PRESS RELEASE

SEC Charges Stryker Corporation With FCPA Violations

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Washington D.C., Oct. 24, 2013 — The Securities and Exchange Commission today charged a Michigan-based medical technology company with violating the Foreign Corrupt Practices Act (FCPA) when subsidiaries in five different countries bribed doctors, health care professionals, and other government-employed officials in order to obtain or retain business.

An SEC investigation found that Stryker Corporation's subsidiaries in Argentina, Greece, Mexico, Poland, and Romania made illicit payments totaling approximately $2.2 million that were incorrectly described as legitimate expenses in the company's books and records. Descriptions varied from a charitable donation to consulting and service contracts, travel expenses, and commissions. Stryker made approximately $7.5 million in illicit profits as a result of the improper payments.

Stryker has agreed to pay more than $13.2 million to settle the SEC's charges.

"Stryker's misconduct involved hundreds of improper payments over a number of years during which the company's internal controls were fatally flawed," said Andrew M. Calamari, director of the SEC's New York Regional Office. "Companies that allow corruption to occur by failing to implement robust compliance programs will not be allowed to profit from their misconduct."

The SEC's order instituting settled administrative proceedings details improper payments by employees of Stryker's subsidiaries as far back as 2003. They used third parties to make the payments in order to win or keep lucrative contracts for the sale of Stryker's medical technology products. For example, in January 2006, Stryker's subsidiary in Mexico directed a law firm to pay approximately $46,000 to a Mexican government employee in order to secure the winning bid on a contract. The result was $1.1 million in profits for Stryker. The subsidiary reimbursed the Mexico-based law firm for the bribe and booked the payment as a legitimate legal expense. However, no legal services were actually provided and the law firm simply acted as a funnel to pay the bribe.

According to the SEC's order, Stryker's subsidiary in Greece made a purported "donation" of nearly $200,000 in 2007 to a public university in Greece to fund a

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laboratory that was a pet project of a public hospital doctor. In exchange for the payment, the doctor agreed to provide business to Stryker.

The SEC's investigation also found that Stryker's subsidiaries bribed foreign officials by paying their expenses for trips that lacked any legitimate business purpose. For example, in exchange for the promise of future business from the director of a public hospital in Poland, Stryker paid travel costs for the director and her husband in May 2004. This included a six-night stay at a New York City hotel, attendance at two Broadway shows, and a five-day trip to Aruba.

The SEC's order requires Stryker to pay disgorgement of $7,502,635, prejudgment interest of $2,280,888, and a penalty of $3.5 million. Without admitting or denying the allegations, Stryker agreed to cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934.

The SEC's investigation was led by Sharon Binger and Justin Alfano of the New York Regional Office with significant assistance from the Enforcement Division's FCPA Unit.

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