SETTLEMENT TERM SHEET SUMMARY

Prepared by the Plaintiffs' Settlement Committee of the New Jersey Plaintiffs' Steering Committee

November 3, 2014

I. INTRODUCTION

This summary prepared by the New Jersey Plaintiff Settlement Committee provides important information about the Stryker Master Settlement Agreement and may be used as guidance and an introduction to understanding the General Terms of the settlement. . [1]

The settlement is designed to compensate every patient in whom a recalled device was implanted and then removed for reasons related to the recall. The program does not include patients who have not had the device removed ("unrevised patients") except for those individuals whose doctors recommended revision but determined they were medically unable to have the surgery in which case they are entitled to recover a settlement under the program. The settlement for the revised patients is made up of a base payment available to qualified claimants and then significant additional payments for those who suffered surgical complications because of their device failure.

The agreement is the product of months of face to face mediations/negotiations ordered by Judge Brian Martinotti of the New Jersey Superior Court and conducted by former United States Magistrate Judge Diane Welsh, a seasoned and experienced mediator. A team of four lawyers from the Plaintiffs' Steering Committee were appointed by Judge Brian Martinotti to serve as the negotiating team, who met for months with Stryker's counsel. Following many drafts of the approximately 100 page Master Settlement Agreement (MSA) the parties reached this final settlement. Counsel from the parallel federal Multi-District

[1] Claimants individually or through counsel need to review the complete Agreement to be familiar with the terms. This summary is provided as a summary, and attempts to address the most important terms, but some nuances are not described given the detailed nature of the settlement program enumerated in the Agreement.

Litigation proceedings in Minnesota subsequently joined the negotiations and are signatories to the Agreement.

Unlike the vast majority of recent comprehensive mass tort settlements (DePuy ASR, Pradaxa, Nuvaring and others) this ***IS NOT*** a fixed fund settlement. It measures every claimant's injury individually. Stryker ***DID NOT*** offer one lump sum to be distributed to the claimants. Quite the opposite is true. Your case will be determined on its merits and according to the terms of the settlement agreement. There will not be any reduction of your award due to an overall limitation of a fixed settlement fund. This is extremely beneficial to plaintiffs.

In addition and of equal importance, there is a provision in the settlement agreement whereby Stryker will continue to pay for complications that occur over the next two years. What that means is if you obtain your settlement and in a year require a surgery to remove a cabling that what placed during you revision surgery, you can still be compensated for that surgery in the future. This is virtually unprecedented. Typically when cases are settled the defendant is completely released of liability. Here, the negotiating team advocated the need to compensate subsequent complications such as re-revisions or other surgeries necessitated by the damage created by the corrosion caused by the hip stem. After vigorous negotiations, Stryker agreed to assume liability for certain future complications for the next two years, even if they have not occurred to date.

The MSA requires that 95% of eligible plaintiffs enroll. If that participation level is not reached, then Stryker has the right to "walk away" from the settlement. However, we are confident we will meet this threshold and Stryker will proceed with the settlement. The payments in the settlement are not taxable. However, plaintiffs are responsible for reimbursing Medicare, Medicaid and in some circumstances their private health insurance carrier depending on the terms of their health insurance contract and the governing law. The settlement provides for a procedure to address lien resolution that must be followed to qualify for the settlement. Broadspire benefits will no longer be available for later claims by individuals eligible for the settlement.

GENERAL SETTLEMENT INFORMATION

II. SETTLEMENT ELIGIBILITY

The settlement is available to all persons implanted with the Rejuvenate Modular or ABG II Modular Hip Stems who have undergone a qualified revision surgery (removal of both the hip stem and neck). A Qualified Revision surgery is defined as:

a. Removal of both the femoral stem (Rejuvenate or ABG II) and neck, more than 180 days after implantation but before November 3, 2014;

b. Implantation and Revision must occur in the United States or in a United States military hospital;

c. Revision surgery must be the result of device failure as evidenced by;
    1. Elevated Cobalt blood test or;
    2. An abnormal diagnostic scan or;
    3. Intraoperative or pathologic findings of tissue damage.

d. Revision cannot be caused solely by trauma (e.g. a fall), infection or recurrent dislocation.

e. The device was not removed because it broke.

Patients revised after the date of signing of the agreement, November 3, 2014, are not included in this settlement. These clients will continue with their case and Stryker will negotiate with that group of patients at a later date.

