UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For year ended December 31, 2019

Commission file number 001-16407

ZIMMER BIOMET HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-4151777**
(State of Incorporation)	**(IRS Employer Identification No.)**
345 East Main Street **Warsaw, Indiana**	**46580**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (574) 267-6131

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	**ZBH**	**New York Stock Exchange**
1.414% Notes due 2022	**ZBH 22A**	**New York Stock Exchange**
2.425% Notes due 2026	**ZBH 26**	**New York Stock Exchange**
1.164% Notes due 2027	**ZBH 27**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of shares held by non-affiliates was $24,106,325,697 (based on the closing price of these shares on the New York Stock Exchange on June 28, 2019 and assuming solely for the purpose of this calculation that all directors and executive officers of the registrant are "affiliates"). As of February 7, 2020, 206,403,646 shares of the registrant's $.01 par value common stock were outstanding.

Documents Incorporated by Reference

Document	**Form 10-K**
Portions of the Proxy Statement with respect to the 2020 Annual Meeting of Stockholders	Part III

ZIMMER BIOMET HOLDINGS, INC.
ANNUAL REPORT
Cautionary Note Regarding Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of federal securities laws, including, among others, statements regarding sales and earnings guidance and any statements about our expectations, plans, strategies or prospects. We generally use the words "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "assumes," "guides," "targets," "forecasts," "sees," "seeks," "should," "could," "would," "predicts," "potential," "strategy," "future," "opportunity," "work toward," "intends," "guidance," "confidence," "positioned," "design," "strive," "continue," "look forward to" and similar expressions to identify forward-looking statements. All statements other than statements of historical or current fact are, or may be deemed to be, forward-looking statements. Such statements are based upon the current beliefs, expectations and assumptions of management and are subject to significant risks, uncertainties and changes in circumstances that could cause actual outcomes and results to differ materially from the forward-looking statements. These risks, uncertainties and changes in circumstances include, but are not limited to: the possibility that the anticipated synergies and other benefits from mergers and acquisitions will not be realized, or will not be realized within the expected time periods; the risks and uncertainties related to our ability to successfully integrate the operations, products, employees and distributors of acquired companies; the risks and uncertainties related to our ability to successfully execute our restructuring plans; the effect of the potential disruption of management's attention from ongoing business operations due to integration matters related to mergers and acquisitions; the effect of mergers and acquisitions on our relationships with customers, suppliers and lenders and on our operating results and businesses generally; compliance with the Deferred Prosecution Agreement ("DPA") entered into in January 2017; the success of our quality and operational excellence initiatives, including ongoing quality remediation efforts at our Warsaw North Campus facility; challenges relating to changes in and compliance with governmental laws and regulations affecting our U.S. and international businesses, including regulations of the U.S. Food and Drug Administration ("FDA") and foreign government regulators, such as more stringent requirements for regulatory clearance of products; the ability to remediate matters identified in any inspectional observations or warning letters issued by the FDA, while continuing to satisfy the demand for our products; the outcome of government investigations; competition; pricing pressures; changes in customer demand for our products and services caused by demographic changes or other factors; the impact of healthcare reform measures; reductions in reimbursement levels by third-party payors and cost containment efforts of healthcare purchasing organizations; dependence on new product development, technological advances and innovation; shifts in the product category or regional sales mix of our products and services; supply and prices of raw materials and products; control of costs and expenses; the ability to obtain and maintain adequate intellectual property protection; breaches or failures of our information technology systems or products, including by cyberattack, unauthorized access or theft; the ability to form and implement alliances; changes in tax obligations arising from tax reform measures, including European Union rules on state aid, or examinations by tax authorities; product liability, intellectual property and commercial litigation losses; the ability to retain the independent agents and distributors who market our products; dependence on a limited number of suppliers for key raw materials and outsourced activities; the impact of substantial indebtedness on our ability to service our debt obligations and/or refinance amounts outstanding under our debt obligations at maturity on terms favorable to us, or at all; changes in general industry and market conditions, including domestic and international growth rates; changes in general domestic and international economic conditions, including interest rate and currency exchange rate fluctuations; and the impact of the ongoing financial and political uncertainty on countries in the Euro zone on the ability to collect accounts receivable in affected countries.

See also the section titled "Risk Factors" (refer to Part I, Item 1A of this report) for further discussion of certain risks and uncertainties that could cause actual results and events to differ materially from the forward-looking statements. Readers of this report are cautioned not to rely on these forward-looking statements, since there can be no assurance that these forward-looking statements will prove to be accurate. Forward-looking statements speak only as of the date they are made, and we expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. This cautionary note is applicable to all forward-looking statements contained in this report.

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PART I

Item 1. Business

Overview

Zimmer Biomet is a global leader in musculoskeletal healthcare. We design, manufacture and market orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; office based technologies; spine, craniomaxillofacial and thoracic products; dental implants; and related surgical products. We collaborate with healthcare professionals around the globe to advance the pace of innovation. Our products and solutions help treat patients suffering from disorders of, or injuries to, bones, joints or supporting soft tissues. Together with healthcare professionals, we help millions of people live better lives. In this report, "Zimmer Biomet," "we," "us," "our," "the Company" and similar words refer collectively to Zimmer Biomet Holdings, Inc. and its subsidiaries. "Zimmer Biomet Holdings" refers to the parent company only.

Zimmer Biomet Holdings was incorporated in Delaware in 2001. Our history dates to 1927, when Zimmer Manufacturing Company, a predecessor, was founded in Warsaw, Indiana. On August 6, 2001, we were spun off from our former parent and became an independent public company. In 2015, we acquired LVB Acquisition, Inc. ("LVB"), the parent company of Biomet, Inc. ("Biomet"), and LVB and Biomet became our wholly-owned subsidiaries (sometimes hereinafter referred to as the "Biomet merger" or the "merger"). In connection with the merger, we changed our name from Zimmer Holdings, Inc. to Zimmer Biomet Holdings, Inc.

Customers, Sales and Marketing

Our primary customers include orthopedic surgeons, neurosurgeons, oral surgeons, and other specialists, dentists, hospitals, stocking distributors, healthcare dealers and, in their capacity as agents, healthcare purchasing organizations or buying groups. These customers range from large multinational enterprises to independent clinicians and dentists.

We market and sell products through three principal channels: 1) direct to healthcare institutions, such as hospitals, referred to as direct channel accounts; 2) through stocking distributors and healthcare dealers; and 3) directly to dental practices and dental laboratories. With direct channel accounts and some healthcare dealers, inventory is generally consigned to sales agents or customers. With sales to stocking distributors, some healthcare dealers, dental practices and dental laboratories, title to product passes upon shipment. Consignment sales represented approximately 80 percent of our net sales in 2019. No individual customer accounted for more than 1 percent of our net sales for 2019.

We stock inventory in our warehouse facilities and retain title to consigned inventory in an effort to have sufficient quantities available when products are needed for surgical procedures. Safety stock levels are determined based on a number of factors, including demand, manufacturing lead times and quantities required to maintain service levels.

We also carry trade accounts receivable balances based on credit terms that are generally consistent with local market practices.

We utilize a network of sales associates, sales managers and support personnel, some of whom are employed or contracted by independent distributors and sales agencies. We invest a significant amount of time and expense in training sales associates in how to use specific products and how to best inform surgeons of product features and uses. Sales force representatives must have strong technical selling skills and medical education to provide technical support for surgeons.

In response to the different healthcare systems throughout the world, our sales and marketing strategies and organizational structures differ by region. We utilize a global approach to sales force training, marketing and medical education to provide consistent, high quality service. Additionally, we keep current with key surgical developments and other issues related to orthopedic surgeons, neurosurgeons, other specialists, dentists and oral surgeons and the medical and dental procedures they perform.

We allocate resources to achieve our operating profit goals through seven operating segments. Our operating segments are comprised of both geographic and product category business units. We are organized through a combination of geographic and product category operating segments for various reasons, including the distribution channels through which products are sold. Our product category operating segments generally have distribution channels focused specifically on those product categories, whereas our geographic operating segments have

distribution channels that sell multiple product categories. The following is a summary of our seven operating segments. See Note 18 to our consolidated financial statements for more information regarding our segments.

Americas. The Americas geographic operating segment is our largest operating segment. The U.S. accounts for 94 percent of net sales in this region. The U.S. sales force consists of a combination of employees and independent sales agents, most of whom sell products exclusively for Zimmer Biomet. The sales force in the U.S. receives a commission on product sales and is responsible for many operating decisions and costs.

In this region, we contract with group purchasing organizations and managed care accounts and have promoted unit growth by offering volume discounts to customer healthcare institutions within a specified group. Generally, we are designated as one of several preferred purchasing sources for specified products, although members are not obligated to purchase our products. Contracts with group purchasing organizations generally have a term of three years, with extensions as warranted.

In the Americas, we monitor and rank independent sales agents and our direct sales force across a range of performance metrics, including the achievement of sales targets and maintenance of efficient levels of working capital.

EMEA. The EMEA geographic operating segment is our second largest operating segment. France, Germany, Italy, Spain and the United Kingdom collectively account for 55 percent of net sales in the region. This segment also includes other key markets, including Switzerland, Benelux, Nordic, Central and Eastern Europe, the Middle East and Africa. Our sales force in this segment is comprised of direct sales associates, commissioned agents, independent distributors and sales support personnel. We emphasize the advantages of our clinically proven, established designs and innovative solutions and new and enhanced materials and surfaces. In most European countries, healthcare is sponsored by the government and therefore government budgets impact healthcare spending, which can affect our sales in this segment.

Asia Pacific. The Asia Pacific geographic operating segment includes key markets such as Japan, China, Australia, New Zealand, Korea, Taiwan, India, Thailand, Singapore, Hong Kong and Malaysia. Japan is the largest market within this segment, accounting for 47 percent of the region's sales. In Japan and most countries in the Asia Pacific region, we maintain a network of dealers, who act as order agents on behalf of hospitals in the region, and sales associates, who build and maintain relationships with orthopedic surgeons and neurosurgeons in their markets. The knowledge and skills of these sales associates play a critical role in providing service, product information and support to surgeons.

Spine, less Asia Pacific ("Spine"). The Spine product category operating segment includes all spine product results except those in Asia Pacific. The U.S. accounts for the majority of sales in this operating segment. The market dynamics of the Spine business are similar to those described in the geographic operating segments. However, our Spine business maintains a separate sales force of employees and independent sales agents.

Office Based Technologies. Our Office Based Technologies product category operating segment only sells to U.S. customers. In this product category, we market our products to doctors who prescribe them for use by patients. The products are mostly provided directly by Zimmer Biomet to patients and are paid for through patients' insurance or by patients themselves. Products are also sold through wholesale channels on a limited basis.

Craniomaxillofacial and Thoracic ("CMF"). Our CMF product category operating segment competes across the world through a combination of direct and independent sales agents. The U.S. accounts for the majority of sales in this operating segment. The U.S. sales force consists of a combination of employees and independent sales agents. Internationally, our primary customers are independent stocking distributors who market our products to their customers.

Dental. Our Dental product category operating segment competes across the world. Our sales force is primarily composed of employees who market our products to customers. We sell directly to dental practices or dental laboratories, or to independent stocking distributors depending on the market.

Seasonality

Our business is seasonal in nature to some extent, as many of our products are used in elective procedures, which typically decline during the summer months and can increase at the end of the year once annual deductibles have been met on health insurance plans. Additionally, with sales to customers where title to product passes upon

shipment, these customers may purchase items in large quantities if incentives are offered or if there are new product offerings in a market, which could cause period-to-period differences in sales.

Distribution

We distribute our products both through large, centralized warehouses and through smaller, market specific facilities, depending on the needs of the market. We maintain large, centralized warehouses in the U.S. and Europe to be able to efficiently distribute our products to customers in those regions. In addition to these centralized warehouses, we maintain smaller distribution facilities in the U.S. and in each of the countries where we have a direct sales presence. In many locations, our inventory is consigned to the healthcare institution.

We generally ship our orders via expedited courier. Since most of our sales occur at the time of an elective procedure, we generally do not have firm orders.

Products

Our products include orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; office based technologies; spine and CMF products; dental implants; and related surgical products.

KNEES

Total knee replacement surgeries typically include a femoral component, a patella (knee cap), a tibial tray and an articular surface (placed on the tibial tray). Knee replacement surgeries include first-time, or primary, joint replacement procedures and revision procedures for the replacement, repair or enhancement of an implant or component from a previous procedure. There are also procedures for partial reconstruction of the knee, which treat limited knee degeneration and involve the replacement of only one side, or compartment, of the knee with a unicompartmental knee prosthesis. A developing trend in knee replacement surgeries is the use of robotic technologies to assist a surgeon with implant positioning. In 2019, we entered the robotic assistance market with our ROSA® Knee System. In the future, we plan to expand the use of our ROSA® Robot to other product categories.

Our significant knee brands include the following:

- Persona® The Personalized Knee System
- NexGen® Complete Knee Solution
- Vanguard® Knee
- Oxford® Partial Knee

HIPS

Total hip replacement surgeries replace both the head of the femur and the socket portion of the pelvis (acetabulum) of the natural hip. Hip procedures include first-time, or primary, joint replacement as well as revision procedures. Hip implant procedures involve the use of bone cement to attach or affix the prosthetic components to the surrounding bone, or are press-fit into bone, which means that they have a surface that bone affixes to through either ongrowth or ingrowth technologies.

Our significant hip brands include the following:

- Taperloc® Hip System
- Zimmer® M/L Taper Hip Prosthesis
- Arcos® Modular Hip System
- Continuum® Acetabular System
- G7® Acetabular System

S.E.T.

Our S.E.T. product category includes surgical, sports medicine, biologics, foot and ankle, extremities and trauma products. Our surgical products are used to support various surgical procedures. Our sports medicine products are primarily for the repair of soft tissue injuries, most commonly used in the knee and shoulder. Our biologics products are used as early intervention for joint preservation or to support surgical procedures. Our foot and ankle and extremities products are designed to treat arthritic conditions and fractures in the foot, ankle, shoulder, elbow and wrist. Our trauma products are used to stabilize damaged or broken bones and their surrounding tissues to support the body's natural healing process.

Our significant S.E.T. brands include the following:

- A.T.S.® Tourniquet Systems
- JuggerKnot® Soft Anchor System
- Gel-One®[1] Cross-linked Hyaluronate
- Zimmer® Trabecular Metal™ Reverse Shoulder System
- Comprehensive® Shoulder
- Zimmer® Natural Nail® System
- A.L.P.S.® Plating System

SPINE and CMF

Our spine products division designs, manufactures and distributes medical devices and surgical instruments to deliver comprehensive solutions for individuals with back or neck pain caused by degenerative conditions, deformities or traumatic injury of the spine. Our CMF division includes face and skull reconstruction products as well as products that fixate and stabilize the bones of the chest in order to facilitate healing or reconstruction after open heart surgery, trauma or for deformities of the chest.

Our significant spine and CMF brands include the following:

- Polaris™ Spinal System
- Mobi-C® Cervical Disc
- SternaLock® Blu Closure System
- SternaLock® Rigid Sternal Fixation

DENTAL

Our dental products division manufactures and/or distributes: 1) dental reconstructive implants – for individuals who are totally without teeth or are missing one or more teeth; 2) dental prosthetic products – aimed at providing a more natural restoration to resemble the original teeth; and 3) dental regenerative products – for soft tissue and bone rehabilitation.

Our significant dental brands include the following:

- Tapered Screw-Vent® Implant System
- 3i T3® Implant

[1] Registered trademark of Seikagaku Corporation

OTHER

Our other product category primarily includes our bone cement and office based technology products.

Research and Development

We have extensive research and development activities to develop new surgical techniques, including robotic techniques, materials, biologics and product designs. The research and development teams work closely with our strategic brand marketing function. The rapid commercialization of innovative new materials, biologics products, implant and instrument designs and surgical techniques remains one of our core strategies and continues to be an important driver of sales growth.

We are broadening our offerings in certain of our product categories and exploring new technologies with possible applications in multiple areas. Our primary research and development facility is located in Warsaw, Indiana. We have other research and development personnel based in, among other places, Canada, China, France, Switzerland and other U.S. locations. As of December 31, 2019, we employed approximately 2,100 research and development employees worldwide.

We expect to continue to identify innovative technologies, which may include acquiring complementary products or businesses, establishing technology licensing arrangements or strategic alliances.

Government Regulation and Compliance

Our operations, products and customers are subject to extensive government regulation by numerous government agencies, both within and outside the U.S. Our global regulatory environment is increasingly stringent, unpredictable and complex. There is a global trend toward increased regulatory activity related to medical products.

