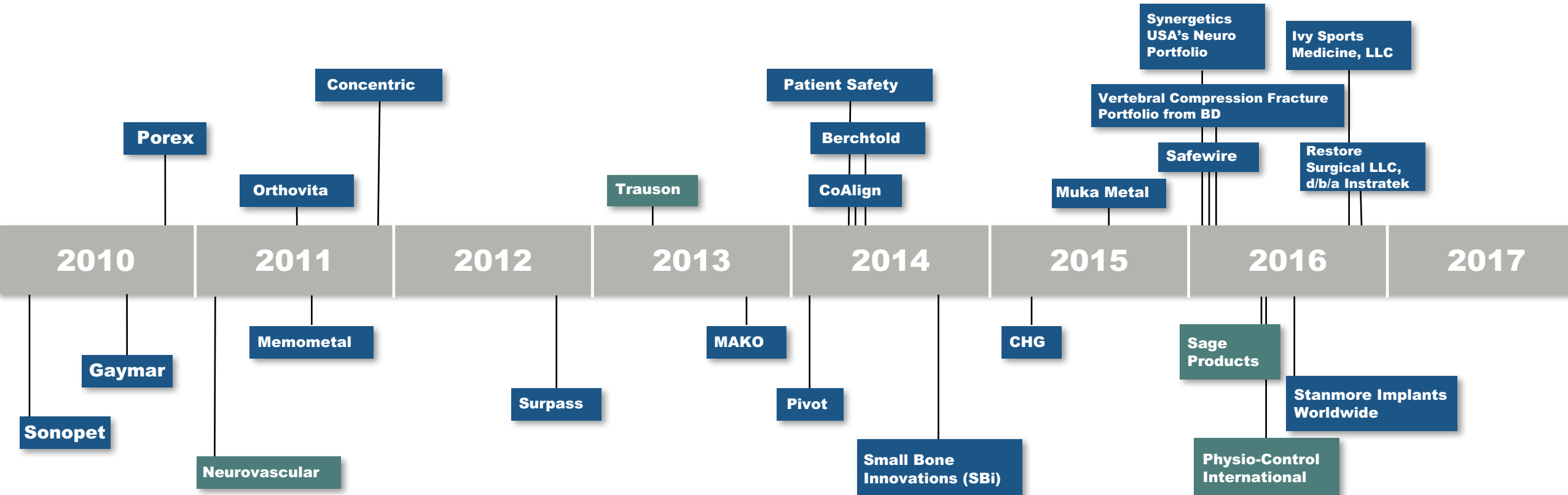
Mergers and **acquisitions**

- Capital allocation prioritizes M&A, then dividends and buybacks
- Focus on core and key adjacent markets to drive category leadership

Color key:

Core business

Adjacency



International **growth**

- New global operating model driving focus and results
 - Strong European momentum continues in 2016
 - Canada growth accelerating
- EM challenges continue but long-term opportunity remains compelling
 - EM returned to growth in Q3
 - China will start to improve in Q4
 - Launch of mid-tier products continues

Cost **transformation** for growth

- Product line rationalization
- Indirect procurement
- Common ERP platform
- Expansion of shared services
- Continued plant network optimization

Summary

- Driving strong organic sales growth
- Focused on innovation & acquisitions
- Enhancing global presence through focus and alignment
- Delivering leveraged earnings gains
- Effectively deploying capital to enhance shareholder returns

Orthopaedics group overview

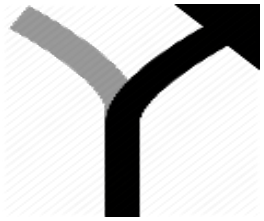
David K. Floyd

Group President, Orthopaedics

Orthopaedics Group

stryker

Pursuing global market leadership in joint replacement, trauma, extremities, and spine



Differentiated
business model



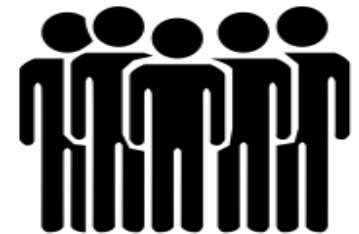
Global growth



Acquisitions



Cost
transformation



Our
workplace

Background



At a glance:

300	>60,000
Mako Systems sold	Mako UKRs performed
>10,000	>200
Mako THRs performed	Mako TKRs performed
	350+
Clinical publications	

Value proposition

- Improved quality of care
- Reduced readmission costs (PKR)
- Platform for hip & knee replacement
- Operating efficiencies
- Differentiates facilities and surgeons

Why does it **matter**

- Value-based purchasing is here to stay
- Patient reported outcomes matter
- Intense competition for surgeons
- Intense competition for patients

Stryker's Performance Solutions



Background



Value proposition

- Improved quality of care
- Reduced episode cost of care
- Improved patient satisfaction
- Proprietary digital platform
- Long-term partnership

At a glance:

28
MDs, Fellows & Masters

20
Implementation team

>270
Customers

20
Analytics team
>700,000
Episodes

Why does it **matter**

- Value-based purchasing is here to stay
- CMS target 80% EPM by 2020
- Private payors will follow
- Hospital revenue/profit at risk
- Physician payment models changing fast

Mako Robotic-arm Assisted Surgery panel

William Huffnagle
President, Joint Replacement

Welcome to the
Joint Replacement
Division

Mako Robotic-arm Assisted Surgery Panel

Kirby D. Hitt, M.D.

Orthopaedic surgeon

- Director, Division of Joint Replacement Surgery
- Baylor Scott & White Health
- Consultant, Stryker Orthopaedics

Seth Jerabek, M.D.

Orthopaedic surgeon

- Assistant Professor
- Hospital for Special Surgery
- Consultant, Stryker Orthopaedics