III. SETTLEMENT BASE AWARDS

Each person who underwent a Qualified Revision Surgery is entitled to a base payment of $300,000. For patients with bilateral revised implants, the base award will be paid for each hip totaling $600,000. The base awards are subject to limited deductions. The applicable deductions are as follows:

a. If the Rejuvenate or ABG II replaced a pre-existing total hip replacement there will be a 15% reduction to the base award.

b. Age reductions as follows (based upon date of implant):
    1. ≥ 70 = 5%
    2. ≥ 75 = 10%
    3. ≥ 80 = 15%
    4. ≥ 85 = 20%

c. There are *no* reductions to this base payment for obesity, smoking, diabetes or other factors commonly seen in other hip implant settlements. [2]

d. For patients with bilateral revised implants, the base award will be paid for each hip or $600,000.

[2] Obesity may reduce certain enhanced payments but does not reduce your base award.

e. Any patient who underwent a Qualified Revision Surgery but passed away for unrelated causes before the settlement execution date of November 4, 2014 is entitled to the base award less 30% or $210,000.

f. Claimants who have not had the implant removed but were medically advised they should but were too infirm to undergo the surgery, can recover $75,000.[3]

IV. ADDITIONAL COMPENSATION BEYOND BASE AWARD

In addition to the base award, clients are entitled to additional compensation for injuries and damages caused by the Rejuvenate & ABG II Modular devices if they occurred prior to November 3, 2014, as follows:

Enhancement	Description	Value of Enhancement
Re-Revision Surgery	Re-revision is defined as the removal of the femoral stem that replaced the Rejuvenate or ABG II. This is frequently due to infection but can also be caused by component loosening, but in any event needs to be related to the original revision surgery.	$175,000 for first re-revision surgery. $100,000for subsequent re-revision surgeries. Limited to a total of three (3) re-revision payments
Controlled Osteotomy	A controlled Osteotomy occurs when your doctor cuts the bone to get the stem out and then places wires to hold the bone together. If you had an osteotomy during the original implant surgery, then this enhancement is not applicable.	$75,000. Limited to a maximum of two (2) per hip.
Femur fracture requiring an Osteotomy with cabling	This is the same as the above Osteotomy but requires cabling to secure	$100,000. Limited to a maximum of two (2) per

[3] This award is not subject to any enhancements or reductions for any reason whatsoever. Additionally, if the Stryker hip is later revised, you will not be entitled to any additional award..

or prosthetic fixation	the femur.	hip.
Femur fracture occurring during revision/re-revision which requires cables but no osteotomy	This would typically occur with a hair line fracture.	$40,000. Limited to a maximum of two (2) per hip.
Repair/Reattachment of abductor muscles	The metallosis caused sufficient damage to the abductor muscles to require repair/reattachment	$75,000. Limited to a maximum of two (2) per hip.
Dislocation(s)	Patients who suffer dislocation of the hip *after* a qualified revision or re-revision surgery are compensated. Closed Reduction – where the patient is sedated and the hip is put back in place. This must occur in a hospital to qualify. Open Reduction – where the patient is taken to the operating room, opened up and the hip put back in place. Open Reduction with implantation of constrained device. A constrained device is essentially a locking ring designed to hold the hip in place and prevent future dislocations.	1. Closed Reduction - $25,000 per dislocation. 2. Open Reduction - $60,000 per dislocation. 3. Open Reduction with implantation of constrained device - $75,000 per dislocation. Maximum of three (3) dislocations per revised or re-revised hip that dislocated for reasons other than trauma
*** Please note in regard to dislocations: 1. The first dislocation must occur within 9 months of the Qualified Revision or Re-Revision. 2. If the patient's BMI (Body Mass Index) exceeds 40 there will be a 10%		

reduction.

3. If the patient's BMI (Body Mass Index) exceeds 50 there will be a 15% reduction.

V. ADDITIONAL SURGERIES FOLLOWING REVISION OR RE-REVISION

This category of enhancements applies to surgeries in addition to your revision surgery. In other words, the below only apply to stand alone, additional surgeries that occur AFTER a Qualified Revision Surgery or Re-Revision surgery. Also, there is a limit of one reimbursement for EACH SURGERY performed, the largest of which will apply. For example, if a patient has surgery to repair a post revision fracture ($100,000) and at the same time the surgeon removes previously placed cables from a previous Osteotomy or fracture ($35,000) the payment would be $100,000 not $135,000. Additionally, the below are limited to two (2) such surgeries per affected hip.