In the U.S., numerous laws and regulations govern all the processes by which our products are brought to market. These include, among others, the Federal Food, Drug and Cosmetic Act ("FDCA") and regulations issued or promulgated thereunder. The U.S. Food and Drug Administration ("FDA") has enacted regulations that control all aspects of the development, manufacture, advertising, promotion and postmarket surveillance of medical products, including medical devices. In addition, the FDA controls the access of products to market through processes designed to ensure that only products that are safe and effective are made available to the public.

Most of our new products fall into an FDA medical device classification that requires the submission of a Premarket Notification (510(k)) to the FDA. This process requires us to demonstrate that the device to be marketed is at least as safe and effective as, that is, substantially equivalent to, a legally marketed device. We must submit information that supports our substantial equivalency claims. Before we can market the new device, we must receive an order from the FDA finding substantial equivalence and clearing the new device for commercial distribution in the U.S.

Other devices we develop and market are in a category (class) for which the FDA has implemented stringent clinical investigation and Premarket Approval ("PMA") requirements. The PMA process requires us to provide clinical and laboratory data that establishes that the new medical device is safe and effective. The FDA will approve the new device for commercial distribution if it determines that the data and information in the PMA application constitute valid scientific evidence and that there is reasonable assurance that the device is safe and effective for its intended use(s).

All of our devices marketed in the U.S. have been cleared or approved by the FDA, with the exception of some devices which are classified by FDA regulation as exempt from premarket clearance and approval or were in commercial distribution prior to May 28, 1976.

Both before and after a product is commercially released, we have ongoing responsibilities under FDA regulations. The FDA reviews design and manufacturing practices, labeling and record keeping, and manufacturers' required reports of adverse experiences and other information to identify potential problems with marketed medical devices. We are also subject to periodic inspection by the FDA for compliance with its Quality System Regulation (21 CFR Part 820) ("QSR"), among other FDA requirements, such as requirements for advertising and promotion of our devices. Our manufacturing operations, and those of our third-party manufacturers, are required to comply with the QSR, which addresses a company's responsibility for product design, testing and manufacturing quality assurance and the maintenance of records and documentation. The QSR requires that each manufacturer establish a quality system by which the manufacturer monitors the manufacturing process and maintains records that show compliance with FDA regulations and the manufacturer's written specifications and procedures relating to the devices. QSR

compliance is necessary to receive and maintain FDA clearance or approval to market new and existing products and is also necessary for distributing in the U.S. certain devices exempt from FDA clearance and approval requirements. The FDA conducts announced and unannounced periodic and on-going inspections of medical device manufacturers to determine compliance with the QSR. If in connection with these inspections the FDA believes the manufacturer has failed to comply with applicable regulations and/or procedures, it may issue inspectional observations on Form FDA-483 ("Form 483") that would necessitate prompt corrective action. If FDA inspectional observations are not addressed and/or corrective action is not taken in a timely manner and to the FDA's satisfaction, the FDA may issue a warning letter (which would similarly necessitate prompt corrective action) and/or proceed directly to other forms of enforcement action, including the imposition of operating restrictions, including a ceasing of operations, on one or more facilities, enjoining and restraining certain violations of applicable law pertaining to products, seizure of products, and assessing civil or criminal penalties against our officers, employees or us. The FDA could also issue a corporate warning letter or a recidivist warning letter or negotiate the entry of a consent decree of permanent injunction with us. The FDA may also recommend prosecution to the U.S. Department of Justice ("DOJ"). Any adverse regulatory action, depending on its magnitude, may restrict us from effectively manufacturing, marketing and selling our products and could have a material adverse effect on our business, financial condition and results of operations. For information regarding certain warning letters and Form 483 inspectional observations that we are addressing, see Note 20 to our consolidated financial statements.

The FDA, in cooperation with U.S. Customs and Border Protection ("CBP"), administers controls over the import of medical devices into the U.S. and can prevent the importation of products the FDA deems to violate the FDCA or its implementing regulations. The CBP imposes its own regulatory requirements on the import of our products, including inspection and possible sanctions for noncompliance. We are also subject to foreign trade controls administered by certain U.S. government agencies, including the Bureau of Industry and Security within the Commerce Department and the Office of Foreign Assets Control within the Treasury Department ("OFAC"). In addition, exported medical products are subject to the regulatory requirements of each country to which the medical product is exported.

There are also requirements of state and local governments that we must comply with in the manufacture and marketing of our products.

In many of the countries in which our products are sold, we are subject to supranational, national, regional and local regulations affecting, among other things, the development, design, manufacturing, product standards, packaging, advertising, promotion, labeling, marketing and postmarket surveillance of medical products, including medical devices. The member countries of the European Union (the "EU") have adopted the European Medical Device Directive (the "MDD"), which creates a single set of medical device regulations for products marketed in all member countries. Compliance with the MDD and certification to a quality system (e.g., ISO 13485 certification) enable the manufacturer to place a CE mark on its products. To obtain authorization to affix the CE mark to a product, a recognized European Notified Body must assess a manufacturer's quality system and the product's conformity to the requirements of the MDD. We are subject to inspection by the Notified Bodies for compliance with these requirements. In May 2017, a new EU Medical Device Regulation ("MDR") was published that will replace the MDD and will impose significant additional premarket and postmarket requirements beginning in May 2020. Under a corrigendum to the MDR finalized in December 2019, some low-risk medical devices being up-classified as a result of the MDR, including low-risk instruments, may now receive a four-year transitional period to comply.

Our quality management system is based upon the requirements of ISO 13485, the QSR, the MDD and other applicable regulations for the markets in which we sell. Our principal manufacturing sites are certified to ISO 13485 and audited at regular intervals. Additionally, our principal sites are certified under the Medical Device Single Audit Program ("MDSAP"), which is a voluntary audit program developed by regulatory authorities in five countries (i.e., Australia, Brazil, Canada, Japan, and the United States) to assess compliance with the quality management system regulatory requirements of those countries. MDSAP audits are conducted by an MDSAP-recognized auditing organization and can fulfill the needs of the participating regulatory jurisdictions, replacing standard surveillance audits by the regulatory authorities in those countries.

Further, we are subject to other supranational, national, regional, federal, state and local laws concerning healthcare fraud and abuse, including false claims and anti-kickback laws, as well as the U.S. Physician Payments Sunshine Act and similar state and foreign healthcare professional payment transparency laws. These laws are administered by, among others, the DOJ, the Office of Inspector General of the Department of Health and Human Services ("OIG-HHS"), state attorneys general and various foreign government agencies. Many of these agencies have increased their enforcement activities with respect to medical products manufacturers in recent years. Violations of

these laws are punishable by criminal and/or civil sanctions, including, in some instances, fines, imprisonment and, within the U.S., exclusion from participation in government healthcare programs, including Medicare, Medicaid and Veterans Administration health programs.

Our operations in foreign countries are subject to the extraterritorial application of the U.S. Foreign Corrupt Practices Act ("FCPA"). Our global operations are also subject to foreign anti-corruption laws, such as the United Kingdom ("UK") Bribery Act, among others. As part of our global compliance program, we seek to address anti-corruption risks proactively. On January 12, 2017, we resolved previously-disclosed FCPA matters involving Biomet and certain of its subsidiaries. As part of that settlement, we entered into a Deferred Prosecution Agreement ("DPA") with the DOJ. For information regarding the DPA, see Note 20 to our consolidated financial statements.

Our facilities and operations are also subject to complex federal, state, local and foreign environmental and occupational safety laws and regulations, including those relating to discharges of substances in the air, water and land, the handling, storage and disposal of wastes and the clean-up of properties contaminated by pollutants. We do not expect that the ongoing costs of compliance with these environmental requirements will have a material impact on our consolidated earnings, capital expenditures or competitive position.

In addition, we are subject to federal, state and international data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal and protection of health-related and other personal information. The FDA has issued guidance to which we may be subject concerning data security for medical devices. The FDA and the Department of Homeland Security ("DHS") have issued urgent safety communications regarding cybersecurity vulnerabilities of certain medical devices.

In addition, certain of our affiliates are subject to privacy, security and breach notification regulations promulgated under the Health Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act (collectively, "HIPAA"). HIPAA governs the use, disclosure, and security of protected health information by HIPAA "covered entities" and their "business associates." Covered entities are health plans, health care clearinghouses and health care providers that engage in specific types of electronic transactions. A business associate is any person or entity (other than members of a covered entity's workforce) that performs a service on behalf of a covered entity involving the use or disclosure of protected health information. The U.S. Department of Health and Human Services ("HHS") (through the Office for Civil Rights) has direct enforcement authority against covered entities and business associates with regard to compliance with HIPAA regulations. On December 12, 2018, the Office for Civil Rights of HHS issued a request for information seeking input from the public on how the HIPAA regulations could be modified to amend existing obligations relating to the processing of protected health information. We will monitor this process and assess the impact of changes to the HIPAA regulations to our business.

In addition to the FDA guidance and HIPAA regulations described above, a number of U.S. states have also enacted data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal and protection of personal information, such as social security numbers, medical and financial information and other information. These laws and regulations may be more restrictive and not preempted by U.S. federal laws. For example, several U.S. territories and all 50 states now have data breach laws that require timely notification to individuals, and at times regulators, the media or credit reporting agencies, if a company has experienced the unauthorized access or acquisition of personal information. Other state laws include the California Consumer Privacy Act ("CCPA"), which was signed into law on June 28, 2018 and largely took effect on January 1, 2020. The CCPA, among other things, contains new disclosure obligations for businesses that collect personal information about California residents and affords those individuals numerous rights relating to their personal information that may affect our ability to use personal information or share it with our business partners. Regulations from the California Attorney General have not been finalized, and it is expected that additional amendments to the CCPA will be introduced. Meanwhile, a number of other states have considered privacy laws like the CCPA, and in October 2019, Nevada enacted a similar but generally less restrictive privacy law. We will continue to monitor and assess the impact of these state laws, which may impose substantial penalties for violations, impose significant costs for investigation and compliance, allow private class-action litigation, and carry significant potential liability for our business.

Outside of the U.S., data protection laws, including the EU General Data Protection Regulation (the "GDPR") and member state implementing legislation, and the Brazil Lei Geral de Proteção de Dados (the "LGPD"), also apply to some of our operations in the countries in which we provide services to our customers. Legal requirements in these countries relating to the collection, storage, processing and transfer of personal data continue to evolve. The GDPR, which became effective on May 25, 2018, imposes, among other things, data protection requirements that include

strict obligations and restrictions on the ability to collect, analyze and transfer EU personal data, a requirement for prompt notice of data breaches to data subjects and supervisory authorities in certain circumstances, and possible substantial fines for any violations (including possible fines for certain violations of up to the greater of 20 million Euros or 4% of total worldwide annual turnover of the preceding financial year).

Failure to comply with U.S. and international data protection laws and regulations could result in government enforcement actions (which could include civil and/or criminal penalties), private litigation and/or adverse publicity and could negatively affect our operating results and business.

Competition

The orthopedics and broader musculoskeletal care industry is highly competitive. In the global markets for our knees, hips, and S.E.T. products, our major competitors include the DePuy Synthes Companies of Johnson & Johnson, Stryker Corporation and Smith & Nephew plc. There are smaller competitors in these product categories as well who have success by focusing on smaller subsegments of the industry.

In the spine and CMF categories, we compete globally primarily with the spinal and biologic business of Medtronic plc, the DePuy Synthes Companies, Stryker Corporation, NuVasive, Inc. and Globus Medical, Inc.

In the dental implant category, we compete primarily with The Straumann Group, Dentsply Sirona Inc. and Nobel Biocare Services AG (part of Envista Holdings Corporation).

Competition within the industry is primarily based on technology, innovation, quality, reputation, customer service and pricing. A key factor in our continuing success in the future will be our ability to develop new products and technologies and improve existing products and technologies.

Manufacturing and Raw Materials

We manufacture our products at various sites. We also strategically outsource some manufacturing to qualified suppliers who are highly capable of producing components.

The manufacturing operations at our facilities are designed to incorporate the cellular concept for production and to implement tenets of a manufacturing philosophy focused on continuous improvement efforts in product quality, lead time reduction and capacity optimization. Our continuous improvement efforts are driven by Lean and Six Sigma methodologies. In addition, at certain of our manufacturing facilities, many of the employees are cross-trained to perform a broad array of operations.

We generally target operating our manufacturing facilities at optimal levels of total capacity. We continually evaluate the potential to in-source and outsource production as part of our manufacturing strategy to provide value to our stakeholders.

In most of our manufacturing network, we have improved our manufacturing processes to harmonize and optimize our quality systems and to protect our profitability and offset the impact of inflationary costs. We have, for example, employed computer-assisted robots and multi-axis grinders to precision polish medical devices; automated certain manufacturing and inspection processes, including on-machine inspection and process controls; purchased state-of-the-art equipment; in-sourced core products and processes; and negotiated cost reductions from third-party suppliers.

We use a diverse and broad range of raw materials in the manufacturing of our products. We purchase all of our raw materials and select components used in manufacturing our products from external suppliers. In addition, we purchase some supplies from single sources for reasons of quality assurance, sole source availability, cost effectiveness or constraints resulting from regulatory requirements. We work closely with our suppliers to assure continuity of supply while maintaining high quality and reliability. To date, we have not experienced any significant difficulty in locating and obtaining the materials necessary to fulfill our production schedules.

Intellectual Property

Patents and other proprietary rights are important to the continued success of our business. We also rely upon trade secrets, know-how, continuing technological innovation and licensing opportunities to develop and maintain our competitive position. We protect our proprietary rights through a variety of methods, including confidentiality agreements and proprietary information agreements with suppliers, employees, consultants and others who may have access to proprietary information. We own or control through licensing arrangements over 9,000 issued

patents and patent applications throughout the world that relate to aspects of the technology incorporated in many of our products.

Employees

As of December 31, 2019, we employed approximately 19,900 employees worldwide, including approximately 2,100 employees dedicated to research and development. Approximately 9,500 employees are located within the U.S. and approximately 10,400 employees are located outside of the U.S., primarily throughout Europe and in Japan. We have approximately 8,600 employees dedicated to manufacturing our products worldwide. The Warsaw, Indiana production facilities employ approximately 3,100 employees in the aggregate.

We have production employees represented by a labor union in Dover, Ohio and Bridgend, South Wales. We have other employees in Europe who are represented by Works Councils. We believe that our relationship with our employees is satisfactory.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following table sets forth certain information with respect to our executive officers as of February 14, 2020.

Name	Age	Position
Bryan Hanson	53	President and Chief Executive Officer
Didier Deltort	53	President, Europe, Middle East and Africa
Carrie Nichol	40	Vice President, Controller and Chief Accounting Officer
Chad Phipps	48	Senior Vice President, General Counsel and Secretary
Ivan Tornos	44	Group President, Global Businesses and Americas
Suketu Upadhyay	50	Executive Vice President and Chief Financial Officer
Sang Yi	57	President, Asia Pacific

Mr. Hanson was appointed President and Chief Executive Officer and a member of the Board of Directors in December 2017. Previously, Mr. Hanson served as Executive Vice President and President, Minimally Invasive Therapies Group of Medtronic plc from January 2015 until joining Zimmer Biomet. Prior to that, he was Senior Vice President and Group President, Covidien of Covidien plc from October 2014 to January 2015; Senior Vice President and Group President, Medical Devices and United States of Covidien from October 2013 to September 2014; Senior Vice President and Group President of Covidien for the Surgical Solutions business from July 2011 to October 2013; and President of Covidien's Energy-based Devices business from July 2006 to June 2011. Mr. Hanson held several other positions of increasing responsibility in sales, marketing and general management with Covidien from October 1992 to July 2006.

Mr. Deltort was appointed President, Europe, Middle East and Africa in August 2018. He is responsible for the marketing, sales and distribution of products, services and solutions in the European, Middle Eastern and African ("EMEA") regions. Prior to joining Zimmer Biomet, Mr. Deltort served as Senior Vice President and General Manager, Global Healthcare Solutions and Partnerships of Boston Scientific Corporation, based in France from May 2016 until August 2018. Before joining Boston Scientific Corporation, he spent 14 years with GE Healthcare in positions of increasing responsibility in Germany, Finland, Dubai and the United States, most recently serving as Global Senior Vice President and General Manager of the global Monitoring Solutions business as well as Managing Director of GE Healthcare Finland. Prior to GE, Mr. Deltort served at Philips, Hewlett-Packard and Marquette Electronics in various international healthcare executive roles.

