## Financial Overview

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$6,723</td>
<td>$7,320</td>
<td>8.9</td>
</tr>
<tr>
<td>Earnings before income taxes</td>
<td>1,624</td>
<td>1,730</td>
<td>6.5</td>
</tr>
<tr>
<td>Net earnings</td>
<td>1,107</td>
<td>1,273</td>
<td>15.0</td>
</tr>
<tr>
<td>Adjusted net earnings¹</td>
<td>1,180</td>
<td>1,329</td>
<td>12.6</td>
</tr>
<tr>
<td>Diluted net earnings per share of common stock:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>$2.77</td>
<td>$3.19</td>
<td>15.2</td>
</tr>
<tr>
<td>Adjusted¹</td>
<td>2.95</td>
<td>3.33</td>
<td>12.9</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>$1,461</td>
<td>$1,547</td>
<td>5.9</td>
</tr>
<tr>
<td>Dividends paid per share of common stock</td>
<td>$0.50</td>
<td>$0.60</td>
<td>20.0</td>
</tr>
<tr>
<td>Cash and current marketable securities</td>
<td>2,955</td>
<td>4,380</td>
<td>48.2</td>
</tr>
</tbody>
</table>

¹ Adjusted to exclude a property, plant and equipment impairment charge of $76.6 million, net of tax benefit of $46.9 million ($0.19 per share) and a gain on the sale of property, plant and equipment of $13.4 million, net of tax expense of $10.9 million ($0.03 per share) recorded in 2010; income taxes on the repatriation of foreign earnings in 2010 and 2009 (a benefit of $7.4 million ($0.02 per share) and expense of $67.1 million ($0.17 per share) in 2010 and 2009, respectively); and a patent litigation gain of $42.9 million, net of tax expense of $19.6 million ($0.11 per share) and restructuring charges of $48.4 million, net of tax benefit of $18.6 million ($0.12 per share) recorded in 2009.
At Stryker, we’re taking our capabilities beyond our current boundaries and definitions. We’re going deeper into clinical relationships. Expanding our reach across the healthcare landscape. And contributing more completely to patient experiences and outcomes.

All to take our business—and the delivery of innovative solutions for healthcare providers and patients—to the next level.
Dear Shareholders,

You can measure a company’s performance in countless ways. You can slice financial data into earnings, margins and cash flow, or you can track dividends and total shareholder returns.

As the chief executive of Stryker, I want to begin this letter by pointing you toward what I consider the single most crucial indicator of our success in 2010: our spirit. This incredibly intangible asset produced highly tangible results for you, our shareholders, this year.

The willingness of our people to embrace competitive, economic and organizational challenges was unprecedented, and they responded with the drive, energy and optimism that are the hallmarks—the backbone, really—of our company. Our employees have prepared us to perform at a higher level in our industry, with our partners and customers, and especially for the thousands of patients whose bodies we repair and whose lives we improve. It is their work, along with the dedication and direction from our leadership teams and our Board of Directors, that made 2010 the culmination of years of planning and intense focus on achieving the next level for our organization.

Here are some of our most significant steps forward in 2010, none of which would have been achieved without the passion and determination of our over 20,000 Stryker employees:

- Amid a persistently fickle global economy that posed challenges to many medical technology companies, we delivered revenue and earnings growth at the high end of our expectations;
- Stryker’s financial strength, particularly our continued robust cash flow,
In many ways, 2010 was a defining year for us, the result of many years of planning and work by our Board, our leadership teams and our employees. It was a year where we accelerated our financial performance, delivered on our priorities in strategic areas of focus, and broadened our opportunities through acquisitions in new and adjacent growth platforms.