Robert Cohen

VP & GM, R&D

- 30+ years in industry

stryker



Mako Robotic-arm Assisted Surgery with Triathlon



stryker



Mako Robotic-arm Assisted Surgery with Triathlon



stryker



Mako Robotic-arm Assisted Surgery with Triathlon



stryker



Mako Robotic-arm Assisted Surgery with Triathlon



stryker



Mako Robotic-arm Assisted Surgery with Triathlon



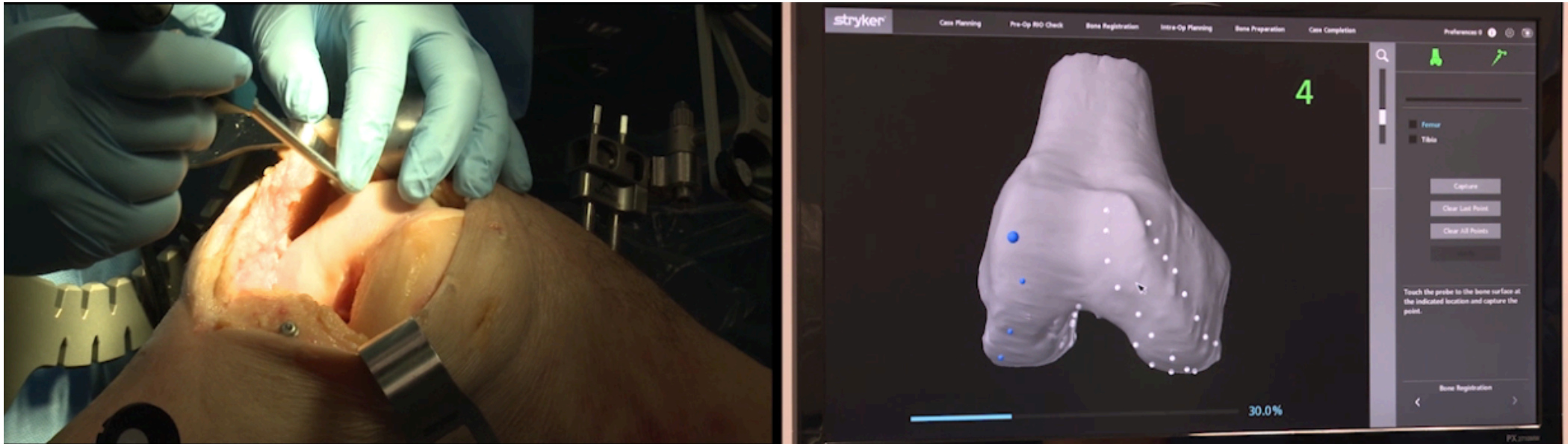
Mako Total Knee **array placement**

stryker



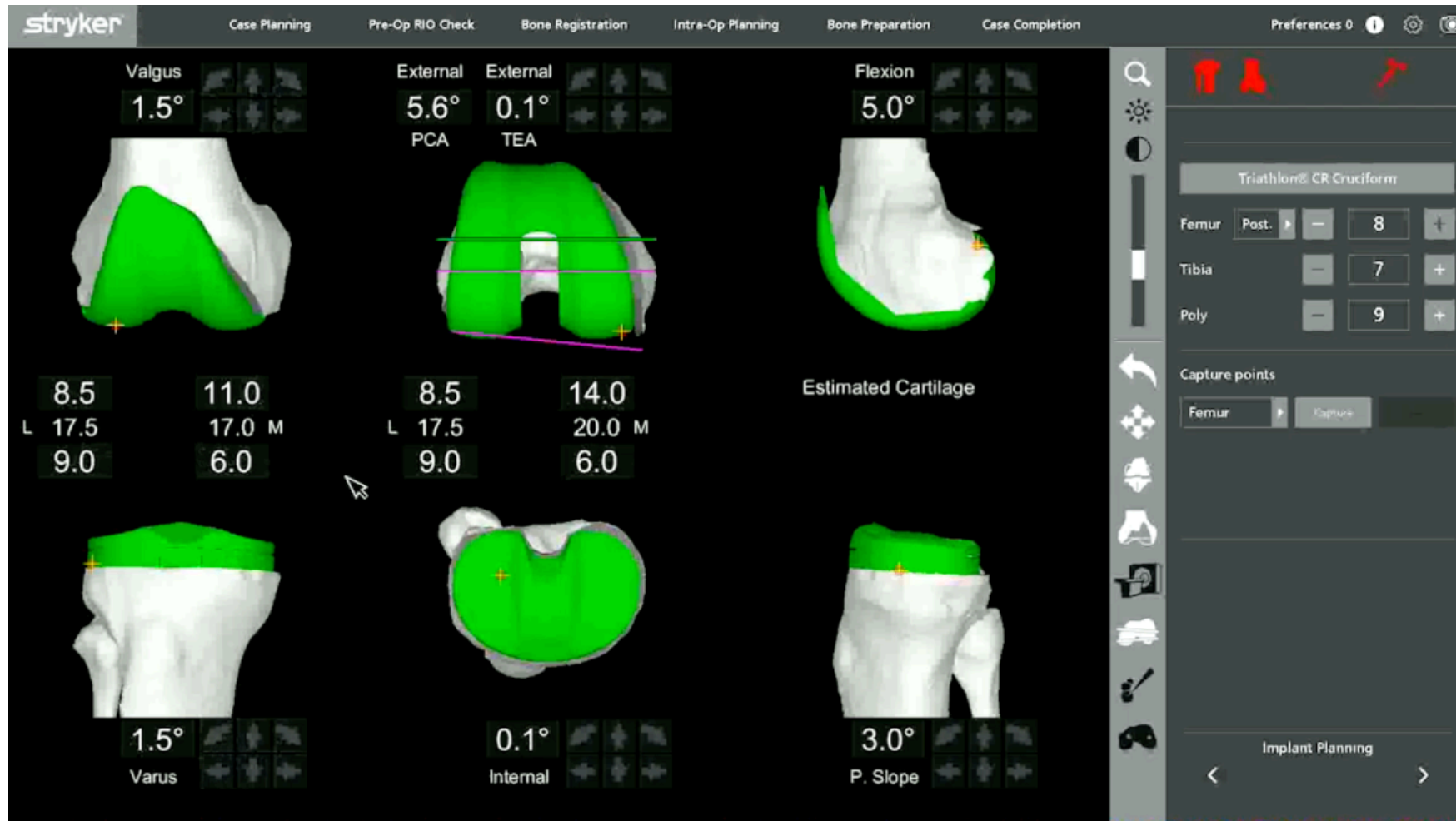
Mako Total Knee bone registration

stryker



Mako Total Knee patient specific planning

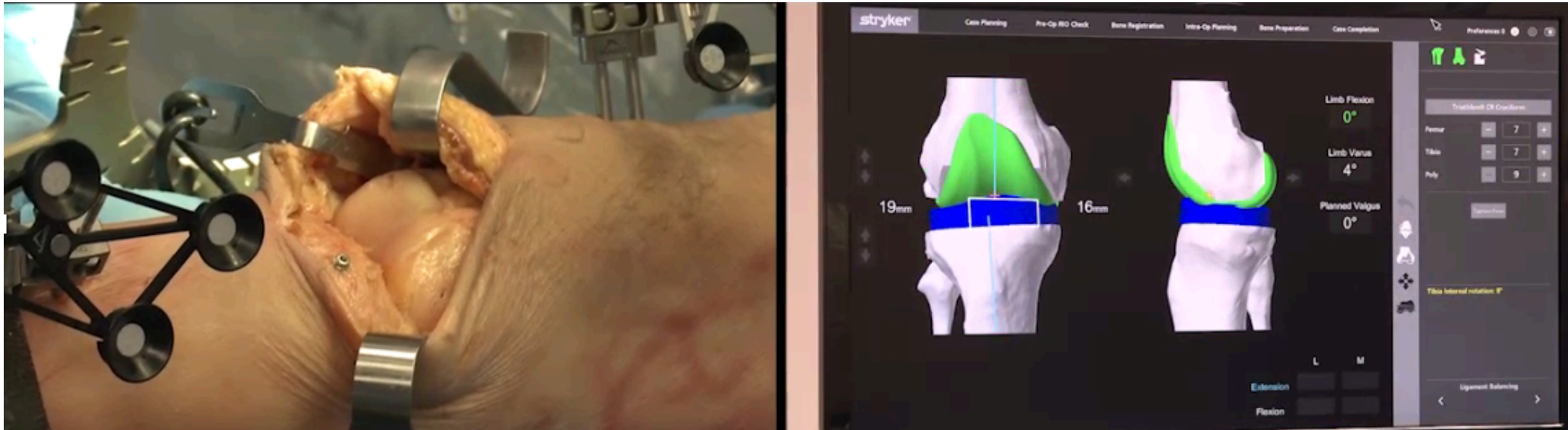
stryker



Mako Total Knee

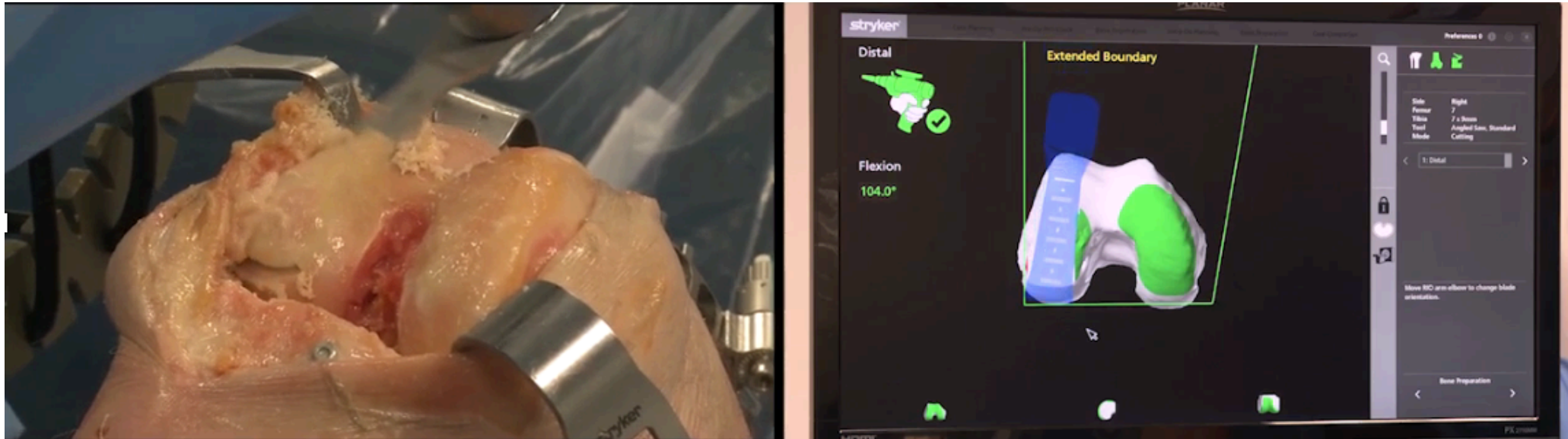
dynamic joint balancing

stryker



Mako Total Knee femoral bone cuts

stryker



stryker



Mako Robotic-arm Assisted Surgery with Triathlon



Performance Solutions Panel

Stuart Simpson

Vice President & General Manager, Commercial

Stryker's Performance Solutions



Background



Value proposition

- Improved quality of care
- Reduced episode cost of care
- Improved patient satisfaction
- Proprietary digital platform
- Long-term partnership

At a glance:

28
MDs, Fellows & Masters

20
Implementation team

>270
Customers

20
Analytics team
>700,000
Episodes

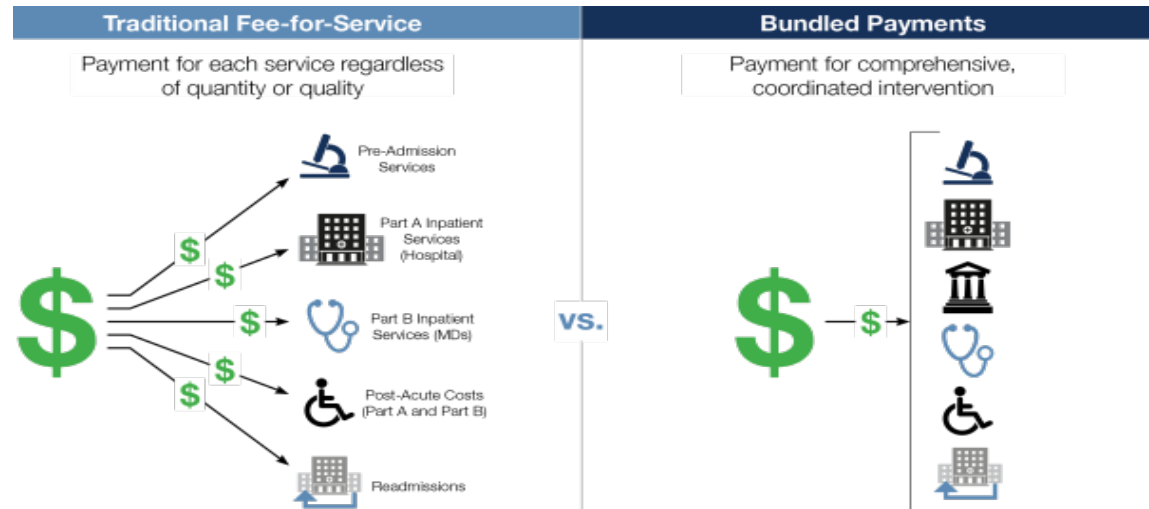
Why does it **matter**

- Value-based purchasing is here to stay
- CMS target 80% EPM by 2020
- Private payors will follow
- Hospital revenue/profit at risk
- Physician payment models changing fast

Stryker's Performance Solutions



Episode Payment Model (EPM)



The future

- Cardiac (92 MSAs) - 2017
- Hip fracture (67 MSAs) - 2017
- BPCI extension – 2017/18
- MACRA (2015) – MIPS & AAPMs - 2018

Value proposition

- Improved quality of care
- Reduced episode cost of care
- Improved patient satisfaction