Ms. Nichol was appointed Vice President, Controller and Chief Accounting Officer in October 2019. Prior to joining Zimmer Biomet, Ms. Nichol served as Senior Vice President, Controller and Chief Accounting Officer of Endo International plc ("Endo International") from April 2018 to September 2019. Ms. Nichol joined Endo International in March 2015 as Director of Consolidations and Financial Systems and was promoted to Assistant Controller in September 2015. Prior to her tenure at Endo International, Ms. Nichol served as Senior Vice President and Controller of Haas Group Inc. (now part of Wesco Aircraft Holdings, Inc.), where she led the global accounting and finance teams from June 2011 until March 2015. Prior to her employment with Haas Group Inc., Ms. Nichol was with IKON Office Solutions (now part of Ricoh Company, Ltd.) for a total of five years from June 2008 until June 2011 and from June 2003 until July 2005, having served most recently as the Director of Financial Reporting and Corporate Accounting with responsibility for all public filings and technical and corporate accounting. From December 2005 until June 2008, Ms. Nichol was with Advanced Metallurgical Group NV serving as Assistant Controller. Ms. Nichol began her career in public accounting with KPMG.

Mr. Phipps was appointed Senior Vice President, General Counsel and Secretary in May 2007. He has global responsibility for the Company's Legal Affairs and he serves as Secretary to the Board of Directors. Mr. Phipps also oversees the Company's Government Affairs activities. Previously, Mr. Phipps served as Associate General Counsel and Corporate Secretary from December 2005 to May 2007. He joined the Company in September 2003 as Associate Counsel and Assistant Secretary. Prior to joining the Company, he served as Vice President and General Counsel of L&N Sales and Marketing, Inc. in Pennsylvania and he practiced law with the firm of Morgan, Lewis & Bockius in Philadelphia, focusing on corporate and securities law, mergers and acquisitions and financial transactions.

Mr. Tornos joined Zimmer Biomet in November 2018 as Group President, Orthopedics, and in December 2019 was appointed Group President, Global Businesses and Americas. Prior to joining Zimmer Biomet, Mr. Tornos served as Worldwide President of the Global Urology, Medical and Critical Care Divisions of Becton, Dickinson and Company ("BD") (and previously, C. R. Bard, Inc. ("Bard")) from June 2017 until October 2018. From June 2017 until BD's acquisition of Bard in December 2017, Mr. Tornos also continued to serve as President, EMEA of Bard, a position to which he was appointed in September 2013. Mr. Tornos joined Bard in August 2011 and, prior to his appointment as President, EMEA, served as Vice President and General Manager with leadership responsibility for Bard's business in Southern Europe, Central Europe and the Emerging Markets Region of the Middle East and Africa. Before joining Bard, Mr. Tornos served as Vice President and General Manager of the Americas Pharmaceutical and Medical/Imaging Segments of Covidien International from April 2009 to August 2011. Before that, he served as International Vice President, Business Development and Strategy with Baxter International Inc. from July 2008 to April 2009 and, prior to that, Mr. Tornos spent 11 years with Johnson & Johnson in positions of increasing responsibility.

Mr. Upadhyay was appointed Executive Vice President and Chief Financial Officer in July 2019. Prior to joining Zimmer Biomet, Mr. Upadhyay served as Senior Vice President, Global Financial Operations at Bristol-Myers Squibb from November 2016 until June 2019. Before joining Bristol-Myers Squibb, he served as Executive Vice President and Chief Financial Officer of Endo International from September 2013 to November 2016. Prior to his tenure at Endo International, Mr. Upadhyay served as Interim Chief Financial Officer as well as Senior Vice President of Finance, Corporate Controller and Principal Accounting Officer of BD. Prior to his role as BD's Interim Chief Financial Officer and Corporate Controller, Mr. Upadhyay was the Senior Vice President of Global Financial Planning and Analysis and also held the role of Vice President and Chief Financial Officer of BD's international business. Before joining BD in 2010, Mr. Upadhyay held a number of leadership roles across AstraZeneca and Johnson & Johnson. Mr. Upadhyay spent the early part of his career in public accounting with KPMG.

Mr. Yi was appointed President, Asia Pacific in June 2015. He is responsible for the sales, marketing and distribution of products, services and solutions in the Asia Pacific region. Mr. Yi joined the Company in March 2013 as Senior Vice President, Asia Pacific. Previously, he served as Vice President and General Manager of St. Jude Medical for Asia Pacific and Australia from 2005 to 2013. Prior to that, Mr. Yi held several leadership positions over a ten-year period with Boston Scientific Corporation, ultimately serving as Vice President for North Asia.

AVAILABLE INFORMATION

Our Internet address is www.zimmerbiomet.com. We routinely post important information for investors on our website in the "Investor Relations" section, which may be accessed from our homepage at www.zimmerbiomet.com or directly at https://investor.zimmerbiomet.com. We use this website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the Investor Relations section of our website, in addition to following our press releases, Securities and Exchange Commission ("SEC") filings, public conference calls, presentations and webcasts. Our goal is to maintain the Investor Relations website as a portal through which investors can easily find or navigate to pertinent information about us, free of charge, including:

- our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as soon as reasonably practicable after we electronically file that material with or furnish it to the SEC;
- announcements of investor conferences and events at which our executives talk about our products and competitive strategies, as well as archives of these events;

- press releases on quarterly earnings, product announcements, legal developments and other material news that we may post from time to time;
- corporate governance information including our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Code of Ethics for Chief Executive Officer and Senior Financial Officers, information concerning our Board of Directors and its committees, including the charters of the Audit Committee, Compensation and Management Development Committee, Corporate Governance Committee and Quality, Regulatory and Technology Committee, and other governance-related policies;
- stockholder services information, including ways to contact our transfer agent and information on how to sign up for direct deposit of dividends or enroll in our dividend reinvestment plan; and
- opportunities to sign up for email alerts and RSS feeds to have information provided in real time.

The information available on our website is not incorporated by reference in, or a part of, this or any other report we file with or furnish to the SEC.

Item 1A. Risk Factors

We operate in a rapidly changing economic and technological environment that presents numerous risks, many of which are driven by factors that we cannot control or predict. Our business, financial condition and results of operations may be impacted by a number of factors. In addition to the factors discussed elsewhere in this report, the following risks and uncertainties could materially harm our business, financial condition or results of operations, including causing our actual results to differ materially from those projected in any forward-looking statements. The following list of significant risk factors is not all-inclusive or necessarily in order of importance. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, also may materially adversely affect us in future periods. You should carefully consider these risks and uncertainties before investing in our securities.

If we fail to comply with the terms of the DPA that we entered into in January 2017, we may be subject to criminal prosecution and/or exclusion from federal healthcare programs.

On January 12, 2017, we resolved previously-disclosed FCPA matters involving Biomet and certain of its subsidiaries. As part of the settlement, we entered into a DPA with the DOJ. A copy of the DPA is incorporated by reference as an exhibit to this report.

If we do not comply with the terms of the DPA, we could be subject to prosecution for violating the internal controls provisions of the FCPA and the conduct of Biomet and its subsidiaries described in the DPA, which conduct pre-dated our acquisition of Biomet, as well as any new or continuing violations. We could also be subject to exclusion by OIG-HHS from participation in federal healthcare programs, including Medicare, Medicaid and Veterans Administration health programs. Any of these events could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our restructuring program may not be successful or we may not fully realize the expected cost savings and/or operating efficiencies from our restructuring initiatives.

In December 2019, our Board of Directors approved, and we initiated, a new global restructuring program that includes a restructuring of key businesses to better align our resources with our growth strategies, achieve operating efficiencies that we expect to reduce costs, simplify our organizational structure, accelerate decision-making and allow us to invest in higher priority growth opportunities. Restructuring initiatives involve complex plans and actions that may include, or result in, workforce reductions, global plant closures and/or consolidations, product portfolio rationalizations and asset impairments. Additionally, as a result of restructuring initiatives, we may experience a loss of continuity, loss of accumulated knowledge and/or inefficiencies during transitional periods. Restructuring initiatives present significant risks that may impair our ability to achieve anticipated operating enhancements and/or cost reductions, or otherwise harm our business, including higher than anticipated costs in implementing our restructuring program, as well as management distraction. For more information on our restructuring program, see Note 4 to our consolidated financial statements. If we fail to achieve some or all of the expected benefits of restructuring, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

We may not be able to effectively integrate acquired businesses into our operations or achieve expected cost savings or profitability from our acquisitions.

Our acquisitions involve numerous risks, including:

- unforeseen difficulties in integrating personnel and sales forces, operations, manufacturing, logistics, research and development, information technology, communications, purchasing, accounting, marketing, administration and other systems and processes;
- difficulties harmonizing and optimizing quality systems and operations;
- diversion of financial and management resources from existing operations;
- unforeseen difficulties related to entering geographic regions where we do not have prior experience;
- potential loss of key employees;
- unforeseen risks and liabilities associated with businesses acquired, including any unknown vulnerabilities in acquired technology or compromises of acquired data; and
- inability to generate sufficient revenue or realize sufficient cost savings to offset acquisition or investment costs.

As a result, if we fail to evaluate and execute acquisitions properly, we might not achieve the anticipated benefits of such acquisitions, and we may incur costs in excess of what we anticipate. These risks would likely be greater in the case of larger acquisitions.

Interruption of our manufacturing operations could adversely affect our business, financial condition and results of operations.

We have manufacturing sites all over the world. In some instances, however, the manufacturing of certain of our product lines is concentrated in one or more of our plants. Damage to one or more of our facilities from weather or natural disaster-related events, vulnerabilities in our technology, cyber-attacks against our information systems (such as ransomware attacks), or issues in our manufacturing arising from failure to follow specific internal protocols and procedures, compliance concerns relating to the QSR and Good Manufacturing Practice requirements, equipment breakdown or malfunction or other factors could adversely affect our ability to manufacture our products. In the event of an interruption in manufacturing, we may be unable to move quickly to alternate means of producing affected products or to meet customer demand. In the event of a significant interruption, for example, as a result of a failure to follow regulatory protocols and procedures, we may experience lengthy delays in resuming production of affected products due primarily to the need for regulatory approvals. As a result, we may experience loss of market share, which we may be unable to recapture, and harm to our reputation, which could adversely affect our business, financial condition and results of operations.

Disruptions in the supply of the materials and components used in manufacturing our products or the sterilization of our products by third-party suppliers could adversely affect our business, financial condition and results of operations.

We purchase many of the materials and components used in manufacturing our products from third-party suppliers and we outsource some key manufacturing activities. Certain of these materials and components and outsourced activities can only be obtained from a single source or a limited number of sources due to quality considerations, expertise, costs or constraints resulting from regulatory requirements. In certain cases, we may not be able to establish additional or replacement suppliers for such materials or components or outsourced activities in a timely or cost effective manner, largely as a result of FDA regulations that require validation of materials and components prior to their use in our products and the complex nature of our and many of our suppliers' manufacturing processes. A reduction or interruption in the supply of materials or components used in manufacturing our products; an inability to timely develop and validate alternative sources if required; or a significant increase in the price of such materials or components could adversely affect our business, financial condition and results of operations.

In addition, many of our products require sterilization prior to sale and we utilize a mix of internal resources and contract sterilizers to perform this service. To the extent we or our contract sterilizers are unable to sterilize our products, whether due to capacity, availability of materials for sterilization, regulatory or other constraints, including federal and state regulations on the use of ethylene oxide, we may be unable to transition to other contract sterilizers,

sterilizer locations or sterilization methods in a timely or cost effective manner or at all, which could have a material impact on our results of operations and financial condition.

Moreover, we are subject to the SEC's rule regarding disclosure of the use of certain minerals, known as "conflict minerals" (tantalum, tin and tungsten (or their ores) and gold), which are mined from the Democratic Republic of the Congo and adjoining countries. This rule could adversely affect the sourcing, availability and pricing of materials used in the manufacture of our products, which could adversely affect our manufacturing operations and our profitability. In addition, we are incurring additional costs to comply with this rule, including costs related to determining the source of any relevant minerals and metals used in our products. We have a complex supply chain and we may not be able to sufficiently verify the origins of the minerals and metals used in our products through our due diligence procedures. As a result, we may face reputational challenges with our customers and other stakeholders.

We are subject to costly and complex laws and governmental regulations relating to the development, design, product standards, packaging, advertising, promotion, postmarket surveillance, manufacturing, labeling and marketing of our products, non-compliance with which could adversely affect our business, financial condition and results of operations.

Our global regulatory environment is increasingly stringent, unpredictable and complex. The products we design, develop, manufacture and market are subject to rigorous regulation by the FDA and numerous other supranational, national, federal, regional, state and local governmental authorities. The process of obtaining regulatory approvals and clearances to market these products can be costly and time consuming and approvals might not be granted for future products on a timely basis, if at all. Delays in receipt of, or failure to obtain, approvals for future products could result in delayed realization of product revenues or in substantial additional costs.

Both before and after a product is commercially released, we have ongoing responsibilities under FDA regulations and other supranational, national, federal, regional, state and local requirements globally. Compliance with these requirements, including the QSR, recordkeeping regulations, labeling and promotional requirements and adverse event reporting regulations, is subject to continual review and is monitored rigorously through periodic inspections by the FDA and other regulators, which may result in observations (such as on Form 483), and in some cases warning letters, that require corrective action, or other forms of enforcement. If the FDA or another regulator were to conclude that we are not in compliance with applicable laws or regulations, or that any of our products are ineffective or pose an unreasonable health risk, they could ban such products, detain or seize adulterated or misbranded products, order a recall, repair, replacement, or refund of payment of such products, refuse to grant pending premarket approval applications, refuse to provide certificates for exports, and/or require us to notify healthcare professionals and others that the products present unreasonable risks of substantial harm to the public health. The FDA or other regulators may also impose operating restrictions, including a ceasing of operations at one or more facilities, enjoin and restrain certain violations of applicable law pertaining to our products, seizure of products and assess civil or criminal penalties against our officers, employees or us. The FDA or other regulators could also issue a corporate warning letter or a recidivist warning letter or negotiate the entry of a consent decree of permanent injunction with us, and/or recommend prosecution. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively manufacturing, marketing and selling our products and could have a material adverse effect on our business, financial condition and results of operations.

In 2012, we received a warning letter from the FDA citing concerns relating to certain processes pertaining to products manufactured at our Ponce, Puerto Rico manufacturing facility. In August 2018, we received a warning letter from the FDA related to observed non-conformities with current good manufacturing practice requirements of the QSR at our Warsaw North Campus manufacturing facility. As of February 14, 2020, these warning letters remained pending. Until the violations are corrected, we may become subject to additional regulatory action by the FDA as described above, the FDA may refuse to grant premarket approval applications and/or the FDA may refuse to grant export certificates, any of which could have a material adverse effect on our business, financial condition and results of operations. Additional information regarding these and other FDA regulatory matters can be found in Note 20 to our consolidated financial statements.

Governmental regulations outside the U.S. continue to become increasingly stringent and complex. In the EU, for example, the MDR will become effective in May 2020 and will include significant additional premarket and post-market requirements. Complying with the requirements of this regulation requires us to incur significant expense. Additionally, the availability of EU notified body services certified to the new requirements is limited, which may delay the marketing approval for some of our products under the MDR. Any such delays, or any failure to meet the

requirements of the new regulation, could adversely impact our business in the EU and other regions that tie their product registrations to the EU requirements.

Our products and operations are also often subject to the rules of industrial standards bodies, such as the International Standards Organization. If we fail to adequately address any of these regulations, our business could be harmed.

If we fail to comply with healthcare fraud and abuse or data privacy and security laws and regulations, we could face substantial penalties and our business, operations and financial condition could be adversely affected.

The sales, marketing and pricing of products and relationships that medical products companies have with healthcare providers are under increased scrutiny around the world. Our industry is subject to various laws and regulations pertaining to healthcare fraud and abuse, including the False Claims Act, the Anti-Kickback Statute, the Stark law, the Physician Payments Sunshine Act, the Food, Drug, and Cosmetic Act and similar laws and regulations in the U.S. and around the world. In addition, we are subject to various laws concerning anti-corruption and anti-bribery matters (including the FCPA), sales to countries or persons subject to economic sanctions and other matters affecting our international operations. Violations of these laws are punishable by criminal and/or civil sanctions, including, in some instances, fines, imprisonment and, within the U.S., exclusion from participation in government healthcare programs, including Medicare, Medicaid and Veterans Administration health programs. These laws are administered by, among others, the DOJ, the OIG-HHS, the SEC, the OFAC, the Bureau of Industry and Security of the U.S. Department of Commerce and state attorneys general.