Enhancement	Value of Enhancement
Removal of hardware implanted during Osteotomy or repair of intra-operative femur fracture	$35,000
Debridement and/or removal of pseudotumors excluding purely exploratory surgery	$70,000
Reattachment/Repair of damaged abductor muscles	$100,000
Placement of a Constrained Device during a surgery separate from an open reduction	$50,000
Post-Revision femur fracture occurring within 90 days of qualified revision or re-revision surgery	$100,000[4]

[4] The same reductions based upon BMI (Body Mass Index) for dislocations apply to this category as well.

VI. INFECTION RELATED CARE (SURGICAL PROCEDURES)

If within 9 months of any surgery required due to device failure the patient suffered any of the below, compensation will be awarded as described.

Enhancement	Description	Value of Enhancement
Irrigation and debridement of an infected surgical wound *without* removal of any hardware	Surgery must be under general anesthesia and within 90 days of diagnosis of infection.	$30,000
Two stage infection surgery. Treatment for the infection must begin within 90 days of the diagnosis of infection.	A two stage infection surgery is where the surgeon removes parts of the implant (excluding the stem and neck), places an antibiotic spacer followed by several weeks of IV (intravenous not oral antibiotics) and then a second surgery is performed to replace the spacer with permanent implants.	$75,000 *Note: if the femoral stem is removed during the two stage procedure this qualifies as a Re-revision and the compensation is $175,000.

- The maximum number of Enhancement related infection procedures under this section is two (2). 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 applied.

- The maximum number of Enhancements per Infection-related open surgical procedure is one (1), the greater of which applies. In addition, if an infection related procedure is performed at the same time as any of the additional surgeries above, the same limitation applies.

VII. INFECTION RELATED CARE (NON-SURGICAL TREATMENT)

If within 90 days of a diagnosis of an infection the patient suffered any of the below, compensation will be awarded as described.

Enhancement	Value of Enhancement

IV antibiotic treatment lasting 6 weeks or longer	$10,000
Placement/continuous use of a wound vacuum	$10,000
If due to infection the claimant was confined in a skilled nursing facility	• Greater than 15 days: $15,000 • Greater than 30 days: $30,000 • Greater than 45 days: $45,000 • Greater than 60 days: $60,000
There will be a maximum of two (2) payments under the infection non-surgical treatment, the greater of which applies.	

VIII. FOOT DROP

The foot drop must be diagnosed after the revision or re-revision surgery. A foot drop will not be compensated if it was pre-existing.

Enhancement	Value of Enhancement
Lasting longer than 90 days but abating within less than 1 year	$20,000
Lasting longer than 365 days	Range from $34,000 to $288,000 based on age and severity.

IX. PULMONARY EMBOLISM AND DEEP VEIN THROMBOSIS

Enhancement	Value of Enhancement
During a hospitalization, or within 72 hours after a hospitalization, whichever is longer, for a Qualified Revision or Re-Revision Surgery or Open Surgical Procedure Under General Anesthesia, the patient suffers a blood clot in the veins, leg or lung.	Lung - $35,000 .Leg or Pelvis - $20,000

** Limited to one payment per surgery.

X. HEART ATTACK / STROKE / DEATH

Enhancement	Value of Enhancement
If during a hospitalization or within 72 hours, whichever is longer, for a Qualified Revision or Re-Revision Surgery or Open Surgical Procedure under General Anesthesia, the patient suffers a heart attack	Range from $66,000 to $360,000 depending on the severity and patient's age.
If during a hospitalization or within 72 hours, whichever is longer, for a Qualified Revision or Re-Revision Surgery or Open Surgical Procedure Under General Anesthesia, the patient suffers a stroke	Range from $85,000 to $516,000 depending on the severity and patient's age.
If during a hospitalization for a surgery related to the device failure the patient dies	Range from $100,000 to $600,000 depending on the age and number and status of dependents.

XI. LOST WAGES

A person who incurs lost wages that exceed 20% of the aggregate annual income for the two years prior to the initial implant less any amounts received from Broadspire for loss wage compensation. Maximum award is $200,000.