- Proprietary digital platform
- Long-term partnership

Why does it **matter**

- Value-based purchasing is here to stay
- CMS target 80% EPM by 2020
- Private payors will follow
- Hospital revenue/profit at risk
- Physician payment models changing fast

Performance Solutions Panel



Dr. John R., Schurman II M.D.

- **Orthopaedic surgeon**
- Via Christi Hospital, Wichita
- (CJR Market)
- Kansas Surgery & Recovery Center
- (BPCI for DRG 470)
- Consultant, Stryker Orthopaedics

Mr. Jody White

- **President**
- Lowell General Hospital
- (BPCI for DRG 470)
- SPS Total Joint Destination Center
- SPS support co-management agreement

Mr. Brian McCrone

- **Vice President, SPS**
- Stryker employee 13 years
- Finance background
- SPS employee #2
- Led both acquisitions

Performance Solutions

customer statistics...

stryker

10%

Average post launch
volume growth
(26% top performing)

78%

Average discharge to home vs **51%**
Medicare national average
(86% top performing)

11%

Average increase in
reimbursement

1.6%

Average complication rate vs
3.6% Medicare national
average
(0.5% top performing)

2.4%

Average readmission rate vs **4.8%**
Medicare national average
(1.2% top performing)

1 day

Average length of stay
reduction

\$110million

Amount Performance Solutions
saved Customers in 2015

Cost Transformation for Growth (CTG)

Analyst Day 2016

Lonny Carpenter

**Group President, Global Quality &
Business Operations**

November 2016

Significant change over the past several years

stryker

Setting the baseline

- Quality first
- Plant network optimization
- Sourcing and supply chain optimization
- Organizational design (RHQ/TOM)

Continue to invest

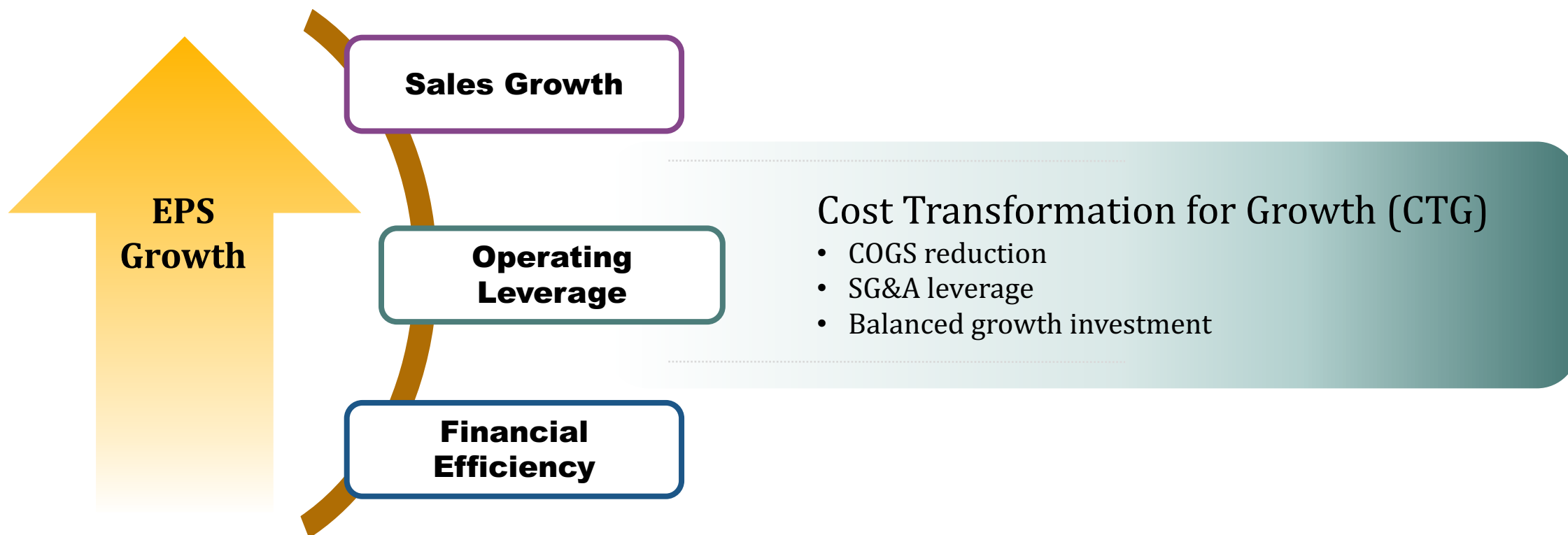
- 40+ acquisitions over the past 5 years
- New product innovation
- Continued expansion into emerging markets