We are also subject to federal, state and international data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal and protection of health-related and other personal information. The FDA has issued guidance to which we may be subject concerning data security for medical devices. The FDA and the DHS have also issued urgent safety communications regarding cybersecurity vulnerabilities of certain medical devices, which vulnerabilities may apply to some of our current or future devices.

In addition, certain of our affiliates are subject to privacy, security and breach notification regulations promulgated under HIPAA. HIPAA governs the use, disclosure, and security of protected health information by HIPAA "covered entities" and their "business associates." Covered entities are health plans, health care clearinghouses and health care providers that engage in specific types of electronic transactions. A business associate is any person or entity (other than members of a covered entity's workforce) that performs a service on behalf of a covered entity involving the use or disclosure of protected health information. HHS (through the Office for Civil Rights) has direct enforcement authority against covered entities and business associates with regard to compliance with HIPAA regulations. On December 12, 2018, the Office for Civil Rights of HHS issued a request for information seeking input from the public on how the HIPAA regulations could be modified to amend existing obligations relating to the processing of protected health information. We will monitor this process and assess the impact of changes to the HIPAA regulations to our business.

In addition to the FDA guidance and HIPAA regulations described above, a number of U.S. states have also enacted data privacy and security laws and regulations that govern the collection, use, disclosure, transfer, storage, disposal, and protection of personal information, such as social security numbers, medical and financial information and other information. These laws and regulations may be more restrictive and not preempted by U.S. federal laws. For example, several U.S. territories and all 50 states now have data breach laws that require timely notification to individuals, and at times regulators, the media or credit reporting agencies, if a company has experienced the unauthorized access or acquisition of personal information. Other state laws include the CCPA, which was signed into law on June 28, 2018 and largely took effect on January 1, 2020. The CCPA, among other things, contains new disclosure obligations for businesses that collect personal information about California residents and affords those individuals numerous rights relating to their personal information that may affect our ability to use personal information or share it with our business partners. Regulations from the California Attorney General have not been finalized, and it is expected that additional amendments to the CCPA will be introduced. Meanwhile, over fifteen other states have considered privacy laws like the CCPA, and in October 2019, Nevada enacted a similar but generally less restrictive privacy law. We will continue to monitor and assess the impact of these state laws, which may impose substantial penalties for violations, impose significant costs for investigations and compliance, allow private class-action litigation and carry significant potential liability for our business.

Outside of the U.S., data protection laws, including the GDPR and LGPD, also apply to some of our operations in the countries in which we provide services to our customers. Legal requirements in these countries relating to the collection, storage, processing and transfer of personal data continue to evolve. The GDPR imposes, among other

things, data protection requirements that include strict obligations and restrictions on the ability to collect, analyze and transfer EU personal data, a requirement for prompt notice of data breaches to data subjects and supervisory authorities in certain circumstances, and possible substantial fines for any violations (including possible fines for certain violations of up to the greater of 20 million Euros or 4% of total worldwide annual turnover of the preceding financial year). Governmental authorities around the world have enacted similar types of legislative and regulatory requirements concerning data protection, and additional governments are considering similar legal frameworks.

The interpretation and enforcement of the laws and regulations described above are uncertain and subject to change, and may require substantial costs to monitor and implement compliance with any additional requirements. Failure to comply with U.S. and international data protection laws and regulations could result in government enforcement actions (which could include substantial civil and/or criminal penalties), private litigation and/or adverse publicity and could have a material adverse impact on our business, financial condition or results of operations.

We incurred substantial additional indebtedness in connection with previous mergers and acquisitions and may not be able to meet all of our debt obligations, and the phase-out, replacement or unavailability of LIBOR and/or other interest rate benchmarks could adversely affect our indebtedness.

We incurred substantial additional indebtedness in connection with previous mergers and acquisitions. At December 31, 2019, our total indebtedness was $8.2 billion, as compared to $1.4 billion at December 31, 2014. As of December 31, 2019, our debt service obligations, comprised of principal and interest (excluding leases and equipment notes), during the next 12 months are expected to be $1.7 billion. As a result of the increase in our debt, demands on our cash resources have increased. The increased level of debt could, among other things:

- require us to dedicate a large portion of our cash flow from operations to the servicing and repayment of our debt, thereby reducing funds available for working capital, capital expenditures, research and development expenditures and other general corporate requirements;
- limit our ability to obtain additional financing to fund future working capital, capital expenditures, research and development expenditures and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict our ability to make strategic acquisitions or dispositions or to exploit business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- adversely affect our credit rating, with the result that the cost of servicing our indebtedness might increase and our ability to obtain surety bonds could be impaired;
- adversely affect the market price of our common stock; and
- limit our ability to apply proceeds from a future offering or asset sale to purposes other than the servicing and repayment of debt.

In addition, the interest rates applicable to certain of our debt obligations are based on a fluctuating rate of interest determined by reference to the London Interbank Offered Rate ("LIBOR"), Euro Interbank Offered Rate ("EURIBOR") and/or Tokyo Interbank Offered Rate ("TIBOR"). Any increase in interest rates applicable to our debt obligations would increase our cost of borrowing and could adversely affect our financial position, results of operations or cash flows. Further, in July 2017, the U.K.'s Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit rates for the calculation of LIBOR after 2021. In response to concerns regarding the future of LIBOR, the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York convened the Alternative Reference Rates Committee ("ARRC") to identify alternatives to LIBOR. The ARRC has recommended a benchmark replacement waterfall to assist issuers in continued capital market entry while safeguarding against LIBOR's discontinuation. The initial steps in the ARRC's recommended provision reference variations of the Secured Overnight Financing Rate ("SOFR"). At this time, it is not possible to predict whether SOFR will attain market traction as a LIBOR replacement. Additionally, it is uncertain if LIBOR will cease to exist after calendar year 2021, or whether additional reforms to LIBOR may be enacted, or whether alternative reference rates will gain market acceptance as a replacement for LIBOR. Further, other central banks have convened working groups to determine replacements or reforms of other interest rate benchmarks, such as EURIBOR, and it is expected, although not known, that a transition away from the use of certain of these other interest rate benchmarks will occur over the course of the next few years and alternative reference rates will be established.

Certain of our debt obligations that are based on LIBOR will mature before the end of 2021. However, the revolving credit agreement that we entered into on November 1, 2019 (the "2019 Credit Agreement") has an initial maturity date of November 1, 2024. In anticipation of LIBOR's phase out, the 2019 Credit Agreement provides for alternative base rates as well as a transition mechanism for selecting a benchmark replacement rate for LIBOR, with such benchmark replacement rate to be mutually agreed with the general administrative agent and our lenders. There can be no assurance that we will be able to reach an agreement with our lenders on any such replacement benchmark before experiencing adverse effects due to changes in interest rates, if at all. We will continue to monitor the situation and address the potential reference rate changes in future debt obligations that we may incur. Accordingly, the potential effect of the phase-out, replacement or unavailability of LIBOR, or the unavailability of any other interest rate benchmark such as EURIBOR or TIBOR, on our cost of capital cannot yet be determined. Further, the use of an alternative base rate or a benchmark replacement rate as a basis for calculating interest with respect to any outstanding variable rate indebtedness could lead to an increase in the interest we pay and a corresponding increase in our costs of capital or otherwise have a material adverse impact on our business, financial condition or results of operations.

We are increasingly dependent on sophisticated information technology and if we fail to effectively maintain or protect our information systems or data, including from data breaches, our business could be adversely affected.

We are increasingly dependent on sophisticated information technology for our products and infrastructure. As a result of technology initiatives, recently enacted regulations, changes in our system platforms and integration of new business acquisitions, we have been consolidating and integrating the number of systems we operate and have upgraded and expanded our information systems capabilities. In addition, some of our products and services incorporate software or information technology that collects data regarding patients and patient therapy, and some products or software we provide to customers connect to our systems for maintenance and other purposes. We also have outsourced elements of our operations to third parties, and, as a result, we manage a number of third-party suppliers who may or could have access to our confidential information, including, but not limited to, intellectual property, proprietary business information and personal information of patients, employees and customers (collectively "Confidential Information").

Our information systems, and those of third-party suppliers with whom we contract, require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information technology, evolving systems and regulatory standards and the increasing need to protect patient and customer information. In addition, given their size and complexity, these systems could be vulnerable to service interruptions or to security breaches from inadvertent or intentional actions by our employees, third-party suppliers and/or business partners, or from cyber-attacks by malicious third parties attempting to gain unauthorized access to our products, systems or Confidential Information.

Like other large multi-national corporations, we have experienced instances of successful phishing attacks on our email systems and expect to be subject to similar attacks in the future. We also are subject to other cyber-attacks, including state-sponsored cyber-attacks, industrial espionage, insider threats, computer denial-of-service attacks, computer viruses, ransomware and other malware, payment fraud or other cyber incidents. Our incident response efforts, business continuity procedures and disaster recovery planning may not be sufficient for all eventualities. If we fail to maintain or protect our information systems and data integrity effectively, we could:

- lose existing customers;
- have difficulty attracting new customers;
- have problems in determining product cost estimates and establishing appropriate pricing;
- suffer outages or disruptions in our operations or supply chain;
- have difficulty preventing, detecting, and controlling fraud;
- have disputes with customers, physicians, and other healthcare professionals;
- have regulatory sanctions or penalties imposed;
- incur increased operating expenses;
- be subject to issues with product functionality that may result in a loss of data, risk to patient safety, field actions and/or product recalls;
- incur expenses or lose revenues as a result of a data privacy breach; or

- suffer other adverse consequences.

While we have invested heavily in the protection of our data and information technology, there can be no assurance that our activities related to consolidating the number of systems we operate, upgrading and expanding our information systems capabilities, protecting and enhancing our systems and implementing new systems will be successful. We will continue to dedicate significant resources to protect against unauthorized access to our systems and work with government authorities to detect and reduce the risk of future cyber incidents; however, cyber-attacks are becoming more sophisticated, frequent and adaptive. Therefore, despite our efforts, we cannot assure that cyber-attacks or data breaches will not occur or that systems issues will not arise in the future. Any significant breakdown, intrusion, breach, interruption, corruption or destruction of these systems could have a material adverse effect on our business and reputation.

Our success depends on our ability to effectively develop and market our products against those of our competitors.

We operate in a highly competitive environment. Our present or future products could be rendered obsolete or uneconomical by technological advances by one or more of our present or future competitors or by other therapies, including biological therapies. To remain competitive, we must continue to develop and acquire new products and technologies and improve existing products and technologies. Competition is primarily on the basis of:

- technology;
- innovation;
- quality;
- reputation;
- customer service; and
- pricing.

In markets outside of the U.S., other factors influence competition as well, including:

- local distribution systems;
- complex regulatory environments; and
- differing medical philosophies and product preferences.

Our competitors may:

- have greater financial, marketing and other resources than us;
- respond more quickly to new or emerging technologies;
- undertake more extensive marketing campaigns;
- adopt more aggressive pricing policies; or
- be more successful in attracting potential customers, employees and strategic partners.

Any of these factors, alone or in combination, could cause us to have difficulty maintaining or increasing sales of our products.

If we fail to retain the independent agents and distributors upon whom we rely heavily to market our products, customers may not buy our products and our revenue and profitability may decline.

Our marketing success in the U.S. and abroad depends significantly upon our agents' and distributors' sales and service expertise in the marketplace. Many of these agents have developed professional relationships with existing and potential customers because of the agents' detailed knowledge of products and instruments. A loss of a significant number of our agents could have a material adverse effect on our business and results of operations.

If we do not introduce new products in a timely manner, our products may become obsolete over time, customers may not buy our products and our revenue and profitability may decline

Demand for our products may change, in certain cases, in ways we may not anticipate because of:

- evolving customer needs;
- changing demographics;
- slowing industry growth rates;
- declines in the musculoskeletal implant market;
- the introduction of new products and technologies;
- evolving surgical philosophies; and
- evolving industry standards.

Without the timely introduction of new products and enhancements, our products may become obsolete over time. If that happens, our revenue and operating results would suffer. The success of our new product offerings will depend on several factors, including our ability to:

- properly identify and anticipate customer needs;
- commercialize new products in a timely manner;
- manufacture and deliver instruments and products in sufficient volumes on time;
- differentiate our offerings from competitors' offerings;
- achieve positive clinical outcomes for new products;
- satisfy the increased demands by healthcare payors, providers and patients for shorter hospital stays, faster post-operative recovery and lower-cost procedures;
- innovate and develop new materials, product designs and surgical techniques; and
- provide adequate medical education relating to new products.

In addition, new materials, product designs and surgical techniques that we develop may not be accepted quickly, in some or all markets, because of, among other factors:

- entrenched patterns of clinical practice;
- the need for regulatory clearance; and
- uncertainty with respect to third-party reimbursement.

Moreover, innovations generally require a substantial investment in research and development before we can determine their commercial viability and we may not have the financial resources necessary to fund the production. In addition, even if we are able to successfully develop enhancements or new generations of our products, these enhancements or new generations of products may not produce revenue in excess of the costs of development and they may be quickly rendered obsolete by changing customer preferences or the introduction by our competitors of products embodying new technologies or features.

If third-party payors decline to reimburse our customers for our products or reduce reimbursement levels, the demand for our products may decline and our ability to sell our products profitably may be harmed.

We sell our products and services to hospitals, doctors, dentists and other healthcare providers, all of which receive reimbursement for the healthcare services provided to their patients from third-party payors, such as domestic and international government programs, private insurance plans and managed care programs. These third-party payors may deny reimbursement if they determine that a product or service used in a procedure was not in accordance with cost-effective treatment methods, as determined by the third-party payor, or was used for an unapproved indication. Third-party payors may also decline to reimburse for experimental procedures and products.

In addition, third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement for medical products and services. If third-party payors reduce reimbursement levels to hospitals and other healthcare providers for our products, demand for our products may decline, or we may experience increased pressure to reduce the prices of our products, which could have a material adverse effect on our sales and results of operations.

We have also experienced downward pressure on product pricing and other effects of healthcare reform in our international markets. If key participants in government healthcare systems reduce the reimbursement levels for our products, our sales and results of operations may be adversely affected.

The ongoing cost-containment efforts of healthcare purchasing organizations may have a material adverse effect on our results of operations.

Many customers for our products have formed group purchasing organizations in an effort to contain costs. Group purchasing organizations negotiate pricing arrangements with medical supply manufacturers and distributors, and these negotiated prices are made available to a group purchasing organization's affiliated hospitals and other members. If we are not one of the providers selected by a group purchasing organization, affiliated hospitals and other members may be less likely to purchase our products, and, if the group purchasing organization has negotiated a strict compliance contract for another manufacturer's products, we may be precluded from making sales to members of the group purchasing organization for the duration of the contractual arrangement. Our failure to respond to the cost-containment efforts of group purchasing organizations may cause us to lose market share to our competitors and could have a material adverse effect on our sales and results of operations.

We conduct a significant amount of our sales activity outside of the U.S., which subjects us to additional business risks and may cause our profitability to decline due to increased costs.

We sell our products in more than 100 countries and derived approximately 40 percent of our net sales in 2019 from outside the U.S. We intend to continue to pursue growth opportunities in sales internationally, including in emerging markets, which could expose us to additional risks associated with international sales and operations. Our international operations are, and will continue to be, subject to a number of risks and potential costs, including:

- changes in foreign medical reimbursement policies and programs;
- changes in foreign regulatory requirements, such as more stringent requirements for regulatory clearance of products;
- differing local product preferences and product requirements;
- fluctuations in foreign currency exchange rates;
- diminished protection of intellectual property in some countries outside of the U.S.;
- trade protection measures, import or export requirements, new or increased tariffs, trade embargoes and sanctions and other trade barriers, which may prevent us from shipping products to a particular market and may increase our operating costs;
- foreign exchange controls that might prevent us from repatriating cash earned in countries outside the U.S.;
- complex data privacy requirements and labor relations laws;
- extraterritorial effects of U.S. laws such as the FCPA;
- effects of foreign anti-corruption laws, such as the UK Bribery Act;
- difficulty in staffing and managing foreign operations;
- labor force instability;
- potentially negative consequences from changes in tax laws; and
- political, social and economic instability and uncertainty, including sovereign debt issues.

Violations of foreign laws or regulations could result in fines, criminal sanctions against us, our officers or our employees, prohibitions on the conduct of our business and damage to our reputation.

We have significant global sales and operations and face risks related to health epidemics that could impact our sales and operating results.