XII. CAPS

The above enhancements (except those noted below) are subject to caps regardless of the number of complication or procedures a patient suffers as follows:

Description of Patient	Applicable Cap
For a patient who does not undergo infection related treatment	Base Payment ($300,000) plus $450,000 enhancement cap for a total of $750,000 for each hip. If the patient has bilateral qualifying revisions, the cap would be $1.5 million.

For a patient who does undergo infection related treatment	Base Payment ($300,000) plus $550,000 enhancement cap or a total of $850,000 for each hip. If the patient has bilateral qualifying revision, the cap would be $1.7 million.
Enhanced payments for heart attack, stroke, death and lost wages are **NOT included in the above caps.	

XIII. FUTURE ENHANCEMENTS

In addition to the complication payments identified above, anyone who suffers complications after their enrollment shall be entitled to additional compensation for up to two (2) years and falls under the future enhancement program. This is a significant benefit since typically when a plaintiff settles his/her injury case a complete release is signed and no provision is made for unforeseen complications the patient may have. Here however, compensation is open to anyone who suffers complications after enrollment for two (2) additional years (subject to some limitations). This was a very important component to the settlement and the plaintiffs' negotiating team fought very hard to insure it was included.

Essentially every element of compensation noted above will be available for claimants that accept the settlement for two years. There are two limitations to the future awards:

- The "new" complication must occur within two years of the last general anesthesia surgery the plaintiff had.
- Those persons who qualify for Future enhancements that occur during 2015, there is no reduction. For those that occur during 2016 there will be a 30% reduction.
- All future enhancements are capped at base award plus $450,000 including those for stroke, death, heart attack and lost wages.

XIV. SPOUSES WITH CLAIMS

All spouses with filed claims will receive a one-time payment of $1,500. While this seems trivial, it is being paid in exchange for obtaining a release from the spouse. In settlements, especially in mass tort scenarios, they invariably compensate the injured plaintiff and rarely also provide for a consortium compensation, and if consortium is covered, it is a small fraction of the underlying injury.

XV. UNREVISED CLAIMANTS WHO NEED REVISION BUT ARE UNABLE TO UNDERGO SURGERY

There are a few patients who have the Rejuvenate or ABG II modular devices implanted and evidence exists that it is failing. These patients may be experiencing pain, altered gait, have elevated cobalt in their blood and/or an abnormal MRI. However, due to a medical condition their doctor is unwilling and/or refuses to perform a revision. The Master

Settlement Agreement uses the term "Infirm Claimants." Infirmity is defined as not physically or mentally strong especially through age or illness. If that is how the Agreement is interpreted, those who cannot have a revision due to age will also be included.

These clients are entitled to a one-time $75,000 payment not subject to reduction or enhancement.

XVI. UNREVISED CLAIMANTS WHO ARE NOT REVISED AND REVISION IS NOT INDICATED

Cases currently pending for this class of plaintiffs will remain pending for one year. At that time, the court will dismiss the case without prejudice and the client has the ability to re-file the case if their condition changes and they undergo revision. The Statute of Limitations will be tolled during the period of dismissal until the revision surgery occurs.

XVII. BROADSPIRE PROGRAM

The Broadspire program will remain in force and effect for all claimants. However, claims on file with Broadspire prior to November 3, 2014 will be paid under the program (subject to Broadspire's guidelines) and none of the payments received, even after the November 3, 2014 deadline will be set-off from the settlement award. **Claims filed after November 3, 2014 will be deducted from any claimant's ultimate settlement.**

XVIII. LIEN RESOLUTION

The law imposes an obligation on most claimants who receive a recovery to repay their insurer for medical expenses incurred and paid as a result of the device failure. What must be repaid varies depending on what state the claimant lives in and whether the insurance company is public (Medicare, Medicaid, Tricare) or private (Blue Cross, Aetna, United Health Care etc.). There are also different rules that apply if the carrier is a Self- Funded Employee Benefit Plan. In most cases, but not all, the amount paid is reduced at least by a pro-rata share for attorney's fees and costs.

XIX. DEADLINES

Registration / Enrollment Date	DECEMBER 14, 2014
Enrollment Date Opens	JANUARY 16_, 2015

XX. PAYMENT

Assuming Plaintiff's reach their participation rate requirements, Stryker is expected to begin to fund the base award settlement by the end of June 2015. Prompt and accurate claim form submission is essential for timely payment. In addition, Stryker is expected to begin to fund enhanced award payments in the last quarter of 2015 or the first quarter of 2016.