Ongoing headwinds

- Complex and ever changing regulatory environment
- Rising healthcare costs and pricing pressures
- Continued shifting business mix putting pressure on gross margin

Cost Transformation for Growth (CTG) is the next step

Long-term **sustainable growth model**



Cost Transformation for Growth (CTG)

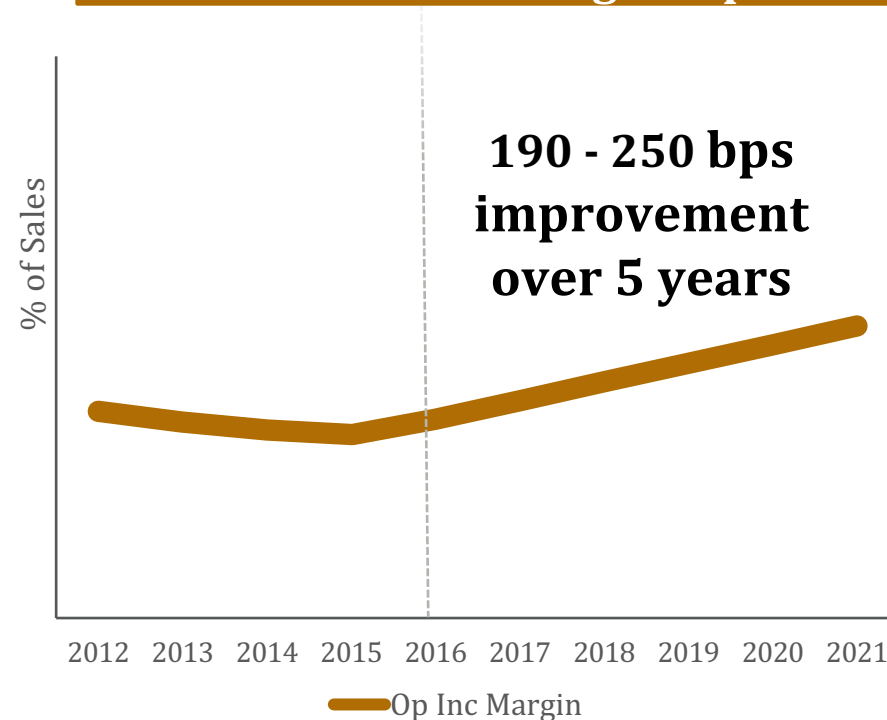
stryker

- Designed to enable long-term leveraged **growth**
- 3 guiding principles:
 - Significantly reduce structural and non-value added costs
 - Continue to reinvest in innovation and expand growth platforms
 - Generate shareholder value