Our business could be adversely affected by the effects of a widespread outbreak of contagious disease, including the recent outbreak of respiratory illness caused by a novel coronavirus first identified in Wuhan, Hubei Province, China. Any outbreak of contagious diseases, and other adverse public health developments, could have a material adverse effect on our business operations. These could include disruptions or restrictions on our ability to travel or to distribute our products, as well as temporary closures of our facilities or the facilities of our suppliers or customers, the deferral of elective procedures in impacted countries or the temporary suspension of operations by us or our suppliers or customers. Any disruption of our operations, or those of our suppliers or customers, would likely impact our sales and operating results. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect demand for our products and likely impact our operating results.

We may have additional tax liabilities.

We are subject to income taxes in the U.S. and many foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are regularly under audit by tax authorities. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical income tax provisions and accruals. The results of an audit or litigation could have a material effect on our financial statements in the period or periods for which that determination is made.

The Tax Cuts and Jobs Act of 2017 was signed into law on December 22, 2017 (the "2017 Tax Act"), with significant changes to the U.S. corporate income tax system, including a federal corporate income tax rate reduction from 35 percent to 21 percent, limitations on the deductibility of interest expense, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. Our tax expense and cash flow could be impacted in the event of adverse future regulatory guidance provided by the U.S. Treasury clarifying certain aspects of the 2017 Tax Act or other changes to the U.S. corporate income tax system.

Other changes in the tax laws of the jurisdictions where we do business, including an increase in tax rates or an adverse change in the treatment of an item of income or expense, could result in a material increase in our tax expense. For example, changes in the tax laws of foreign jurisdictions could arise as a result of the "base erosion and profit shifting" project undertaken by the Organisation for Economic Co-operation and Development ("OECD"). The OECD, which represents a coalition of member countries, has recommended changes to numerous long-standing tax principles. These changes, as adopted by countries, could increase tax uncertainty and may adversely affect our provision for income taxes.

We are subject to risks arising from currency exchange rate fluctuations, which can increase our costs, cause our profitability to decline and expose us to counterparty risks.

A substantial portion of our foreign revenues is generated in Europe and Japan. The U.S. Dollar value of our foreign-generated revenues varies with currency exchange rate fluctuations. Significant increases in the value of the U.S. Dollar relative to the Euro, the Japanese Yen, the Swiss Franc or other currencies could have a material adverse effect on our results of operations. Although we address currency risk management through regular operating and financing activities, and, on a limited basis, through the use of derivative financial instruments, those actions may not prove to be fully effective or may create additional financial obligations for us. Further, if the counterparties to the derivative financial instrument transactions fail to honor their obligations due to financial distress or otherwise, we would be exposed to potential losses or the inability to recover anticipated gains from those transactions.

Pending and future product liability claims and litigation could adversely impact our financial condition and results of operations and impair our reputation.

Our business exposes us to potential product liability risks that are inherent in the design, manufacture and marketing of medical devices. In the ordinary course of business, we are the subject of product liability lawsuits alleging that component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or product-related information resulted in an unsafe condition or injury to patients. As discussed further in

Note 20 to our consolidated financial statements, we are defending product liability lawsuits relating to the Durom® Acetabular Component ("Durom Cup"), certain products within the M/L Taper and M/L Taper with Kinectiv® Technology hip stems and Versys® Femoral Head implants, and the M2a-Magnum™ hip system. We are also currently defending a number of other product liability lawsuits and claims related to various other products. Any product liability claim brought against us, with or without merit, can be costly to defend. Product liability lawsuits and claims, safety alerts or product recalls, regardless of their ultimate outcome, could have a material adverse effect on our business and reputation and on our ability to attract and retain customers.

We are substantially dependent on patent and other proprietary rights, and failing to protect such rights or to be successful in litigation related to our rights or the rights of others may result in our payment of significant monetary damages and/or royalty payments, negatively impact our ability to sell current or future products, or prohibit us from enforcing our patent and other proprietary rights against others.

Claims of intellectual property infringement and litigation regarding patent and other intellectual property rights are commonplace in our industry and are frequently time consuming and costly. At any given time, we may be involved as either plaintiff or defendant in a number of patent infringement actions, the outcomes of which may not be known for prolonged periods of time. While it is not possible to predict the outcome of patent and other intellectual property litigation, such litigation could result in our payment of significant monetary damages and/or royalty payments, negatively impact our ability to sell current or future products, or prohibit us from enforcing our patent and proprietary rights against others, which could have a material adverse effect on our business and results of operations. As discussed further in Note 20 to our consolidated financial statements, in 2015 we paid a compensatory damages award of approximately $90 million and in March 2019 we paid approximately $168 million related to an award of treble damages and attorneys' fees in a patent infringement lawsuit.

Our success depends in part on our proprietary technology, processes, methodologies and information. We rely on a combination of patent, copyright, trademark, trade secret and other intellectual property laws and nondisclosure, license, assignment and confidentiality arrangements to establish, maintain and protect our proprietary rights, as well as the intellectual property rights of third parties whose assets we license. However, the steps we have taken to protect our intellectual property rights, and the rights of those from whom we license intellectual property, may not be adequate to prevent unauthorized use, misappropriation or theft of our intellectual property. Further, our currently pending or future patent applications may not result in patents being issued to us, patents issued to or licensed by us in the past or in the future may be challenged or circumvented by competitors, and such patents may be found invalid, unenforceable or insufficiently broad to protect our technology or to provide us with any competitive advantage. Third parties could obtain patents that may require us to negotiate licenses to conduct our business, and the required licenses may not be available on reasonable terms or at all. We also cannot be certain that others will not independently develop substantially equivalent proprietary information.

In addition, intellectual property laws differ in various jurisdictions in which we operate and are subject to change at any time, which could further restrict our ability to protect our intellectual property and proprietary rights. In particular, a portion of our revenues is derived from jurisdictions where adequately protecting intellectual property rights may prove more challenging or impossible. We may also not be able to detect unauthorized uses or take timely and effective steps to remedy unauthorized conduct. To prevent or respond to unauthorized uses of our intellectual property, we might be required to engage in costly and time-consuming litigation or other proceedings and we may not ultimately prevail. Any failure to establish, maintain or protect our intellectual property or proprietary rights could have a material adverse effect on our business, financial condition, or results of operations.

We are involved in legal proceedings that may result in adverse outcomes.

In addition to intellectual property and product liability claims and lawsuits, we are involved in various commercial and securities litigation and claims and other legal proceedings that arise from time to time in the ordinary course of our business. For example, as discussed further in Note 20 to our consolidated financial statements, we are defending a purported class action lawsuit, *Shah v. Zimmer Biomet Holdings, Inc. et al.,* filed against us, certain of our current and former officers, certain current and former members of our Board of Directors, and certain former stockholders of ours who sold shares of our common stock in secondary public offerings in 2016, alleging that we and other defendants violated federal securities laws by making materially false and/or misleading statements and/or omissions about our compliance with FDA regulations and our ability to continue to accelerate our organic revenue growth rate in the second half of 2016. There have also been four shareholder derivative actions filed purportedly on our behalf against certain of our current and former directors and officers and certain former stockholders of ours who sold shares of our common stock in secondary public offerings in 2016, alleging breaches of fiduciary duties

and insider trading, based on substantially the same factual allegations as *Shah*. Although we believe there are substantial defenses in these matters, litigation and other claims are subject to inherent uncertainties and management's view of these matters may change in the future. Given the uncertain nature of legal proceedings generally, we are not able in all cases to estimate the amount or range of loss that could result from an unfavorable outcome. We could in the future incur judgments or enter into settlements of claims that could have a material adverse effect on our results of operations in any particular period.

Future material impairments in the carrying value of our intangible assets, including goodwill, would negatively affect our operating results.

Goodwill and intangible assets represent a significant portion of our assets. At December 31, 2019, we had $9.6 billion in goodwill and $7.3 billion of intangible assets. The goodwill results from our acquisition activity and represents the excess of the consideration transferred over the fair value of the net assets acquired. We assess at least annually whether events or changes in circumstances indicate that the carrying value of our intangible assets may not be recoverable. As discussed further in Note 10 to our consolidated financial statements, we recorded goodwill impairment charges of $975.9 million in 2018. If the operating performance at one or more of our reporting units falls significantly below current levels, if competing or alternative technologies emerge, if market conditions or future cash flow estimates for one or more of our businesses decline, or as a result of restructuring initiatives pursuant to which we reorganize our reporting units, we could be required to record additional goodwill impairment charges. Any write-off of a material portion of our goodwill or unamortized intangible assets would negatively affect our results of operations.

Developments relating to the UK's exit from the EU could adversely affect us.

The UK held a referendum in June 2016 in which voters chose to leave the EU, commonly referred to as "Brexit". Following a protracted period of negotiation, the UK ceased to be a member of the EU on January 31, 2020, after the ratification and approval of a withdrawal agreement by the EU and the UK. The withdrawal agreement provides for a transition period until December 31, 2020 (the "Transition Period"), during which the terms of the future trading relationship between the EU and the UK will be negotiated. Throughout the Transition Period, the legal and regulatory framework as between the UK and the EU will remain the same.

Brexit and the perceptions as to its potential impact have and may continue to adversely affect business activity and economic conditions in Europe and globally and could contribute to instability in global financial and foreign exchange markets both during and after the Transition Period. Brexit could also have the effect of disrupting the free movement of goods, services and people between the UK and the EU through the imposition of tariffs, custom inspections, and/or migration restrictions. The future relationship for medical products regulation and trade between the UK and the EU is currently uncertain and any adjustments we make to our business and operations as a result of Brexit could result in significant expense and take significant time to complete. Brexit could also result in the UK or the EU significantly altering its regulations affecting the clearance and approval of medical products. In addition, as a result of Brexit, other European countries may seek to conduct referenda with respect to their continuing membership with the EU. If there is no agreed upon long-term trading arrangement by the end of the Transition Period (a so-called "hard Brexit"), it would likely have a significant adverse impact on labor and trade and create significant short-term currency volatility.

Given these possibilities and others we may not anticipate, as well as the lack of comparable precedent, the full extent to which we will be affected by Brexit is uncertain. Any of the potential negative effects of Brexit could adversely affect our business, results of operations and financial condition.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our Restated Certificate of Incorporation, our Restated By-Laws and the Delaware General Corporation Law may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions provide for, among other things:

- the ability of our board of directors to issue one or more series of preferred stock without further stockholder action;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings; and
- the prohibition on engaging in a "business combination" with an "interested stockholder" for three years after the time at which a person became an interested stockholder unless certain conditions are met, as set forth in Section 203 of the Delaware General Corporation Law.

These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares.

Our Restated By-Laws designate certain Delaware courts as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our Restated By-Laws provide that, unless we consent in writing to the selection of an alternative forum, a state court located within the State of Delaware (or, if no state court located in the State of Delaware has jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any stockholder (including any beneficial owner) to bring (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the Delaware General Corporation Law or our Restated Certificate of Incorporation or our Restated By-Laws, as either may be amended from time to time, or (iv) any action asserting a claim against us or any of our directors, officers or other employees governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have received notice of and consented to the foregoing provisions. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find this choice of forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

Item 1B. Unresolved Staff Comments

Not Applicable.

Item 2. Properties

We own or lease approximately 340 different facilities around the world, of which approximately half are in the U.S. Our corporate headquarters is in Warsaw, Indiana. Warsaw, Indiana is also home to our most significant manufacturing, research and development ("R&D"), and other business activities for our Knees, Hips and S.E.T. product categories. Our Spine, CMF, Office Based Technologies and Dental product categories also have business unit headquarters located in the U.S. that are the primary facilities for these product categories' manufacturing, R&D and other business activities. Internationally, our EMEA regional headquarters is in Switzerland and our Asia Pacific regional headquarters is in Singapore.

We have approximately 30 manufacturing locations in the U.S. and internationally. Our most significant locations outside of the U.S. are in Switzerland, Ireland, the U.K., China, and Puerto Rico. We primarily own our manufacturing facilities in the U.S.; internationally, we occupy both owned and leased manufacturing facilities.

We maintain sales and administrative offices and warehouse and distribution facilities in more than 40 countries around the world. These local market facilities are primarily leased due to common businesses practices and to allow us to be more adaptable to changing needs in the market.

We distribute our products both through large, centralized warehouses and through smaller, market specific facilities, depending on the needs of the market. We maintain large, centralized warehouses in the U.S. and the Netherlands to be able to efficiently distribute our products to customers in the U.S. and EMEA.

We believe that all of the facilities and equipment are in good condition, well maintained and able to operate at present levels. We believe the current facilities, including manufacturing, warehousing, R&D and office space, provide sufficient capacity to meet ongoing demands.

Item 3. Legal Proceedings

Information pertaining to certain legal proceedings in which we are involved can be found in Note 20 to our consolidated financial statements included in Part II, Item 8 of this report and is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not Applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange and the SIX Swiss Exchange under the symbol "ZBH." As of February 7, 2020, there were approximately 17,900 holders of record of our common stock. A substantially greater number of holders of our common stock are "street name" or beneficial holders, whose shares of record are held by banks, brokers and other financial institutions.

We expect to continue paying cash dividends on a quarterly basis; however, future dividends are subject to approval of the Board of Directors and may be adjusted as business needs or market conditions change.

The information required by this Item concerning equity compensation plans is incorporated herein by reference to Item 12 of this report.

Item 6. Selected Financial Data

The financial information for each of the past five years ended December 31 is set forth below (in millions, except per share amounts):

	2019	2018	2017	2016	2015 (1)(2)
STATEMENT OF EARNINGS DATA					
Net sales	$ 7,982.2	$ 7,932.9	$ 7,803.3	$ 7,668.4	$ 5,997.8
Net earnings (loss) of Zimmer Biomet Holdings, Inc.	1,131.6	(379.2)	1,813.8	305.9	147.0
Earnings (loss) per common share					
Basic	$ 5.52	$ (1.86)	$ 8.98	$ 1.53	$ 0.78
Diluted	5.47	(1.86)	8.90	1.51	0.77
Dividends declared per share of common stock	$ 0.96	$ 0.96	$ 0.96	$ 0.96	$ 0.88
Average common shares outstanding					
Basic	205.1	203.5	201.9	200.0	187.4
Diluted	206.7	203.5	203.7	202.4	189.8
BALANCE SHEET DATA					
Total assets	$ 24,638.7	$ 24,126.8	$ 26,014.0	$ 26,684.4	$ 27,160.6
Long-term debt	6,721.4	8,413.7	8,917.5	10,665.8	11,497.4
Other long-term obligations	2,083.0	2,015.7	2,291.3	3,967.2	4,155.9
Stockholders' equity	12,392.8	11,276.1	11,735.5	9,669.9	9,889.4

(1) Effective January 1, 2018 we adopted Accounting Standards Update 2014-09 – Revenue from Contracts with Customers (Topic 606). We adopted this new standard using the retrospective method, which resulted in us restating the 2017 and 2016 periods. The 2015 period has not been restated.

(2) On June 24, 2015 we acquired LVB Acquisition, Inc. Accordingly, the results of this significant acquisition have only been reflected in 2015 starting on that date.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the corresponding notes included elsewhere in this Annual Report on Form 10-K. Certain percentages presented in this discussion and analysis are calculated from the underlying whole-dollar amounts and therefore may not recalculate from the rounded numbers used for disclosure purposes. Certain amounts in the 2018 and 2017 consolidated financial statements have been reclassified to conform to the 2019 presentation. The following discussion, analysis and comparisons generally focus on the operating results for the years ended December 31, 2019 and 2018. Discussion, analysis and comparisons of the years ended December 31, 2018 and 2017 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

EXECUTIVE LEVEL OVERVIEW

2019 Financial Highlights

In 2019, our net sales increased by 0.6 percent compared to 2018. We estimate changes in volume/mix of our products and pricing had a positive effect of 2.2 percent on our 2019 sales while changes in foreign currency exchange rates had a negative effect of 1.6 percent. Notably, our sales growth was higher in the second half of the year compared to the first half of the year primarily due to various product launches in our Knees product category, which drove improved commercial execution. The improved second half performance was present in all of our product categories and geographic regions. Additionally, the negative impact of changes in foreign currency exchange rates was less in the second half of 2019 compared to the first half.

Our net earnings increased by more than $1.5 billion in 2019 from 2018. We had significant goodwill and intangible asset impairments and litigation-related charges in 2018, which contributed to a net loss that year. In 2019, expenses related to quality remediation, as well as acquisition and integration, declined due to the continued progress in completing those projects. Higher sales, lower interest expense and the recognition of a deferred tax benefit related to Switzerland tax reform resulted in the significant increase in earnings in 2019 compared to 2018.