**Accelerating our performance**

Our financial performance in 2010 reflected our preparation and discipline. Our company generated net sales of $7.32 billion, an increase of 8.9% over 2009. This growth continued Stryker’s unbroken streak of year-on-year sales increases, and exemplified our ability to adapt to—and take advantage of—evolving marketplace and economic conditions. Adjusted diluted net earnings per share increased 13% to $3.33 in 2010, exceeding our early projections. But it was our ongoing focus on operational cash flow—which exceeded $1.5 billion for the first time—that fueled our progress this year. The availability of cash enabled us to take a number of important steps to reshape the company, diversify our offerings and enhance our competitive position.

enabled us to take on multiple acquisitions in 2010 that advanced our growth strategy—most notably, the purchase of Boston Scientific’s Neurovascular business, which we completed in early 2011;

- Our unique combination of businesses continued to provide revenue stability and strong growth. While sales of Orthopaedic Implants grew for every major franchise, that growth was outpaced by the performance of our MedSurg businesses, which rebounded from a challenging 2009 and recorded 16% year-on-year sales growth;

- Our ongoing investment in the redesign and execution of our quality systems resulted in the lifting of the three remaining Warning Letters from the Food and Drug Administration (FDA);

- For the first time, we made FORTUNE magazine’s “100 Best Places to Work For” list, debuting at number 68, which is a true testament to the Stryker spirit and our great culture;

- And, despite the ongoing uncertainty in the global economic environment, we enter 2011 optimistic about our prospects for growth in every one of our global franchises.
“As we continued our work to improve the lives of patients and caregivers, we maintained our focus on five key strategic areas.”

This generation of cash from operations also directly benefitted our shareholders, who saw a 20% increase in dividends paid per share in the year. Our repurchase of 8.3 million shares at a cost of $426 million also strengthens the ownership stake of each of our shareholders.

**Delivering on our priorities**

As we continued our work to improve the lives of patients and caregivers, we maintained our focus on five key strategic areas: 1) putting quality first in everything we do; 2) anticipating and satisfying our customers’ needs; 3) offering innovations that help our customers achieve their goals; 4) developing our people and making a real difference in their careers and lives; and 5) delivering to our shareholders the return on investment that they deserve.

While focusing on customers’ needs and developing our people is at the core of all our activities, our ability to constantly improve quality, drive innovation and manage costs were the three “levers” that drove our performance in 2010, for both the short term and the long haul.

**Quality**

The transformation of quality from a compliance process to a long-term competitive advantage gained significant ground at Stryker this year. Where once we had 23 different quality systems across 23 different manufacturing locations, we moved aggressively toward implementing a single process for quality across the company in order to better serve our customers around the world. This $200 million multi-year effort has added deep technical expertise, regulatory insight and individual ownership of specific quality processes. And rather than focusing on correcting deficiencies in our quality processes, our emphasis is on driving systemic improvements designed to create a world-class quality discipline throughout the company. Our quality work is far from done, and our intensity and focus will continue. But a clear indication of our progress in 2010 was the lifting of the three remaining FDA Warning Letters issued in 2007 and 2009.
We feel encouraged by our speed in addressing the concerns raised in the Warning Letters and the progress and dialogue we’ve established with the FDA. Our goal is to become a benchmark for our industry that all of our customers and their patients can consistently rely on for world class products and services.

Innovation
We finished 2010 in a stronger position to deliver innovation, both through our internal investments in product development as well as the innovation pipelines we gained through acquisitions made during the year. Many of our core product franchises—hips, knees, trauma, spine, surgical equipment and navigation systems, endoscopic and communications systems, and patient handling and emergency medical equipment—delivered new technologies in 2010. Our technologies and processes produced 108 new U.S. patents in 2010, which indicates the vitality of our research and development streams. As we continue to expand our role in the lives of caregivers and patients and in the operations of healthcare networks, we expect to make larger investments in innovation that will help us continue our exceptional track record of growth as we become an even stronger global leader in the medical technology industry.

Costs
The global economic environment continues to put the healthcare industry under considerable pressure to control costs. In response, we have concentrated on managing our own business more efficiently. In the last year, we’ve taken steps to coordinate key functions within the company, such as quality, procurement, distribution, manufacturing, logistics, financial systems, human resources and information technology—areas where scale, integration and consistency can deliver tremendous operational and financial advantages.