CTG Impact

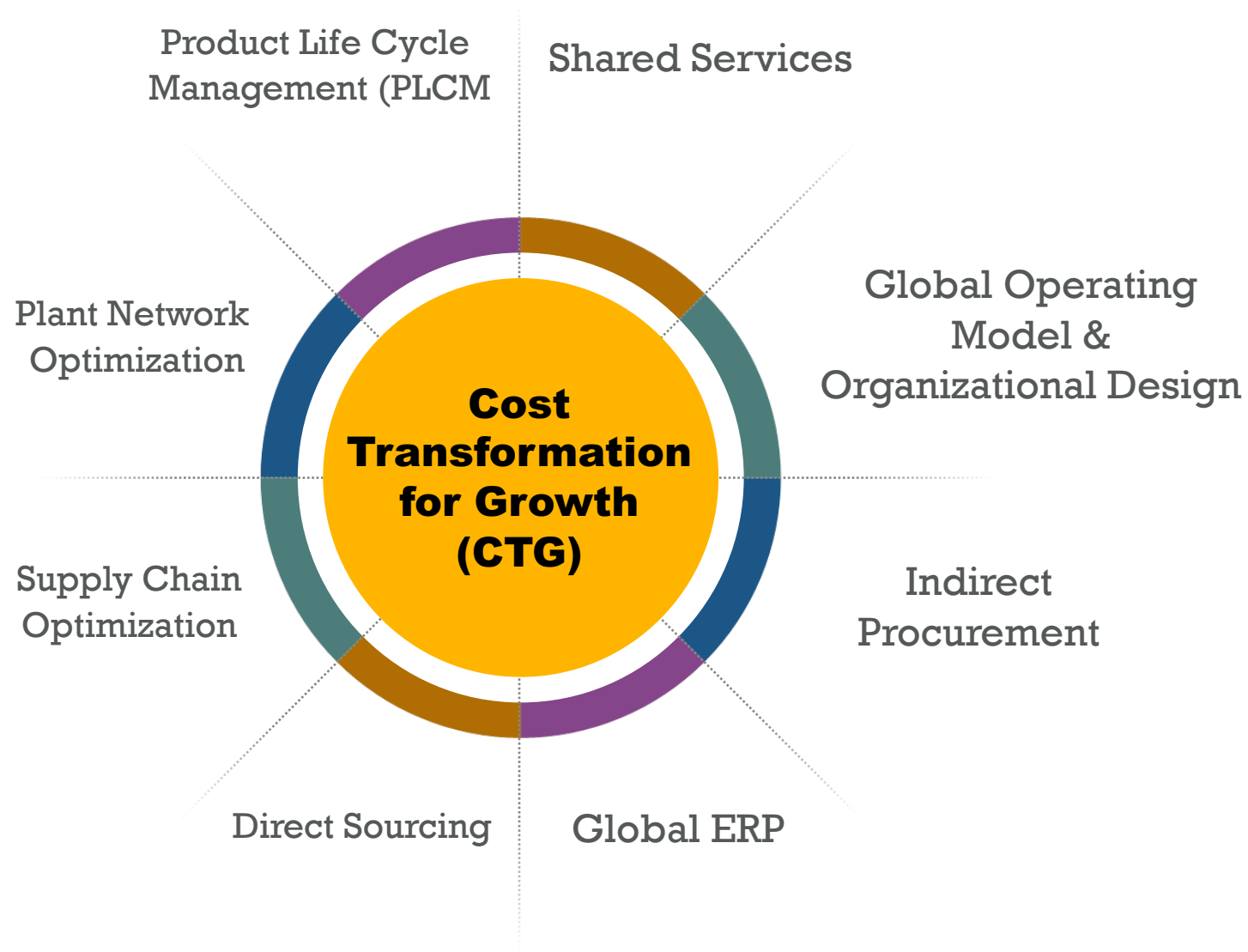
Above market top line growth

...and sustainable margin expansion



Key Initiatives to **Drive CTG**

stryker



Operating Leverage: **COGS Focus**

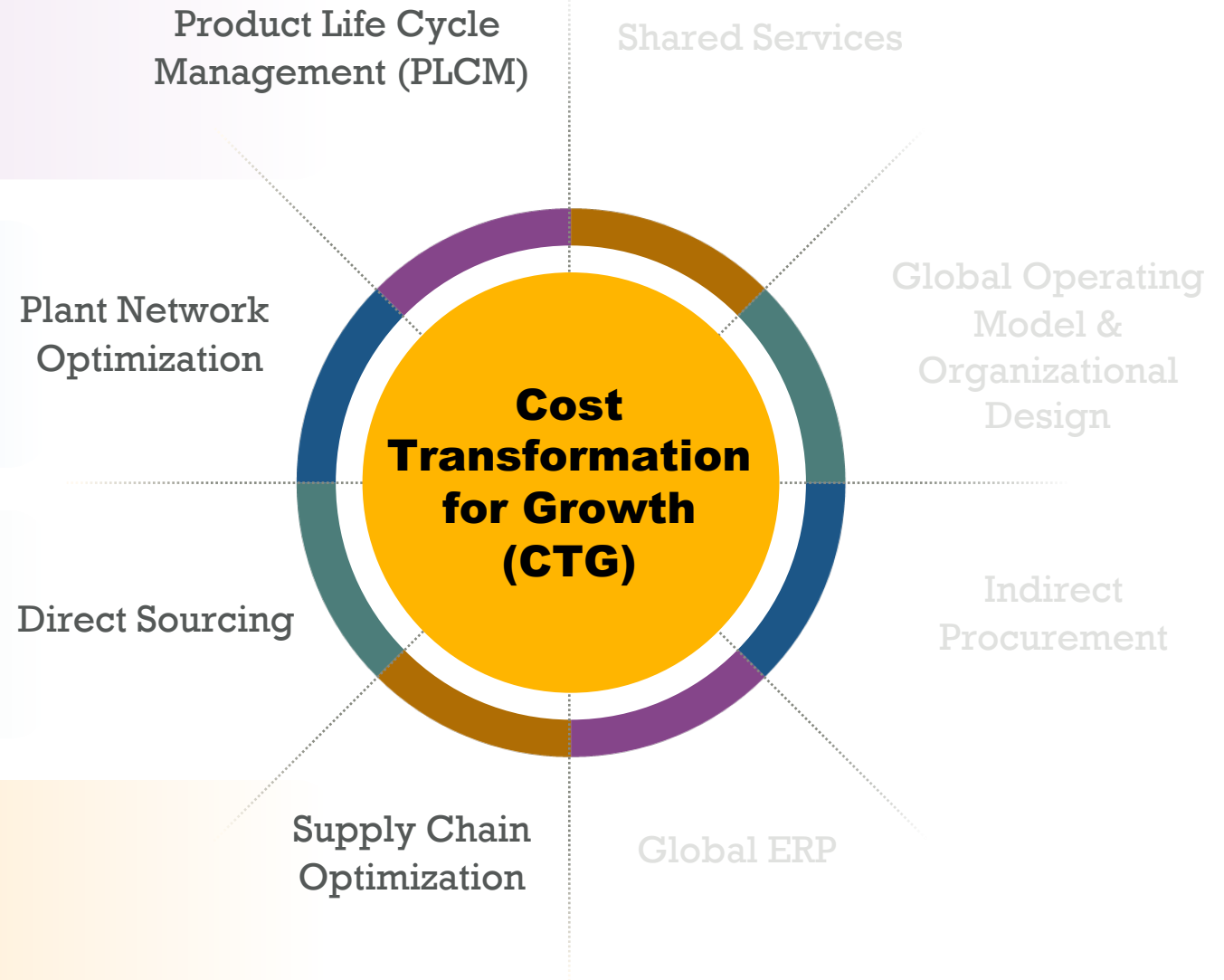
stryker

- Focus on 'winning portfolio' to drive growth, improve mix, and better meet customer needs
- Build global product strategies
- Remove unnecessary complexity & cost

- Drive efficiency and simplify the network
- Unlock additional capacity across the network
- Leverage manufacturing capabilities (Additive)

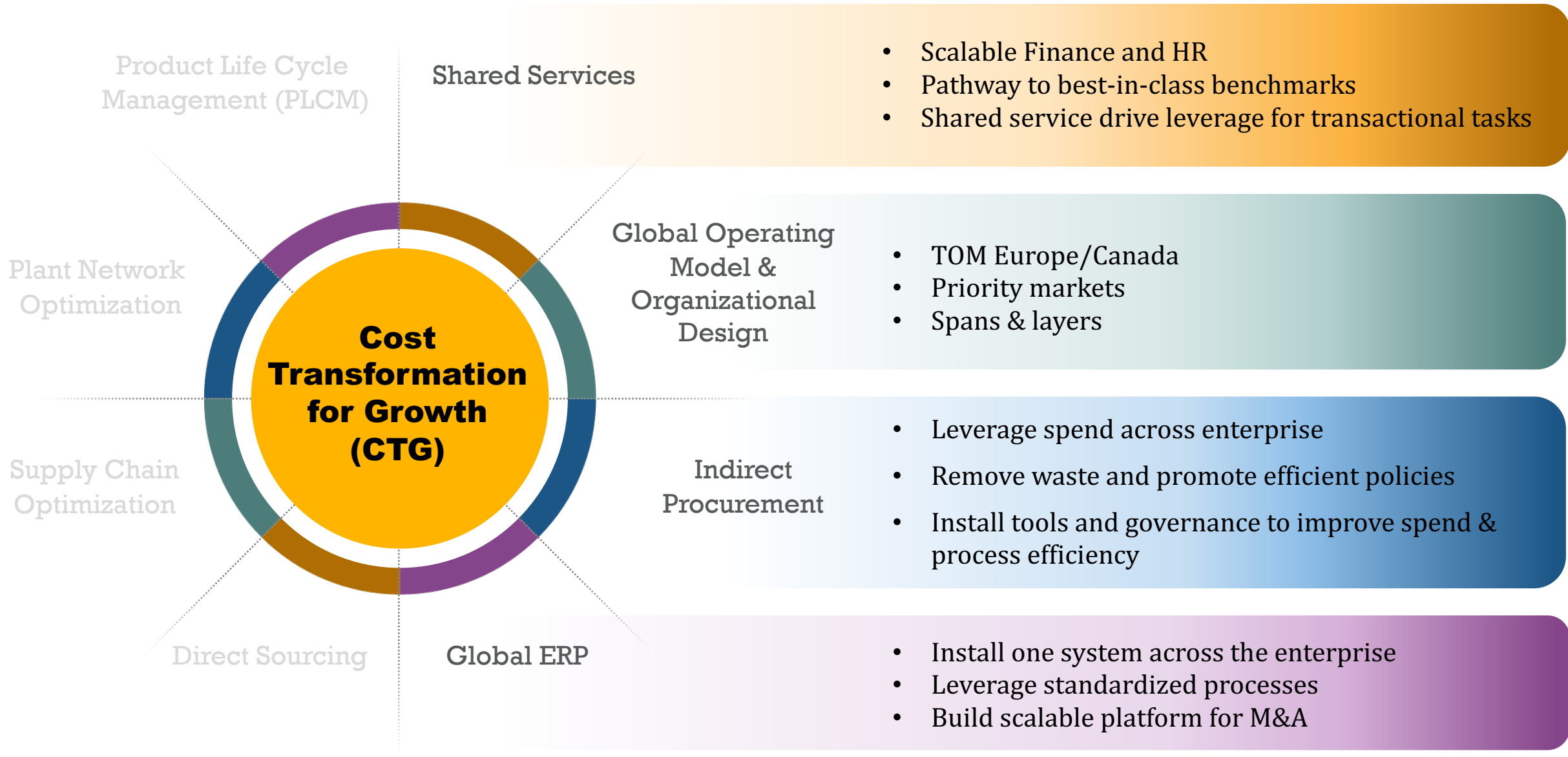
- Consolidation of supplier base
- Renegotiation of supplier agreements
- Focus spend on strategic suppliers

- Network and regional optimization (Indy/Venlo)
- Value added services and centers of excellence
- Build M&A integration excellence