2020 Outlook

We believe that the improved sales performance in the second half of 2019 will continue into 2020. We estimate sales growth in 2020 compared to 2019 will be in a range of 2.5 percent to 3.5 percent. We anticipate the impact from changes in foreign currency exchange rates will be minimal for 2020. We expect to be able to leverage the sales growth into higher operating profits. Additionally, we expect reductions in quality remediation costs, as well as other various project costs, as we complete these initiatives. We have recently initiated restructuring activities designed to reduce our operating costs in the long-term. These activities are expected to result in expenses of approximately $350 million to $400 million through the end of 2023, with slightly more than half of that expected to be incurred in 2020. Further, we expect interest expense, net, will continue to decline in 2020 due to lower average outstanding debt balances.

Our 2020 outlook does not consider any impacts from the recent outbreak of the coronavirus. While there could be a near-term effect on our operating results, it is difficult to assess or predict how material the impact will be and what long-term effects the outbreak may have.

RESULTS OF OPERATIONS

We analyze sales by three geographies, the Americas, EMEA and Asia Pacific, and by the following product categories: Knees, Hips, S.E.T., Dental, Spine & CMF and Other. This sales analysis differs from our reportable operating segments, which are based upon our senior management organizational structure and how we allocate resources towards achieving operating profit goals. We analyze sales by geography because the underlying market trends in any particular geography tend to be similar across product categories and because we primarily sell the same products in all geographies.

Net Sales by Geography

The following tables present net sales by geography and the components of the percentage changes (dollars in millions):

	Year Ended December 31,			Volume/		Foreign
	2019	2018	% Inc/(Dec)	Mix	Price	Exchange
Americas	$ 4,875.8	$ 4,837.2	0.8 %	4.0 %	(3.0) %	(0.2) %
EMEA	1,746.9	1,801.9	(3.1)	4.3	(2.1)	(5.3)
Asia Pacific	1,359.5	1,293.8	5.1	9.1	(2.2)	(1.8)
Total	$ 7,982.2	$ 7,932.9	0.6	4.9	(2.7)	(1.6)

	Year Ended December 31,			Volume/		Foreign
	2018	2017	% Inc/(Dec)	Mix	Price	Exchange
Americas	$ 4,837.2	$ 4,844.8	(0.2) %	2.3 %	(2.4) %	(0.1) %
EMEA	1,801.9	1,745.2	3.2	1.7	(1.6)	3.1
Asia Pacific	1,293.8	1,213.3	6.6	9.2	(3.5)	0.9
Total	$ 7,932.9	$ 7,803.3	1.7	3.2	(2.4)	0.9

“Foreign Exchange” used in the tables in this report represents the effect of changes in foreign currency exchange rates on sales.

Net Sales by Product Category

The following tables present net sales by product category and the components of the percentage changes (dollars in millions):

	Year Ended December 31,			Volume/		Foreign
	2019	2018	% Inc/(Dec)	Mix	Price	Exchange
Knees	$ 2,810.1	$ 2,773.7	1.3 %	6.2 %	(3.0) %	(1.9) %
Hips	1,935.1	1,921.4	0.7	5.5	(3.0)	(1.8)
S.E.T.	1,795.7	1,751.8	2.5	5.4	(1.6)	(1.3)
Spine & CMF	747.3	763.9	(2.2)	1.4	(2.6)	(1.0)
Dental	414.0	411.2	0.7	3.2	(0.9)	(1.6)
Other	280.0	310.9	(9.9)	(2.1)	(6.5)	(1.3)
Total	$ 7,982.2	$ 7,932.9	0.6	4.9	(2.7)	(1.6)

	Year Ended December 31,			Volume/		Foreign
	2018	2017	% Inc/(Dec)	Mix	Price	Exchange
Knees	$ 2,773.7	$ 2,734.0	1.5 %	3.6 %	(2.9) %	0.8 %
Hips	1,921.4	1,871.8	2.6	4.3	(2.8)	1.1
S.E.T.	1,751.8	1,701.8	2.9	3.9	(1.8)	0.8
Spine & CMF	763.9	757.9	0.8	2.1	(1.7)	0.4
Dental	411.2	418.6	(1.8)	(1.7)	(1.5)	1.4
Other	310.9	319.2	(2.6)	(1.7)	(1.5)	0.6
Total	$ 7,932.9	$ 7,803.3	1.7	3.2	(2.4)	0.9

The following table presents net sales by product category by geography for our Knees and Hips product categories, which represent our most significant product categories (dollars in millions):

	Year Ended December 31,				
	2019	2018	2017	2019 vs. 2018 % Inc/(Dec)	2018 vs. 2017 % Inc/(Dec)
Knees					
Americas	$ 1,676.6	$ 1,642.7	$ 1,656.5	2.1 %	(0.8) %
EMEA	654.1	672.3	644.4	(2.7)	4.4
Asia Pacific	479.4	458.7	433.1	4.5	5.9
Total	$ 2,810.1	$ 2,773.7	$ 2,734.0	1.3	1.5
Hips					
Americas	$ 1,016.3	$ 996.3	$ 968.9	2.0 %	2.8 %
EMEA	499.8	519.9	518.4	(3.9)	0.3
Asia Pacific	419.0	405.2	384.5	3.4	5.4
Total	$ 1,935.1	$ 1,921.4	$ 1,871.8	0.7	2.6

Demand (Volume/Mix) Trends

Increased volume and changes in the mix of product sales had a positive effect of 4.9 percent on year-over-year sales during 2019. Volume/mix growth was driven by recent product introductions, particularly in our Knees product category, sales in key emerging markets and market growth. Market growth has generally been influenced by an aging global population, obesity, new technologies, advances in surgical techniques and more active lifestyles, among other factors.

Pricing Trends

Global selling prices had a negative effect of 2.7 percent on year-over-year sales during 2019. In the majority of countries in which we operate, we continue to experience pricing pressure from governmental healthcare cost containment efforts and from local hospitals and health systems.

Foreign Currency Exchange Rates

In 2019, changes in foreign currency exchange rates had a negative effect of 1.6 percent on year-over-year sales. If foreign currency exchange rates remain at levels consistent with recent rates, we estimate they will have a minimal effect on sales in 2020 for the full year. However, we estimate sales will be negatively affected by foreign currency exchange rates in the first half of the year, but that impact will be offset by positive effects in the second half of the year.

Sales by Product Category

Knees

Knee sales increased by 1.3 percent in 2019 compared to 2018. Various product launches resulted in improved volume/mix growth in the knee product category, which was partially offset by price declines and changes in foreign currency exchange rates. Knee sales growth was principally driven by increased demand for Persona® The Personalized Knee System, the Oxford® Partial Knee and the ROSA® Knee System.

Hips

Hip sales increased by 0.7 percent in 2019 compared to 2018. Volume/mix growth in this product category was partially offset by price declines and changes in foreign currency exchange rates. Hip sales growth was primarily attributable to increased utilization of our Taperloc® Complete Hip System and G7® Acetabular System.

S.E.T.

S.E.T. sales increased by 2.5 percent in 2019 compared to 2018 primarily due to supply stability, salesforce specialization and new product launches, partially offset by price declines and changes in foreign currency exchange rates.

Spine & CMF

Spine and CMF sales decreased by 2.2 percent in 2019 compared to 2018 primarily due to ongoing sales channel consolidation in our Spine division, price declines and changes in foreign currency exchange rates. Demand for our thoracic products continued to positively contribute to sales.

Dental

Dental sales increased by 0.7 percent in 2019 compared to 2018. Volume/mix growth in our Dental product category improved primarily due to investment of resources in priority areas, as well as other operational improvements.

The following table presents estimated* 2019 global market information (dollars in billions):

	Global Market Size	Global Market % Growth**	Zimmer Biomet Market Position
Knees	$ 8	Low-Single Digit	1
Hips	7	Low-Single Digit	1
S.E.T.	22	Mid-Single Digit	5
Spine & CMF	11	Low-Single Digit	5
Dental	5	Mid-Single Digit	4

* Estimates are not precise and are based on competitor annual filings, Wall Street equity research and Company estimates

** Excludes the effect of changes in foreign currency exchange rates on sales growth

Expenses as a Percent of Net Sales

	Year Ended December 31,				
	2019	2018	2017	2019 vs. 2018 Inc/(Dec)	2018 vs. 2017 Inc/(Dec)
Cost of products sold, excluding intangible asset amortization	28.2 %	28.6 %	27.3 %	(0.4) %	1.3 %
Intangible asset amortization	7.3	7.5	7.7	(0.2)	(0.2)
Research and development	5.6	4.9	4.7	0.7	0.2
Selling, general and administrative	41.9	42.6	39.8	(0.7)	2.8
Goodwill and intangible asset impairment	0.9	12.3	4.2	(11.4)	8.1
Quality remediation	1.0	1.9	2.3	(0.9)	(0.4)
Restructuring and other cost reduction initiatives	0.6	0.4	0.2	0.2	0.2
Acquisition, integration and related	0.2	1.3	3.4	(1.1)	(2.1)
Operating Profit	14.2	0.4	10.2	13.8	(9.8)

Cost of Products Sold and Intangible Asset Amortization

We calculate gross profit as net sales minus cost of products sold and intangible asset amortization. Our gross margin percentage is gross profit divided by net sales. The following table sets forth the factors that contributed to the gross margin changes in each of 2019 and 2018 compared to the prior year:

	Year Ended December 31,	
	2019	2018
Prior year gross margin	63.9%	64.9%
Lower average selling prices	(0.7)	(0.6)
Average cost per unit	(0.4)	0.8
Excess and obsolete inventory	0.1	(1.0)
Discontinued products inventory charges	-	(0.1)
Royalties	0.4	-
Impact of foreign currency hedges	0.8	(0.4)
Inventory step-up	-	0.4
U.S. medical device excise tax	0.2	(0.3)
Intangible asset amortization	0.2	0.2
Current year gross margin	64.5%	63.9%

The increase in gross margin percentage in 2019 compared to 2018 was primarily due to the effect of our hedging program, lower royalty expense, a refund related to U.S. medical device excise taxes and lower intangible asset amortization. We incurred hedge gains of $38.4 million in 2019 compared to hedge losses of $26.2 million in 2018. For derivatives which qualify as hedges of future cash flows, the effective portion of changes in fair value is temporarily recorded in other comprehensive income and then recognized in cost of products sold when the hedged items affect earnings. The refund of a portion of the U.S. medical device excise tax was the result of a change in the methodology we used to calculate the constructive sales price upon which the taxes were paid. On July 1, 2019 the IRS approved and agreed to our change in methodology. The reduction in royalty expense was partially the result of an agreement we entered into on April 1, 2019. Under the agreement, we paid $192.5 million to buy out certain licensing arrangements from an unrelated third party. This new agreement and the related payment replace the variable royalty payments that otherwise would have been due under the terms of previous licensing arrangements through 2029. The payment was recorded as an intangible asset and will be amortized through 2029. Intangible asset amortization expense declined in 2019 due to certain intangible assets from past acquisitions being fully amortized, partially offset by additional amortization from the agreement to buy out certain licensing arrangements we entered into on April 1, 2019. These favorable items were partially offset by lower average selling prices and higher manufacturing costs.

Operating Expenses

R&D expenses as a percentage of net sales increased in 2019 compared to 2018 primarily due to increased investment in our Knee product pipeline, costs associated with the EU MDR and patent licenses acquired for use in R&D activities that were expensed immediately.

Selling, general and administrative ("SG&A") expenses and SG&A expenses as a percentage of sales decreased in 2019 compared to 2018 primarily due to lower litigation-related charges. In 2018, we recognized a $168 million litigation charge for a patent infringement lawsuit. The lower litigation-related charges were partially offset by higher selling costs due to higher sales, investments in preparation for new product launches, and higher expenses from legal entity, distribution and manufacturing optimization, including distributor contract terminations.

In 2019, we recognized a $70.1 million in-process research and development ("IPR&D") intangible asset impairment on certain IPR&D projects that we terminated. In 2018, we recognized goodwill impairment charges of $975.9 million primarily related to our EMEA and Spine reporting units.

Our quality remediation expenses continued to decline in 2019 due to the natural regression of completing our remediation milestones. Similarly, acquisition, integration and related expenses declined mainly due to the completion of certain integration efforts.

In December 2019, our Board of Directors approved, and we initiated, a new global restructuring program with an overall objective of reducing costs to allow us to invest in higher priority growth opportunities. We recognized expenses of $50.0 million in 2019 primarily related to severance associated with this program as well as expenses

incurred related to a supply chain optimization initiative. The 2018 cost reduction expenses only included expenses related to the supply chain optimization initiative.

Other Expense, net, Interest Expense, net, and Income Taxes

Our other expense, net, primarily relates to certain components of pension expense, investment gains and losses and remeasurement gains and losses related to monetary assets and liabilities denominated in a foreign currency other than an entity's functional currency, partially offset by the impact of foreign currency forward exchange contracts we entered into to mitigate any gain or loss. The decline in other expense, net in 2019 was driven by higher pension-related gains.

Interest expense, net, declined in 2019 compared to 2018 primarily due to continued debt repayments and gains related to our cross-currency interest rate swaps.

Our effective tax rate ("ETR") on earnings (loss) before income taxes was negative 24.9 percent (a tax benefit was recognized on earnings before income taxes) and negative 39.9 percent (a tax provision was recognized on a loss before income taxes) for the years ended December 31, 2019 and 2018, respectively. In 2019, we recognized an overall tax benefit in the year due to a $315.0 million benefit from Switzerland's Federal Act on Tax Reform and AHV Financing ("TRAF") in addition to the tax impact of certain restructuring transactions in Switzerland. The TRAF is effective January 1, 2020 and includes the abolishment of various favorable federal and cantonal tax regimes. The TRAF provides transitional relief measures for companies that are losing the tax benefit of a ruling, including a "step-up" for amortizable goodwill, equal to the amount of future tax benefit they would have received under their existing ruling, subject to certain limitations.

In 2018, our negative ETR was primarily due to goodwill impairment that resulted in us having a net loss before income taxes with no associated tax benefit recognized for this charge. In 2018, we also recognized an additional $8.3 million of income tax provision as we completed our estimate of the effects of the Tax Cuts and Jobs Act of 2017 ("2017 Tax Act").

Absent discrete tax events, we expect our future ETR will be lower than the U.S. corporate income tax rate of 21.0 percent due to our mix of earnings between U.S. and foreign locations, which have lower corporate income tax rates. Our ETR in future periods could also potentially be impacted by: changes in our mix of pre-tax earnings; changes in tax rates, tax laws or their interpretation, including the European Union rules on state aid; the outcome of various federal, state and foreign audits; and the expiration of certain statutes of limitations. Currently, we cannot reasonably estimate the impact of these items on our financial results.

Segment Operating Profit

	Net Sales			Operating Profit			Operating Profit as a Percentage of Net Sales		
	Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
(dollars in millions)	2019	2018	2017	2019	2018	2017	2019	2018	2017
Americas	$ 3,978.1	$ 3,932.6	$ 3,928.9	$ 2,163.2	$ 2,084.4	$ 2,126.8	54.4 %	53.0 %	54.1 %
EMEA	1,538.6	1,576.1	1,523.4	477.1	479.3	478.1	31.0	30.4	31.4
Asia Pacific	1,297.0	1,236.9	1,158.3	458.9	435.3	417.6	35.4	35.2	36.1

In the Americas, operating profit as a percentage of net sales increased in 2019 compared to 2018. The increase was primarily due to improved sales volume/mix and controlled spending. In EMEA, operating profit as a percentage of net sales increased in 2019 compared to 2018. The increase was primarily due to higher sales volume/mix and gains recognized related to our hedging program. In Asia Pacific, operating profit as a percentage of net sales increased in 2019 compared to 2018 primarily due to volume/mix net sales growth and gains recognized related to our hedging program.