Stronger coordination drives operational efficiencies. At the same time, it frees our individual, entrepreneurial businesses and their leaders to focus their market-specific expertise on product innovation, customer relationships and top-line growth. We expect our increase in internal coordination to not only increase the consistency of our own practices and the effectiveness of our systems, but, as a result, become even more effective at collaborating with customers and delivering products and solutions that make them more efficient.
“The acceptance of change and the opportunity to reinvent ourselves is both a great challenge and a great growth experience for Stryker.”

Broadening our opportunities
From December 31, 2009, when we completed our acquisition of Ascent Healthcare Solutions, to January 3, 2011, when we completed the acquisition of the assets of Boston Scientific’s Neurovascular division, Stryker initiated or closed five significant acquisitions. That’s a lot of work in 368 days, but they represent a big opportunity going forward.

We intend to be a significant competitor in every market where we compete. The acquisition of Boston Scientific’s Neurovascular business is a significant part of a long-term strategy to make a bigger impact in the healthcare arena and greatly expand our footprint in a highly innovative, high-growth space—moving us from a solid player to the leader in neurovascular. The acquisition is projected to add over $300 million in annual revenue to our existing $320 million neurotechnology business.

But more important, it creates a continuum of capability that extends from skull and facial reconstruction procedures and spinal surgeries to stents, coils and other medical technologies used to treat aneurysms and cerebrovascular disease.

Together, we believe these capabilities give us an offering that addresses more of the human body—and better positions us across this valuable market.

Greater clinical reach and relevance were also behind our Ascent acquisition. Ascent’s strengths in reprocessing and remanufacturing medical devices are enhancing Stryker’s relationships with hospital management and operations.

Our remaining 2010 acquisitions, Gaymar Industries, the MEDPOR assets of Porex Surgical, Inc. and the Sonopet Ultrasonic Aspirator, fit our existing expertise and capabilities, but add key strengths. Gaymar, a supplier of high-performance support surfaces for hospital beds, gives us solutions for alleviating bed sores and managing patients’ body temperature; MEDPOR products are implantable porous polyethylene products that are used in reconstructive surgery of the face, eye and head and expand our presence in the craniomaxillofacial (CMF) market; and the Sonopet Ultrasonic Aspirator is used for soft tissue and fine bone dissection in neurosurgery. Together, these acquisitions extend our core offerings into adjacent markets where we have a presence and knowledge base, and give us a broader product offering to patients and clinicians.
The global healthcare market continues to evolve—transforming under the forces of regulation, cost pressures and patient demand. At Stryker, we intend to lead that evolution. To do that, we need to compete and perform at the next level—for our colleagues, for our investors and, most importantly, for our healthcare providers and their patients.

Increasingly, we see a shift in purchasing decisions from individual physicians and physician groups to larger provider networks, administrators and executives, all of whom prioritize cost improvement alongside effective patient outcomes. With the advances in efficiency we have made, coupled with our innovation and longstanding role in caregivers’ lives, we believe that we’re in an ideal position to become the provider of choice and a source of broad healthcare solutions.

Bringing solutions like lean technology, systems thinking and consulting to hospitals and physicians requires our businesses to think more broadly across our product lines and function more collaboratively across our separate sales organizations. So over the coming years, we will be coordinating our offerings company-wide to provide customers a more streamlined experience.

The acceptance of change and the opportunity to reinvent ourselves is both a great challenge and a great growth experience for Stryker. To give us the broad perspective and insights we desire to achieve the next level of performance, we expanded the size of our Board of Directors and elected two new directors in 2010: Dr. Roch Doliveux and Allan Golston. Roch is Chief Executive Officer and Chairman of the Executive Committee of UCB S.A., a global biopharmaceutical company based in Belgium. As a globally minded healthcare executive with a strong focus on patients and innovation, his experiences across the global healthcare landscape will be invaluable.