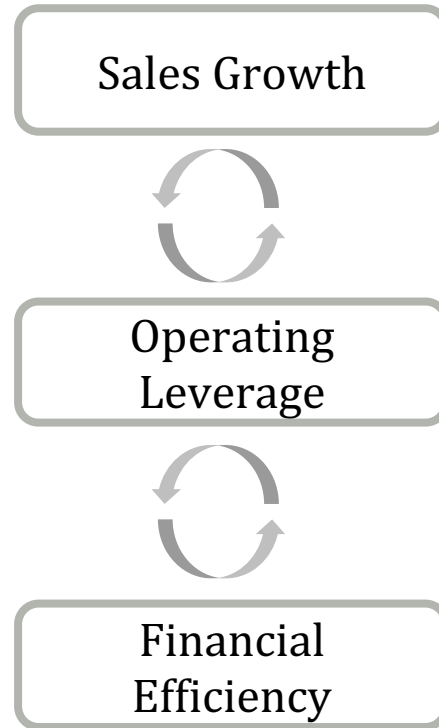
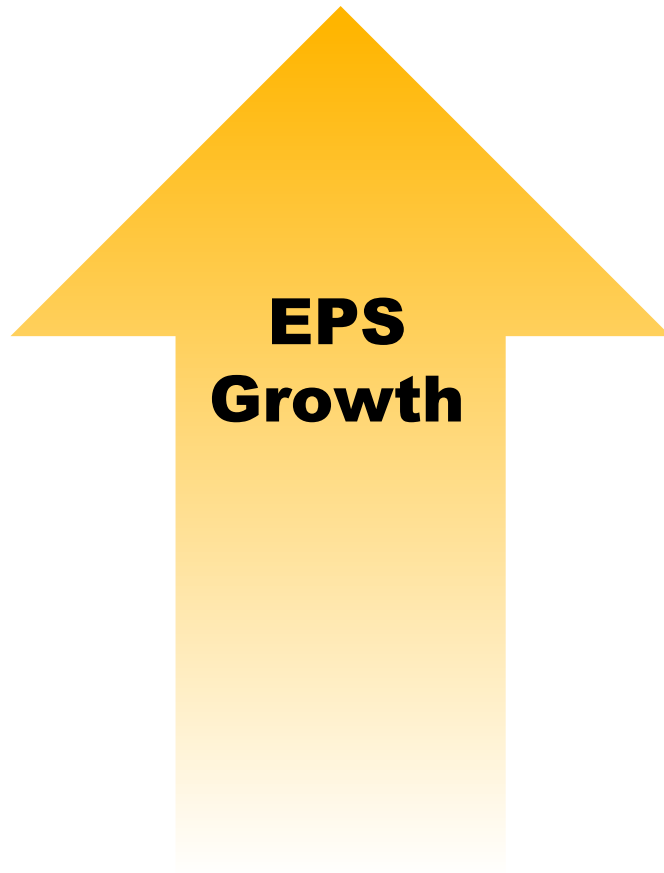
Operating Leverage: **SG&A Focus**

stryker



CTG Value Outcomes

stryker



Over next 5 years, Stryker will:

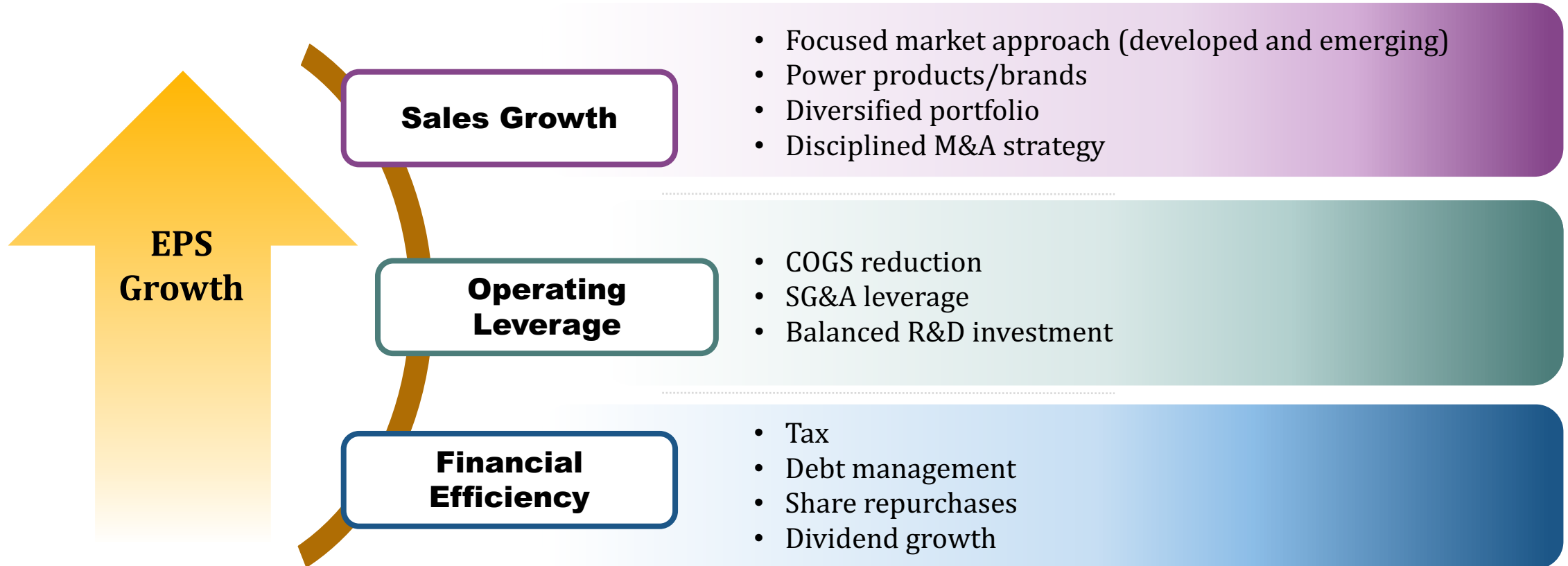
- ✓ **Deliver above market topline growth**
- ✓ **Drive 190-250 bps operating leverage improvement**
- ✓ **Deliver leveraged earnings gains**
- ✓ **Create customer and shareholder value**