Non-GAAP Operating Performance Measures

We use financial measures that differ from financial measures determined in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") to evaluate our operating performance. These non-GAAP financial

measures exclude, as applicable, the impact of inventory step-up; certain inventory and manufacturing-related charges including charges to discontinue certain product lines; intangible asset amortization; goodwill and intangible asset impairment; quality remediation expenses; restructuring and other cost reduction initiatives; acquisition, integration and related expenses; certain litigation gains and charges; expenses to comply with the EU MDR; other charges; any related effects on our income tax provision associated with these items; the effect of Switzerland tax reform; the effect of the 2017 Tax Act; other certain tax adjustments; and, with respect to earnings per share information, provide for the effect of dilutive shares assuming net earnings in a period of a reported net loss. We use these non-GAAP financial measures internally to evaluate the performance of the business. Additionally, we believe these non-GAAP measures provide meaningful incremental information to investors to consider when evaluating our performance. We believe these measures offer the ability to make period-to-period comparisons that are not impacted by certain items that can cause dramatic changes in reported income but that do not impact the fundamentals of our operations. The non-GAAP measures enable the evaluation of operating results and trend analysis by allowing a reader to better identify operating trends that may otherwise be masked or distorted by these types of items that are excluded from the non-GAAP measures. In addition, adjusted diluted earnings per share is used as a performance metric in our incentive compensation programs.

Our non-GAAP adjusted net earnings used for internal management purposes for the years ended December 31, 2019, 2018 and 2017 were $1,626.4 million, $1,565.4 million and $1,636.4 million, respectively, and our non-GAAP adjusted diluted earnings per share were $7.87, $7.64 and $8.03, respectively.

The following are reconciliations from our GAAP net earnings and diluted earnings per share to our non-GAAP adjusted net earnings and non-GAAP adjusted diluted earnings per share used for internal management purposes (in millions, except per share amounts):

	Year ended December 31,		
	2019	2018	2017
Net Earnings (Loss) of Zimmer Biomet Holdings, Inc.	$ 1,131.6	$ (379.2)	$ 1,813.8
Inventory step-up and other inventory and manufacturing related charges(1)	53.9	32.5	70.8
Intangible asset amortization(2)	584.3	595.9	603.9
Goodwill and intangible asset impairment(3)	70.1	979.7	331.5
Quality remediation(4)	87.6	165.4	195.1
Restructuring and other cost reduction initiatives(5)	50.0	34.2	17.6
Acquisition, integration and related(6)	12.2	99.5	262.2
Litigation(7)	65.0	186.0	104.0
Litigation settlement gain(8)	(23.5)	-	-
European Union Medical Device Regulation(9)	30.9	3.7	-
Other charges(10)	119.2	82.8	43.8
Taxes on above items (11)	(226.2)	(239.6)	(421.5)
U.S. tax reform (12)	-	8.3	(1,272.4)
Switzerland tax reform (13)	(315.0)	-	-
Other certain tax adjustments (14)	(13.7)	(3.8)	(112.4)
Adjusted Net Earnings	$ 1,626.4	$ 1,565.4	$ 1,636.4

	Year ended December 31,		
	2019	2018	2017
Diluted Earnings (Loss) per share	$ 5.47	$ (1.86)	$ 8.90
Inventory step-up and other inventory and manufacturing related charges(1)	0.26	0.16	0.35
Intangible asset amortization(2)	2.83	2.93	2.96
Goodwill and intangible asset impairment(3)	0.34	4.81	1.63
Quality remediation(4)	0.42	0.81	0.96
Restructuring and other cost reduction initiatives(5)	0.24	0.17	0.09
Acquisition, integration and related(6)	0.06	0.49	1.28
Litigation(7)	0.31	0.91	0.51
Litigation settlement gain(8)	(0.11)	-	-
European Union Medical Device Regulation(9)	0.15	0.02	-
Other charges(10)	0.58	0.41	0.22
Taxes on above items (11)	(1.09)	(1.18)	(2.07)
U.S. tax reform (12)	-	0.04	(6.25)
Switzerland tax reform (13)	(1.52)	-	-
Other certain tax adjustments (14)	(0.07)	(0.02)	(0.55)
Effect of dilutive shares assuming net earnings(15)	-	(0.05)	-
Adjusted Diluted EPS	$ 7.87	$ 7.64	$ 8.03

(1) Inventory step-up and other inventory and manufacturing-related charges relate to inventory step-up expense, excess and obsolete inventory charges on certain product lines we intend to discontinue and other inventory and manufacturing-related charges. The year ended December 31, 2019 included a $20.8 million charge incurred to terminate a raw material supply agreement. Inventory step-up expense represents the incremental expense of inventory sold recognized at its fair value after business combination accounting is applied versus the expense that would have been recognized if sold at its cost to manufacture. Since only the inventory that existed at the business combination date was stepped-up to fair value, we believe excluding the incremental expense provides investors useful information as to what our costs may have been if we had not been required to increase the inventory's book value to fair value. The excess and obsolete inventory charges on certain product lines are driven by acquisitions where there are competing product lines and we have plans to discontinue one of the competing product lines.

(2) We exclude intangible asset amortization from our non-GAAP financial measures because we internally assess our performance against our peers without this amortization. Due to various levels of acquisitions among our peers, intangible asset amortization can vary significantly from company to company.

(3) In 2019 and 2018, we recognized $70.1 and $3.8 million, respectively, of intangible asset impairments from merger-related IPR&D intangible assets. Also in 2018, we recognized a goodwill impairment charge of $975.9 million. The impairment was comprised of $401.2 million in our Spine reporting unit, $567.0 million in our EMEA reporting unit and $7.7 million in an insignificant reporting unit. In 2017, we recognized $18.8 million and $8.0 million of intangible asset impairment from merger-related IPR&D and trademark intangible assets, respectively. Also in 2017, we recognized goodwill impairment charges of $32.7 million and $272.0 million on our Office Based Technologies and Spine reporting units, respectively.

(4) We are addressing inspectional observations on Form 483 and a Warning Letter issued by the U.S. Food and Drug Administration ("FDA") following its previous inspections of our Warsaw North Campus facility, among other matters. This quality remediation has required us to devote significant financial resources and is for a discrete period of time. The majority of the expenses are related to consultants who are helping us to update previous documents and redesign certain processes.

(5) In December 2019, our Board of Directors approved, and we initiated, a new global restructuring program with an overall objective of reducing costs to allow us to invest in higher priority growth opportunities. In 2019, the expenses were primarily related to severance and our supply chain optimization initiative. The 2018 and 2017 expenses were related to our supply chain optimization initiative.

(6) The acquisition, integration and related gains and expenses we have excluded from our non-GAAP financial measures resulted from various acquisitions. The acquisition, integration and related gains and expenses include the following types of gains and expenses:

- Consulting and professional fees related to third-party integration consulting performed in a variety of areas, such as tax, compliance, logistics and human resources, and legal fees related to the consummation of mergers and acquisitions.

- Employee termination benefits related to terminating employees with overlapping responsibilities in various areas of our business.
- Dedicated project personnel expenses which include the salary, benefits, travel expenses and other costs directly associated with employees who are 100 percent dedicated to our integration of acquired businesses and employees who have been notified of termination, but are continuing to work on transferring their responsibilities.
- Contract termination expenses related to terminated contracts, primarily with sales agents and distribution agreements.
- Other various expenses to relocate facilities, integrate information technology, losses incurred on assets resulting from the applicable acquisition, and other various expenses.

(7) We are involved in routine patent litigation, product liability litigation, commercial litigation and other various litigation matters. We review litigation matters from both a qualitative and quantitative perspective to determine if excluding the losses or gains will provide our investors with useful incremental information. Litigation matters can vary in their characteristics, frequency and significance to our operating results. The litigation charges and gains excluded from our non-GAAP financial measures in the periods presented relate to product liability matters where we have received numerous claims on specific products, patent litigation and commercial litigation related to a common matter in multiple jurisdictions. In regards to the product liability matters, due to the complexities involved and claims filed in multiple districts, the expenses associated with these matters are significant to our operating results. Once the litigation matter has been excluded from our non-GAAP financial measures in a particular period, any additional expenses or gains from changes in estimates are also excluded, even if they are not significant, to ensure consistency in our non-GAAP financial measures from period-to-period.

(8) In the first quarter of 2019, we settled a patent infringement lawsuit out of court, and the other party agreed to pay us an upfront, lump-sum amount for a non-exclusive license to the patent.

(9) The EU MDR imposes significant additional premarket and postmarket requirements. The new regulations provide a transition period until May 2020 for currently-approved medical devices to meet the additional requirements. For certain devices, this transition period can be extended until May 2024. We are excluding from our non-GAAP financial measures the incremental costs incurred to establish initial compliance with the regulations related to our currently-approved medical devices. The incremental costs primarily include third-party consulting necessary to supplement our internal resources.

(10) We have incurred other various expenses from specific events or projects that we consider highly variable or that have a significant impact to our operating results that we have excluded from our non-GAAP measures. These include costs related to legal entity, distribution and manufacturing optimization, including contract terminations, as well as our costs of complying with our Deferred Prosecution Agreement ("DPA") with the U.S. government related to certain Foreign Corrupt Practices Act matters involving Biomet and certain of its subsidiaries. Under the DPA, which has a three-year term, we are subject to oversight by an independent compliance monitor, which monitorship commenced in August 2017. The excluded costs include the fees paid to the independent compliance monitor and to external legal counsel assisting in the matter.

(11) Represents the tax effects on the previously specified items. The tax effect for the U.S. jurisdiction is calculated based on an effective rate considering federal and state taxes, as well as permanent items. For jurisdictions outside the U.S., the tax effect is calculated based upon the statutory rates where the items were incurred.

(12) The 2017 Tax Act resulted in a net favorable provisional adjustment due to the reduction of deferred tax liabilities for unremitted earnings and revaluation of deferred tax liabilities to a 21 percent rate, which was partially offset by provisional tax charges related to the toll charge provision of the 2017 Tax Act. In 2018, we finalized our estimates of the effects of the 2017 Tax Act based upon final guidance issued by U.S. tax authorities.

(13) We recognized a tax benefit related to TRAF in addition to an impact from certain restructuring transactions in Switzerland.

(14) Other certain tax adjustments relate to various discrete tax period adjustments, including changes in statutory tax rates, adjustments from internal restructuring transactions that provide us access to offshore funds in a tax efficient manner and resolutions of various tax matters.

(15) Diluted share count used in Adjusted Diluted EPS (in millions):

	Year ended December 31, 2018
Diluted shares	203.5
Dilutive shares assuming net earnings	1.5
Adjusted diluted shares	205.0

LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operating activities were $1,585.8 million in 2019 compared to $1,747.4 million and $1,582.3 million in 2018 and 2017, respectively. The decrease in operating cash flows in 2019 compared to 2018 was primarily due to a payment of approximately $168 million on a patent infringement lawsuit. Additionally, in 2018 we expanded our sale of accounts receivable in certain countries which provided additional cash inflows, compared to 2019 when we sold fewer receivables at the end of the year which had a negative effect on operating cash flows.

Cash flows used in investing activities were $729.3 million in 2019 compared to $416.6 million and $510.8 million in 2018 and 2017, respectively. In 2019, we paid $197.6 million to buy out certain licensing arrangements from unrelated third parties. Instrument and property, plant and equipment additions reflected ongoing investments in our product portfolio and optimization of our manufacturing and logistics network, including investments in instruments in 2019 to support new product launches.

Cash flows used in financing activities were $779.9 million in 2019. Our primary use of available cash in 2019 was for debt repayment. We received net proceeds of $549.2 million from the issuance of additional Euro-denominated senior notes which we used to repay $500.0 million of senior notes that became due on November 30, 2019. In January 2019, we borrowed an additional $200.0 million under a U.S. term loan ("U.S. Term Loan C") and used those proceeds, along with cash on hand, to repay the remaining $225.0 million outstanding under the U.S. term loan ("U.S. Term Loan B") provided for under our 2016 credit agreement. During 2019 we also repaid the $735.0 million outstanding balance under U.S. Term Loan C, with the remainder of the proceeds from the Euro-denominated senior notes issuance and cash from operations. Overall, we had approximately $710 million of net principal repayments on our senior notes and term loans in 2019. In 2018, we received net proceeds of $749.5 million from the issuance of additional senior notes and borrowed $400.0 million from our $1.5 billion multicurrency revolving facility provided for under our 2016 credit agreement (the "2016 Multicurrency Revolving Facility") to repay $1,150.0 million of senior notes that became due on April 2, 2018. We subsequently repaid the $400.0 million of 2016 Multicurrency Revolving Facility borrowings in 2018. Also in 2018, we borrowed $675.0 million under U.S. Term Loan C and used the cash proceeds along with cash generated from operations throughout the year to repay an aggregate of $835.0 million on U.S. Term Loan A, $450.0 million on U.S. Term Loan B, and we subsequently repaid $140.0 million on U.S. Term Loan C. Overall, we had approximately $1,150 million of net principal repayments on our senior notes and term loans in 2018.

In February, May, August and December 2019, our Board of Directors declared cash dividends of $0.24 per share. We expect to continue paying cash dividends on a quarterly basis; however, future dividends are subject to approval of the Board of Directors and may be adjusted as business needs or market conditions change.

In February 2016, our Board of Directors authorized a $1.0 billion share repurchase program effective March 1, 2016, with no expiration date. As of December 31, 2019, all $1.0 billion remained authorized for repurchase under the program.

We will continue to exercise disciplined capital allocation designed to drive stockholder value creation. We intend to use available cash for debt repayment, reinvestment in the business and payment of dividends. If the right opportunities arise, we may also use available cash to pursue business development opportunities.

As discussed in Note 4 to our consolidated financial statements, in December 2019, our Board of Directors approved, and we initiated, a new global restructuring program with an objective of reducing costs to allow us to further invest in higher priority growth opportunities. The restructuring program is expected to result in total pre-tax restructuring charges of approximately $350 million to $400 million, with slightly more than half of that expected to be incurred in 2020. We expect to reduce gross annual pre-tax operating expenses by approximately $200 million to $300 million by the end of 2023 as program benefits are realized.

As discussed in Note 16 to our consolidated financial statements, the Internal Revenue Service ("IRS") has issued proposed adjustments for years 2005 through 2012 reallocating profits between certain of our U.S. and foreign subsidiaries. We have disputed these proposed adjustments and continue to pursue resolution with the IRS. Although the ultimate timing for resolution of the disputed tax issues is uncertain, future payments may be significant to our operating cash flows.

As discussed in Note 20 to our consolidated financial statements, as of December 31, 2019, we have an estimated liability of $59.9 million related to Durom Cup product liability claims and a liability of $50.1 million related to Biomet metal-on-metal hip implant claims on our consolidated balance sheet. We expect to continue paying these claims over the next few years.

At December 31, 2019, our outstanding debt consisted of senior notes and term loans as follows (dollars in millions):

Type	Principal	Currency	Interest Rate	Maturity Date
Notes	$ 1,500.0	U.S. Dollar	2.700 %	April 1, 2020
Notes	450.0	U.S. Dollar	Floating	March 19, 2021
Notes	300.0	U.S. Dollar	3.375	November 30, 2021
Notes	750.0	U.S. Dollar	3.150	April 1, 2022
Term	106.9	Japanese Yen	0.635	September 27, 2022
Term	194.7	Japanese Yen	0.635	September 27, 2022
Notes	561.3	Euro	1.414	December 13, 2022
Notes	300.0	U.S. Dollar	3.700	March 19, 2023
Notes	2,000.0	U.S. Dollar	3.550	April 1, 2025
Notes	561.3	Euro	2.425	December 13, 2026
Notes	561.3	Euro	1.164	November 15, 2027
Notes	253.4	U.S. Dollar	4.250	August 15, 2035
Notes	317.8	U.S. Dollar	5.750	November 30, 2039
Notes	395.4	U.S. Dollar	4.450	August 15, 2045

We have a five-year unsecured multicurrency revolving facility of $1.5 billion (the “2019 Multicurrency Revolving Facility”) that will mature on November 1, 2024. There were no outstanding borrowings under this facility as of December 31, 2019. The 2019 Multicurrency Revolving Facility replaced the 2016 Multicurrency Revolving Facility, effective November 1, 2019. We also had other available uncommitted credit facilities totaling $45.3 million as of December 31, 2019.

We have $1.5 billion principal amount of notes due April 1, 2020. We believe we can satisfy this debt obligation with cash generated from our operations, by issuing new debt, and/or by borrowing on our 2019 Multicurrency Revolving Facility. We believe that our earnings, balance sheet and cash flows will allow us to obtain additional capital, if necessary, to satisfy this debt obligation.

For additional information on our debt, see Note 12 to our consolidated financial statements.

We place our cash and cash equivalents in highly-rated financial institutions and limit the amount of credit exposure to any one entity. We invest only in high-quality financial instruments in accordance with our internal investment policy.

As of December 31, 2019, $373.4 million of our cash and cash equivalents were held in jurisdictions outside of the U.S. Of this amount, $102.1 million is denominated in U.S. Dollars and, therefore, bears no foreign currency translation risk. The balance of these assets is denominated in currencies of the various countries where we operate. In the future, we intend to repatriate at least $5.0 billion of unremitted earnings, of which the additional tax related to remitting earnings is deemed immaterial.