Allan has served since 2006 as President, United States Program, for the Bill & Melinda Gates Foundation and is a director for Malt-O-Meal, a privately held breakfast cereal corporation. He previously served as the Chief Financial and Administrative Officer for the Gates Foundation and Director, Finance for Swedish Health Services in Seattle, Washington. We expect to benefit from Allan’s experience as a hospital finance executive, as well as his role at the Gates Foundation. I’m thankful to the Board and to our employees for their contributions in 2010 and toward our future.

It’s an understatement to say that 2010 was an eventful year for Stryker. It was a transforming year. A year ago at this time, we wrote that we were ready to play offense again. Today, we’re proud to be putting some points on the board. The Stryker spirit is alive and well, and we’re growing, investing wisely in our future and delivering results. And we believe we’re ready for the next level.

Sincerely,

Stephen P. MacMillan
Chairman, President and Chief Executive Officer
Better lives. Greater ingenuity. Higher quality. Smarter execution. Broader capabilities. This is how Stryker is moving the frontiers of medicine forward—and taking our own performance to the next level. Here are five important steps forward.
MAKING MOBILITY MORE ACCESSIBLE

In just over 15 years, the Scorpio Knee System has been implanted in more than one million patients worldwide. Now, by launching the Scorpio ClassiQ Knee System in India, Stryker is making affordable, high-quality knee replacement available to more patients in emerging markets around the world. While current Indian implants are accessible to a relatively small portion of senior citizens, Scorpio ClassiQ will cater to a much broader segment of the population. Dr. Milind Patil of the Revival Hospital, who conducted the first Scorpio surgery in Thane, India, lauds the product’s ability to reach more emerging markets patients without compromising quality or care. Over the next two years, the Scorpio ClassiQ Knee System will be introduced in countries throughout Latin America and Asia.
"With Scorpio ClassiQ, we can now provide patients with a great implant, and they can have their total replacement at a low cost without any compromise in quality."
This is the story of Francesca B., a remarkable Romanian who began walking at the age of 27, thanks to the extraordinary combined efforts of a karate champion, a surgeon and Stryker’s business in Switzerland. Francesca was born with a congenital bilateral knee dislocation that prevented her from walking her entire life. In 2007, karate champion Jean Marc Tonus found Francesca begging on the streets of Geneva, Switzerland. He was determined to help her find a way to walk and was soon joined in this effort by Cedric Bagnoud of the Swiss Stryker team. Bagnoud contacted Dr. Olivier Borens at CHUV Hospital in Lausanne, Switzerland, who concluded that the best solution for Francesca was an arthrodesis—connecting her two bones using Stryker’s Wichita fusion nail. While we sponsored part of the surgery and donated the implants, Tonus raised money and CHUV Hospital gave Francesca post-operative physical therapy and special orthopaedic shoes free of charge. Thanks to the talented medical professionals responsible for her treatment, along with the support of the community and our innovative technologies, today Francesca walks by herself and is free to build a bright new future.
Francesca’s bones were connected by a Stryker Wichita Fusion Nail.

Before surgery, her knee had normal rotation.

Next level
Hospital executives have so many worries to keep them up at night. Downtime in the operating room shouldn’t be one of them. That’s why Stryker’s ProCare Plus preventative maintenance program gets such high praise—for making sure that hospital operating rooms have minimal downtime and run efficiently and effectively. ProCare helps hospitals stay up and running, cut costs and improve patient outcomes and safety. Hospital staff persons’ admiration for Stryker starts with the seamless year-round process. We proactively maintain equipment at regular intervals to ensure that it stays in top working condition. We even provide loaners so clinicians aren’t left without vital equipment. Best of all, by keeping surgical delays to a minimum, patients receive better outcomes. When failure is not an option, we are there to provide best-in-class service to hospitals.
INVESTING IN THE FUTURE

The following acquisitions have positioned Stryker to lead the way to better healthcare delivery, patient experiences and clinical performance.