2016 Analyst Meeting

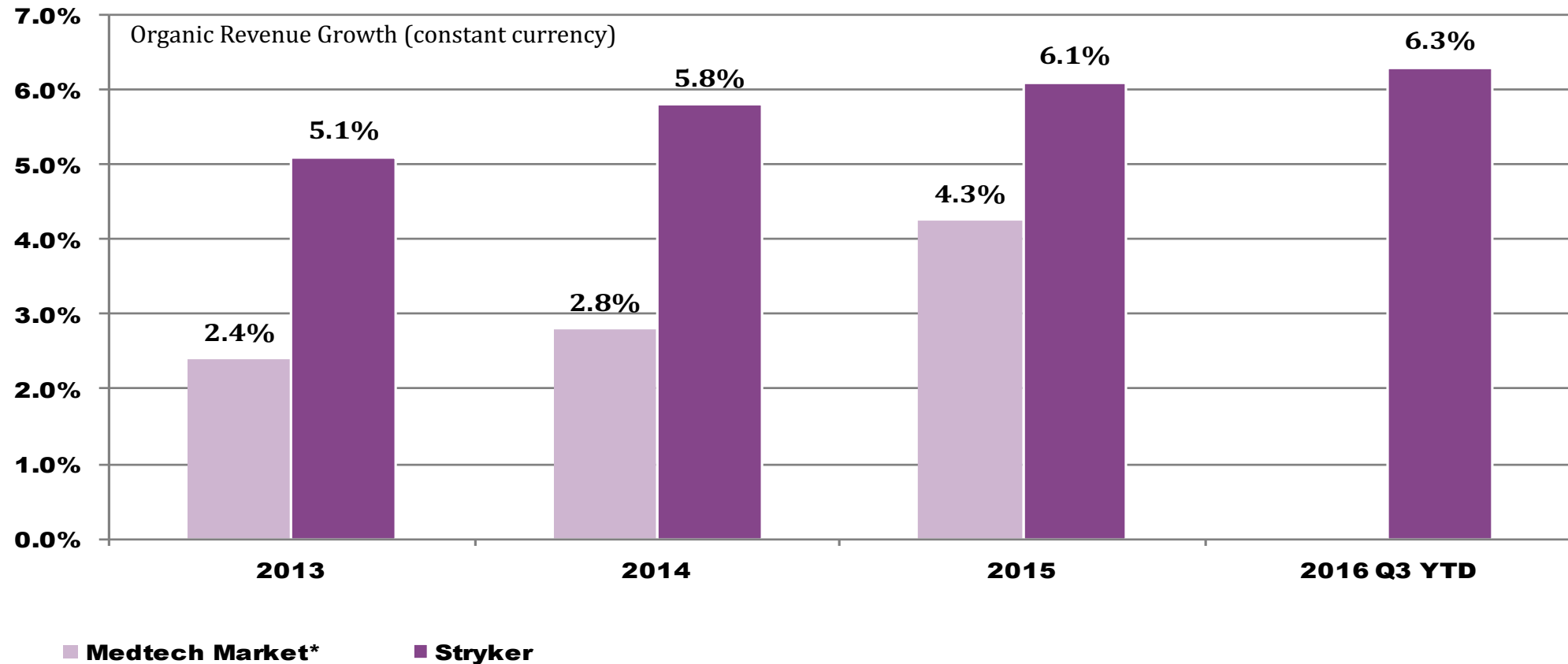
Financial Update

Glenn Boehnlein
Vice President, Chief Financial Officer

Long-term **sustainable growth** model

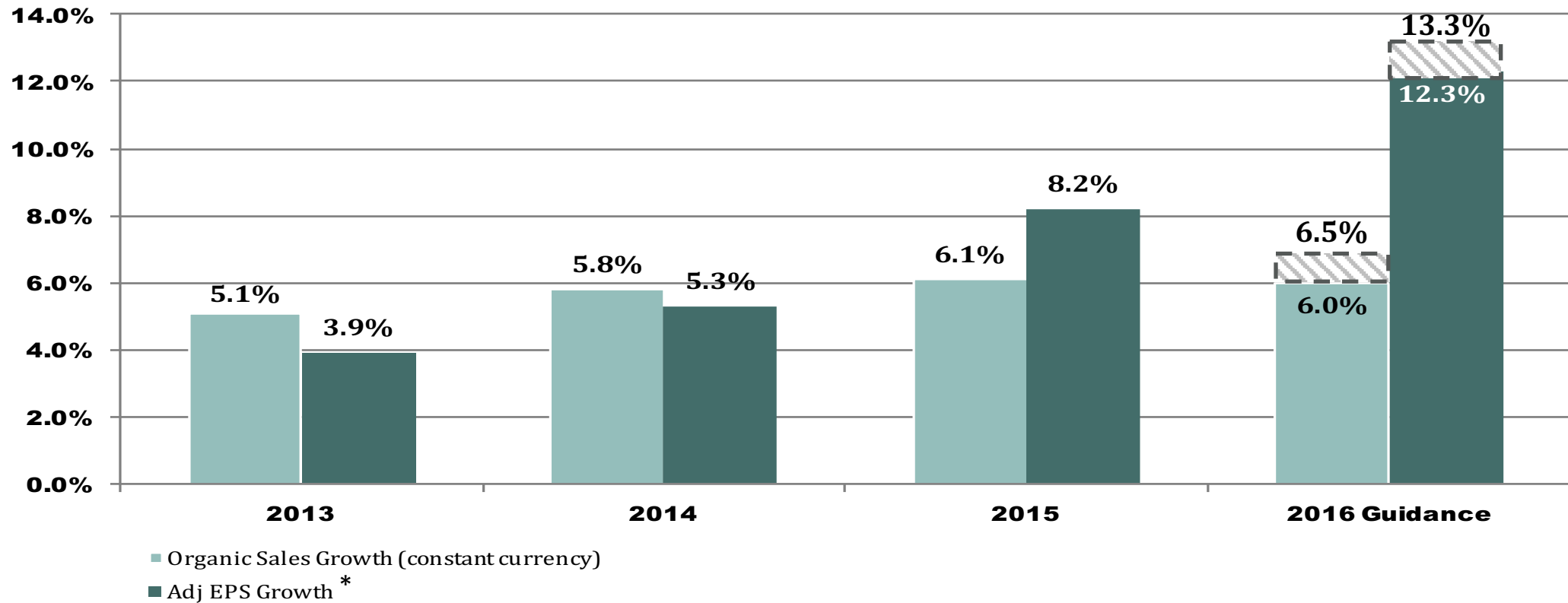


Growth at the high end of Medtech



*Medtech market growth is based on Company research of 20 companies

Delivering leveraged earnings



* A non-GAAP financial measure. The most comparable GAAP financial measure is reported net earnings per diluted share. Refer to Appendix A for a reconciliation of reported diluted net earnings per share to adjusted diluted net earnings per share for the years 2012-2015 and 2016 full year guidance and other important information