**Gaymar** Specializing in support surface and pressure ulcer management solutions, as well as products for the temperature management segment of the healthcare industry, Gaymar has been our Medical division’s primary supplier of high-end surfaces for the past 10 years. As part of our company, Gaymar will help introduce us to new markets that yield innovative technologies and growth opportunities.

**Neurovascular** The acquisition of the assets of Boston Scientific’s Neurovascular division will position us to be a leader in the neurovascular market, one of the fastest-growing and most innovative sectors in medical technology. Neurovascular’s products have the potential to save lives by addressing the need for ischemic stroke treatment devices.

**MEDPOR** These implantable porous polyethylene products used in reconstructive surgery of the face, eye, and head further expand our presence in the craniomaxillofacial (CMF) and oculoplastic markets and allow us to broaden our product offerings to both patients and clinicians.

**Ascent** The Ascent acquisition enables Stryker to provide reprocessing and remanufacturing services to hospitals and surgery centers, offering a greener, more cost effective alternative. In addition to saving hospitals hundreds of thousands of dollars, reprocessing eliminates millions of pounds of medical waste every year that would otherwise have entered local landfills.

**Sonopet** With the Sonopet Ultrasonic Aspirator, neurosurgeons are able to effectively address fine bone dissection as well as soft tissue removal. This greatly extends surgeons’ capabilities and enables them to deliver better clinical outcomes.
INNOVATION
BREAThes
NEW LIFE

Parkinson’s disease had stolen away Janie Shepherd’s quality of life. This degenerative disorder of the central nervous system had advanced to the point where many of the joys, and even simple daily tasks, were impossible. She couldn’t hold her grandchild. Couldn’t cook. Couldn’t eat or brush her teeth without a helping hand. That’s when Janie’s neurosurgeon, Dr. Amr El-Naggar, began to employ deep brain stimulation, a promising treatment for Parkinson’s. Its effectiveness relies on pinpointing the precise location for stimulation. To ensure superior accuracy, Dr. El-Naggar relies on Stryker’s Navigation System. He feels strongly that the precision and flexibility of this navigational software makes a definitive difference in his patients’ outcomes. The impact on Janie’s life has been dramatic. Today, her debilitating tremors are long gone.

JANIE SHEPHERD

“I know there’s no cure for Parkinson’s. But the shaking and the tremors—now I’ve got the best of it.”
DR. AMR EL-NAGGAR
“Stryker proved to us that they are the people leading in the field because of the people they are. The machine is good, but the people are much, much better.”
BOARD OF DIRECTORS

LEFT TO RIGHT

Stephen P. MacMillan
Chairman, President and
Chief Executive Officer, Stryker
Corporation

Roch Doliveux, D.V.M.† ‡
CEO and Chairman of the
Executive Committee of UCB
S.A., a global pharmaceutical
company; former CEO of Pierre
Fabre Pharmaceuticals and
President of Schering-Plough
International, a subsidiary of
Schering-Plough Corporation

Srikant M. Datar, Ph.D.* **
Senior Associate Dean and
Director of Research at the
Graduate School of Business
Administration of Harvard
University

Ronda E. Stryker† ‡
Granddaughter of the founder
of the Company and daughter
of the former President of the
Company; Vice Chairman and
Director of Greenleaf Trust

William U. Parfet* ‡
Chairman and Chief Executive
Officer, MPI Research, Inc.

Howard L. Lance** †
Chairman, President and Chief
Executive Officer, Harris
Corporation

Louise L. Francesconi* ‡
Former President of Raytheon
Missile Systems, a Raytheon
Company business

Howard E. Cox, Jr.** †
Partner, Greylock

Donald M. Engelman, Ph.D.**
Eugene Higgins Professor
of Molecular Biophysics and
Biochemistry, Yale University

Allan G. Golston* **
President, United States
Program for the Bill & Melinda
Gates Foundation

* Audit Committee
** Finance Committee
† Compensation Committee
‡ Governance and
Nominating Committee

NOT PICTURED

John W. Brown
Chairman Emeritus

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OFFICERS

Stephen P. MacMillan
Chairman, President and Chief
Executive Officer

Jeanne M. Blondia
Vice President and Treasurer

Lonny J. Carpenter
Group President, Global Quality
and Operations

Andrew G. Fox-Smith
Group President, International

Curt E. Hall, Esq.
Vice President, General
Counsel, and Secretary

Curt R. Hartman
Vice President and Chief
Financial Officer

Marcia S. Kaminsky
Vice President, Communications
and Public Affairs

Eric Lum
Vice President, Tax

Tony M. McKinney
Vice President, Chief
Accounting Officer

Michael P. Mogul
Group President, Orthopaedics

Anne L. Mullally
Vice President and Chief
Compliance Officer

Katherine A. Owen
Vice President, Strategy
and Investor Relations

James B. Praeger
Vice President, Finance
Training, Development and
Internal Audit

Michael W. Rude
Vice President, Human
Resources

Timothy J. Scannell
Group President, MedSurg
and Spine

Elizabeth A. Staub
Vice President, Global
Regulatory Affairs and Quality
Assurance
OPERATING GROUPS AND DIVISIONS

GLOBAL QUALITY AND OPERATIONS
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Group President

ORTHOPAEDICS
Michael P. Mogul
Group President

Osteosynthesis
Vivian Masson
President

MEDSURG AND SPINE
Timothy J. Scannell
Group President

Instruments
James N. Heath
President

Medical
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President

Endoscopy
William R. Enquist
Global President

Spine
Spencer S. Stiles
President

Ascent Healthcare
Ricardo M. Ferreira
President

Neurovascular
Mark H. Paul
President

INTERNATIONAL
Andrew G. Fox-Smith
Group President

Europe
Laura Piccinini
President

Emerging Markets
James L. Cunniff
President

Japan
Xavier Berling
President

Canada
David A. Murphy
General Manager

South Pacific
Phillip S. Nicholl
Managing Director

OTHER INFORMATION

Independent Registered Public Accounting Firm
Ernst & Young LLP, Grand Rapids, Michigan

Transfer Agent and Registrar
American Stock Transfer & Trust Company, LLC

Shareholders needing information regarding their certificates or dividends should contact:
American Stock Transfer & Trust Company, LLC
Operations Center
6201 15th Avenue
New York, NY 11219
800 937 5449
info@amstock.com

Investor Contact
Katherine A. Owen,
Vice President, Strategy and Investor Relations

Business Development Contact
Bryant S. Zanko
Vice President, Business Development

Annual Meeting
The Annual Meeting of Shareholders of Stryker Corporation will be held at the Radisson Plaza Hotel & Suites at The Kalamazoo Center in Kalamazoo, Michigan, on Tuesday, April 26, 2011, at 2:00 p.m. ET.

Form 10-K
The company files a Form 10-K with the Securities and Exchange Commission. Shareholders wishing a copy of the 2010 report may obtain it free of charge at www.stryker.com or request it by writing to:
Investor Relations
Stryker Corporation
2825 Airview Boulevard
Kalamazoo, MI 49002

Stock Listing
The company’s common stock is traded on the New York Stock Exchange under the symbol SYK.

Trademarks
The following trademarks or service marks of Stryker Corporation, its divisions or other corporate affiliated entities appear in this annual review: MEDPOR, ProCare, Scorpio, Scorpio ClassIQ, Sonopet, Stryker. All other trademarks or service marks are trademarks or service marks of their respective owners or holders.

The products referenced within this review may not all be approved or cleared for sale, distribution or use in the United States.

Diversity and Inclusion
Stryker values an inclusive work environment that hires and engages a talented and diverse workforce. Achieving the full potential of this diversity is a business priority that is fundamental to our competitive success. We encourage and expect each employee to embrace our commitment to an inclusive workplace that is free from any kind of discrimination, retaliation or bias.

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