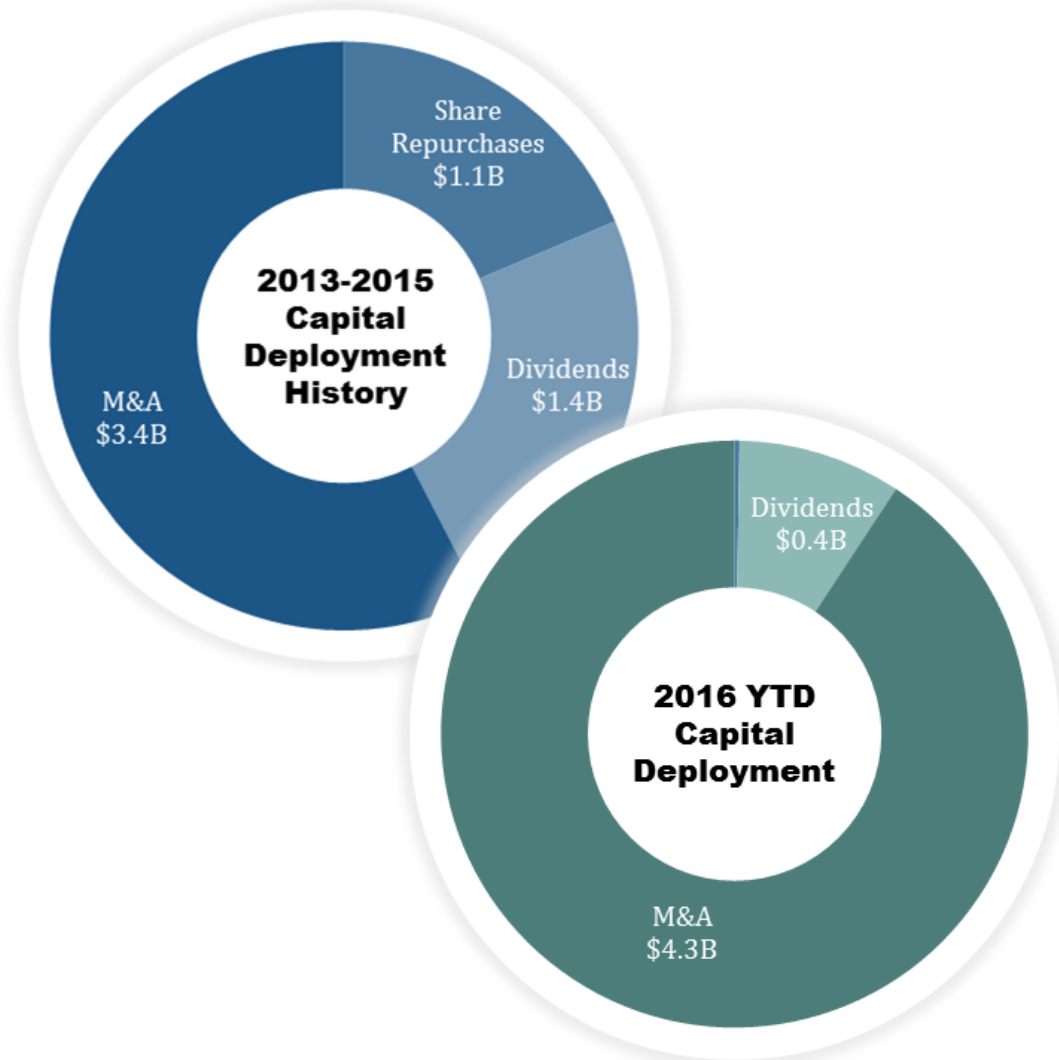
Capital deployment **strategy**

**M&A to drive sales growth
and innovation**

Dividend growth

Share repurchases

2016 Capital Deployment



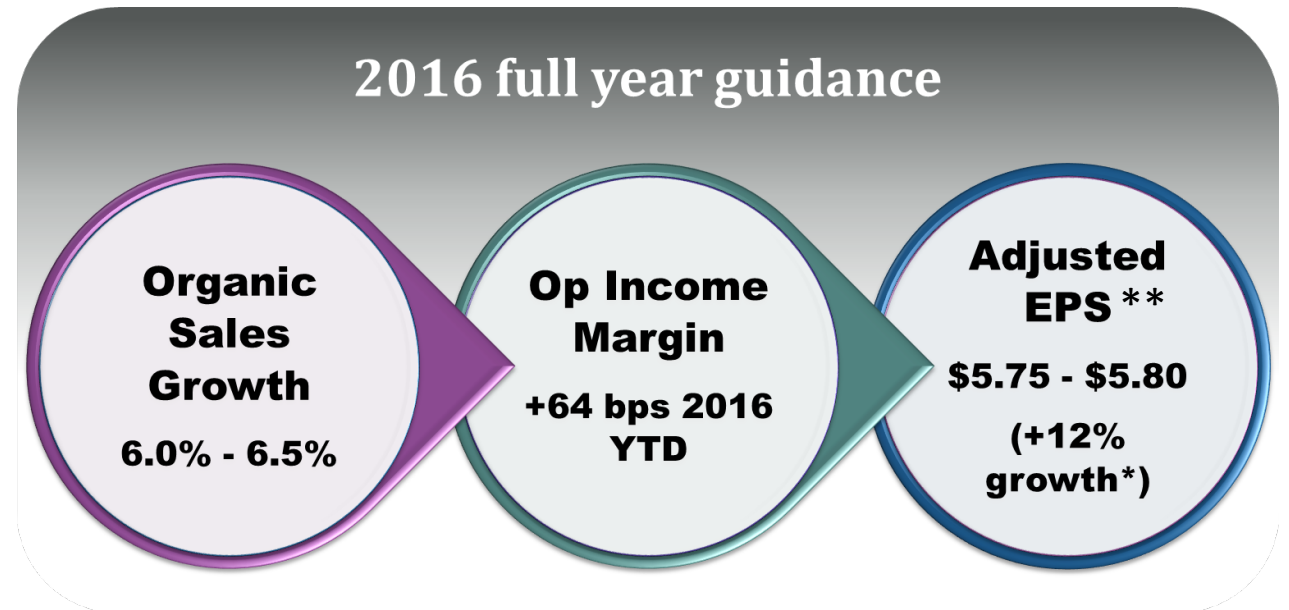
Delivering **2016**

Continued strong organic growth

Accretive acquisition activity

Leveraged cost base

Strong EPS growth



* Adjusted for FX, EPS growth is expected to be 13.5%

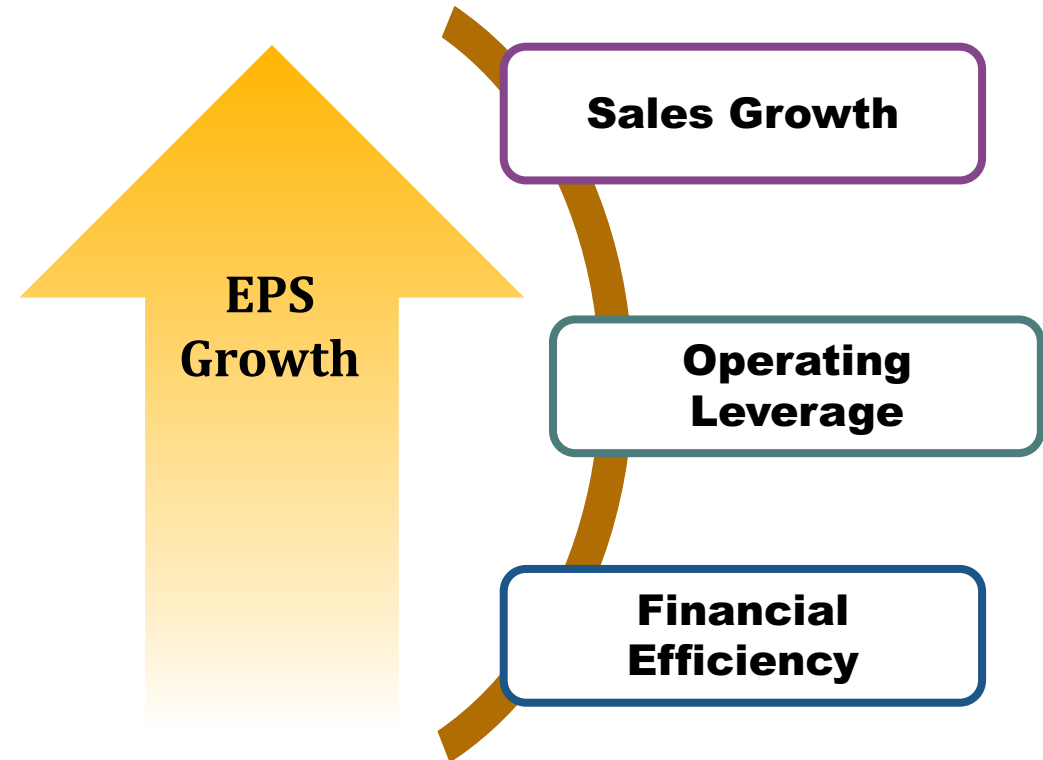
** A non-GAAP financial measure. The most comparable GAAP financial measure is reported net earnings per diluted share. Refer to Appendix A for a reconciliation of expected diluted net earnings per share to expected adjusted diluted net earnings per share for the full year 2016 and other important information

Long-term **sustainable growth targets**

Sales growth at the **high end of med tech, which allows us to drive...**

30 to 50 basis points of annual operating income improvement over the next 5 years, resulting in ...

EPS growth of at least **9% annually**



Appendix A



SUPPLEMENTAL INFORMATION - RECONCILIATION OF GAAP TO 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 adjusted net earnings per diluted share. We believe that these non-GAAP measures provide meaningful information to assist shareholders in understanding our financial results and assessing our prospects for future performance. Management believes the adjusted measures 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 earnings performance on a consistent and comparable basis, we exclude certain items that affect the comparability of operating results and the trend of earnings. 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 net earnings per diluted share, the most directly comparable GAAP financial measure. 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 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.

STRYKER CORPORATION

For the years ended 2012 2013, 2014, 2015 and 2016 full year guidance

RECONCILIATION OF ACTUAL DILUTED NET EARNINGS PER SHARE TO ADJUSTED DILUTED NET EARNINGS PER SHARE

STRYKER CORPORATION

	2012	2013	2014	2015	2016 Guidance	
					Low	High
AS REPORTED	\$3.39	\$2.63	\$1.34	\$3.78	\$4.42	\$4.63
Acquisition and integration-related charges	0.09	0.19	0.17	0.06	0.36	0.25
Amortization of intangible assets	0.23	0.26	0.35	0.39	0.58	0.58
Restructuring-related charges	0.15	0.12	0.20	0.26	0.19	0.14
Rejuvenate and other recall matters	0.35	1.20	1.65	0.55	0.22	0.22
Regulatory and legal matters	0.09	0.17		(0.12)	(0.02)	(0.02)
Donations		0.04				
Tax matters		(0.12)	1.02	0.20		
ADJUSTED	\$4.30	\$4.49	\$4.73	\$5.12	\$5.75	\$5.80