Management believes that cash flows from operations and available borrowings under the 2019 Multicurrency Revolving Facility are sufficient to meet our working capital, capital expenditure and debt service needs, as well as return cash to stockholders in the form of dividends and share repurchases. Should additional investment opportunities arise, we believe that our earnings, balance sheet and cash flows will allow us to obtain additional capital, if necessary.

CONTRACTUAL OBLIGATIONS

We have entered into contracts with various third parties in the normal course of business that will require future payments. The following table illustrates our contractual obligations and certain other commitments (in millions):

Contractual Obligations	Total	2020	2021 and 2022	2023 and 2024	2025 and Thereafter
Long-term debt	$ 8,252.1	$ 1,500.0	$ 2,362.9	$ 300.0	$ 4,089.2
Interest payments	1,602.8	173.0	306.0	279.4	844.4
Operating leases	307.3	70.5	99.4	63.3	74.1
Purchase obligations	599.6	319.8	203.3	76.1	0.4
Toll charge tax liability	234.9	-	12.4	136.6	85.9
Other long-term liabilities	227.2	-	146.6	19.3	61.3
Total contractual obligations	$ 11,223.9	$ 2,063.3	$ 3,130.6	$ 874.7	$ 5,155.3

$118.6 million of the other long-term liabilities on our balance sheet as of December 31, 2019 are liabilities related to defined benefit pension plans. Defined benefit plan liabilities are based upon the underfunded status of the respective plans; they are not based upon future contributions. Due to uncertainties regarding future plan asset performance, changes in interest rates and our intentions with respect to voluntary contributions, we are unable to reasonably estimate future contributions beyond 2020. Therefore, this table does not include any amounts related to future contributions to our plans. See Note 15 to our consolidated financial statements for further information on our defined benefit plans.

Under the 2017 Tax Act, we have a $234.9 million toll charge liability for the one-time deemed repatriation of unremitted foreign earnings. This amount was recorded in non-current income tax liabilities on our consolidated balance sheet as of December 31, 2019. We have elected to pay the toll charge in installments over eight years.

Also included in long-term liabilities on our consolidated balance sheets are liabilities related to unrecognized tax benefits and corresponding interest and penalties thereon. Due to the uncertainties inherent in these liabilities, such as the ultimate timing and resolution of tax audits, we are unable to reasonably estimate the amount or period in which potential tax payments related to these positions will be made. Therefore, this table does not include any obligations related to unrecognized tax benefits. See Note 16 to our consolidated financial statements for further information on these tax-related accounts.

We have entered into various agreements that may result in future payments dependent upon various events such as the achievement of certain product R&D milestones, sales milestones, or, at our discretion, maintenance of exclusive rights to distribute a product. Since there is uncertainty on the timing or whether such payments will have to be made, we have not included them in this table. These payments could range from $0 to $60 million.

CRITICAL ACCOUNTING ESTIMATES

Our financial results are affected by the selection and application of accounting policies and methods. Significant accounting policies which require management's judgment are discussed below.

Excess Inventory and Instruments - We must determine as of each balance sheet date how much, if any, of our inventory may ultimately prove to be unsaleable or unsaleable at our carrying cost. Similarly, we must also determine if instruments on hand will be put to productive use or remain undeployed as a result of excess supply. Accordingly, inventory and instruments are written down to their net realizable value. To determine the appropriate net realizable value, we evaluate current stock levels in relation to historical and expected patterns of demand for all of our products and instrument systems and components. The basis for the determination is generally the same for all inventory and instrument items and categories except for work-in-process inventory, which is recorded at cost. Obsolete or discontinued items are generally destroyed and completely written off. Management evaluates the need for changes to the net realizable values of inventory and instruments based on market conditions, competitive offerings and other factors on a regular basis.

Income Taxes - Our income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgments and estimates are required in determining the consolidated income tax expense.

We estimate income tax expense and income tax liabilities and assets by taxable jurisdiction. Realization of deferred tax assets in each taxable jurisdiction is dependent on our ability to generate future taxable income sufficient to realize the benefits. We evaluate deferred tax assets on an ongoing basis and provide valuation allowances unless we determine it is "more likely than not" that the deferred tax benefit will be realized.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our global operations. We are subject to regulatory review or audit in virtually all of those jurisdictions and those reviews and audits may require extended periods of time to resolve. We record our income tax provisions based on our knowledge of all relevant facts and circumstances, including existing tax laws, our experience with previous settlement agreements, the status of current examinations and our understanding of how the tax authorities view certain relevant industry and commercial matters.

We recognize tax liabilities in accordance with the Financial Accounting Standards Board ("FASB") guidance on income taxes and we adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined.

Commitments and Contingencies - Accruals for product liability and other claims are established with the assistance of internal and external legal counsel based on current information and historical settlement information for claims, related legal fees and for claims incurred but not reported. We use an actuarial model to assist management in determining an appropriate level of accruals for product liability claims. Historical patterns of claim loss development over time are statistically analyzed to arrive at factors which are then applied to loss estimates in the actuarial model.

Goodwill and Intangible Assets - We evaluate the carrying value of goodwill and indefinite life intangible assets annually, or whenever events or circumstances indicate the carrying value may not be recoverable. We evaluate the carrying value of finite life intangible assets whenever events or circumstances indicate the carrying value may not be recoverable. Significant assumptions are required to estimate the fair value of goodwill and intangible assets, most notably estimated future cash flows generated by these assets and risk-adjusted discount rates . As such, these fair value measurements use significant unobservable inputs. Changes to these assumptions could require us to record impairment charges on these assets.

In our annual impairment test in the fourth quarter of 2019, we estimated the fair value of our EMEA and Dental reporting units only exceeded their carrying values by less than 5 percent. Fair value was determined using income and market approaches. Fair value under the income approach was determined by discounting to present value the estimated future cash flows of the reporting units. Significant assumptions are incorporated into the income approach, such as estimated growth rates and risk-adjusted discount rates. Fair value under the market approach utilized the guideline public company methodology, which uses valuation indicators determined from other businesses that are similar to our EMEA and Dental reporting units. As of December 31, 2019, the remaining goodwill on the EMEA and Dental reporting units were $749.8 million and $397.7 million, respectively.

Future impairment in the EMEA and Dental reporting units could occur if the estimates used in the income and market approaches change. If our estimates of profitability in the reporting unit decline, the fair value estimate under the income approach will decline. Additionally, changes in the broader economic environment could cause changes to our estimated discount rates, foreign currency exchange rates used to translate cash flows and comparable company valuation indicators, which may impact our estimated fair values.

We have three other reporting units that have goodwill assigned to them. The fair value of each of these three reporting units is sufficiently in excess of its carrying value which leads us to believe only a significant, unforeseen event could cause impairment to any of these reporting units.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 2 to our consolidated financial statements for information on how recent accounting pronouncements have affected or may affect our financial position, results of operations or cash flows.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

MARKET RISK

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in foreign currency exchange rates, interest rates and commodity prices that could affect our financial condition, results of operations and cash flows. We manage our exposure to these and other market risks through regular operating and financing activities and through the use of derivative financial instruments. We use derivative financial instruments solely as risk management tools and not for speculative investment purposes.

FOREIGN CURRENCY EXCHANGE RISK

We operate on a global basis and are exposed to the risk that our financial condition, results of operations and cash flows could be adversely affected by changes in foreign currency exchange rates. We are primarily exposed to foreign currency exchange rate risk with respect to transactions and net assets denominated in Euros, Swiss Francs, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles, Indian Rupees, Turkish Lira, Polish Zloty, Danish Krone, and Norwegian Krone. We manage the foreign currency exposure centrally, on a combined basis, which allows us to net exposures and to take advantage of any natural offsets. To reduce the uncertainty of foreign currency exchange rate movements on transactions denominated in foreign currencies, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts with major financial institutions. These forward contracts are designed to hedge anticipated foreign currency transactions, primarily intercompany sale and purchase transactions, for periods consistent with commitments. Realized and unrealized gains and losses on these contracts that qualify as cash flow hedges are temporarily recorded in accumulated other comprehensive income, then recognized in cost of products sold when the hedged item affects net earnings.

For contracts outstanding at December 31, 2019, we had obligations to purchase U.S. Dollars and sell Euros, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles, Indian Rupees, Turkish Lira, Polish Zloty, Danish Krone, and Norwegian Krone and purchase Swiss Francs and sell U.S. Dollars at set maturity dates ranging from January 2020 through June 2022. The notional amounts of outstanding forward contracts entered into with third parties to purchase U.S. Dollars at December 31, 2019 were $1,496.3 million. The notional amounts of outstanding forward contracts entered into with third parties to purchase Swiss Francs at December 31, 2019 were $276.0 million. The weighted average contract rates outstanding at December 31, 2019 were Euro:USD 1.21, USD:Swiss Franc 0.94, USD:Japanese Yen 104.34, British Pound:USD 1.37, USD:Canadian Dollar 1.30, Australian Dollar:USD 0.73, USD:Korean Won 1,138, USD:Swedish Krona 8.80, USD:Czech Koruna 22.11, USD:Thai Baht 31.17, USD:Taiwan Dollar 29.60, USD:South African Rand 15.40, USD:Russian Ruble 68.81, USD:Indian Ruppee 74.26, USD:Polish Zloty 3.72, USD:Danish Krone 6.15, and USD:Norwegian Krone 8.36.

We maintain written policies and procedures governing our risk management activities. Our policy requires that critical terms of hedging instruments be the same as hedged forecasted transactions. On this basis, with respect to cash flow hedges, changes in cash flows attributable to hedged transactions are generally expected to be offset by changes in the fair value of hedge instruments. As part of our risk management program, we also perform sensitivity analyses to assess potential changes in revenue, operating results, cash flows and financial position relating to hypothetical movements in currency exchange rates. A sensitivity analysis of changes in the fair value of foreign currency exchange forward contracts outstanding at December 31, 2019 indicated that, if the U.S. Dollar uniformly changed in value by 10 percent relative to the various currencies, with no change in the interest differentials, the fair value of those contracts would increase or decrease earnings before income taxes in periods through June 2022, depending on the direction of the change, by the following average approximate amounts (in millions):

Currency	Average Amount
Euro	$ 43.5
Swiss Franc	28.5
Japanese Yen	54.0
British Pound	1.6
Canadian Dollar	14.3
Australian Dollar	13.3
Korean Won	2.6
Swedish Krona	2.4
Czech Koruna	1.7
Thai Baht	0.9
Taiwan Dollars	4.1
South African Rand	1.1
Russian Rubles	2.3
Indian Rupees	0.8
Polish Zloty	3.4
Danish Krone	3.0
Norwegian Krone	1.8

Any change in the fair value of foreign currency exchange forward contracts as a result of a fluctuation in a currency exchange rate is expected to be largely offset by a change in the value of the hedged transaction. Consequently, foreign currency exchange contracts would not subject us to material risk due to exchange rate movements because gains and losses on these contracts offset gains and losses on the assets, liabilities and transactions being hedged.

We had net assets, excluding goodwill and intangible assets, in legal entities with non-U.S. Dollar functional currencies of $1,193.5 million at December 31, 2019, primarily in Euros, Japanese Yen and Australian Dollars.

We enter into foreign currency forward exchange contracts with terms of one month to manage currency exposures for monetary assets and liabilities denominated in a currency other than an entity's functional currency. As a result, foreign currency remeasurement gains/losses recognized in earnings are generally offset with gains/losses on the foreign currency forward exchange contracts in the same reporting period.

For details about these and other financial instruments, including fair value methodologies, see Note 14 to our consolidated financial statements.

COMMODITY PRICE RISK

We purchase raw material commodities such as cobalt chrome, titanium, tantalum, polymer and sterile packaging. We enter into supply contracts generally with terms of 12 to 24 months, where available, on these commodities to alleviate the effect of market fluctuation in prices. As part of our risk management program, we perform sensitivity analyses related to potential commodity price changes. A 10 percent price change across all these commodities would not have a material effect on our consolidated financial position, results of operations or cash flows.

INTEREST RATE RISK

In the normal course of business, we are exposed to market risk from changes in interest rates that could affect our results of operations and financial condition. We manage our exposure to interest rate risks through our regular operations and financing activities.

We invest our cash and cash equivalents primarily in highly-rated corporate commercial paper and bank deposits. The primary investment objective is to ensure capital preservation. Currently, we do not use derivative financial instruments in our investment portfolio.

The majority of our debt is fixed-rate debt and therefore is not exposed to changes in interest rates. Based upon our overall interest rate exposure as of December 31, 2019, a change of 10 percent in interest rates, assuming the principal amount outstanding remains constant, would not have a material effect on interest expense, net. This analysis does not consider the effect of the change in the level of overall economic activity that could exist in such an environment.

CREDIT RISK

Financial instruments, which potentially subject us to concentrations of credit risk, are primarily cash and cash equivalents, derivative instruments and accounts receivable.

We place our cash and cash equivalents and enter into derivative transactions with highly-rated financial institutions and limit the amount of credit exposure to any one entity. We believe we do not have any significant credit risk on our cash and cash equivalents or derivative instruments.

Our concentrations of credit risks with respect to trade accounts receivable is limited due to the large number of customers and their dispersion across a number of geographic areas and by frequent monitoring of the creditworthiness of the customers to whom credit is granted in the normal course of business. Substantially all of our trade receivables are concentrated in the public and private hospital and healthcare industry in the U.S. and internationally or with distributors or dealers who operate in international markets and, accordingly, are exposed to their respective business, economic and country specific variables. Our ability to collect accounts receivable in some countries depends in part upon the financial stability of these hospital and healthcare sectors and the respective countries' national economic and healthcare systems. Most notably, in Europe healthcare is typically sponsored by the government. Since we sell products to public hospitals in those countries, we are indirectly exposed to government budget constraints. To the extent the respective governments' ability to fund their public hospital programs deteriorates, we may have to record significant bad debt expenses in the future.

While we are exposed to risks from the broader healthcare industry in Europe and around the world, there is no significant net exposure due to any individual customer. Exposure to credit risk is controlled through credit approvals, credit limits and monitoring procedures, and we believe that reserves for losses are adequate.

Item 8. Financial Statements and Supplementary Data

Zimmer Biomet Holdings, Inc.
Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Zimmer Biomet Holdings, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Zimmer Biomet Holdings, Inc. and its subsidiaries (the "Company) as of December 31, 2019 and 2018, and the related consolidated statements of earnings, comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2019, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended December 31, 2019 appearing under Item 15(a)(2), (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018**,** and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable

assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill Impairment Assessment – EMEA and Dental Reporting Units

As described in Notes 2 and 10 to the consolidated financial statements, the Company's consolidated goodwill balance was $9,599.7 million as of December 31, 2019, and the goodwill associated with the EMEA reporting unit and the Dental reporting unit was $749.8 million and $397.7 million, respectively. Management conducts an impairment test in the fourth quarter of each year or whenever events or changes in circumstances indicate that the carrying value of the reporting unit's assets may not be recoverable. Potential impairment of a reporting unit is identified by comparing the reporting unit's estimated fair value to its carrying amount. The Company estimated the fair value of the Dental and EMEA reporting units based on income and market approaches. As disclosed by management, fair value under the income approach was determined by discounting to present value the estimated future cash flows of the reporting unit. Fair value under the market approach utilized the guideline public company methodology, which uses valuation indicators from other businesses that are similar to the EMEA and Dental reporting units. Significant assumptions are incorporated into the discounted cash flow analysis such as estimated growth rates and risk-adjusted discount rates.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the EMEA and Dental reporting units is a critical audit matter are there was significant judgment by management when developing the fair value measurement of the reporting units. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and in evaluating management's discounted cash flow analysis and significant assumptions, including estimated growth rates and risk-adjusted discount rates. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the Company's reporting units. These procedures also included, among others, (i) testing management's process for developing the fair value estimate, (ii) evaluating the appropriateness of management's fair value approaches, (iii) testing the completeness, accuracy and relevance of the underlying data used in the approaches, and (iv) evaluating significant assumptions used by management in the discounted cash flow analysis, including the revenue growth rates and the risk-adjusted discount rate. Evaluating management's assumptions related to revenue growth rates involved evaluating whether the assumptions used by management were reasonable considering the past performance of the reporting units, the consistency with external data from other sources, and whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow analysis and certain significant assumptions, including the risk-adjusted discount rate.

Tax Liabilities for Unrecognized Tax Benefits

As described in Notes 2 and 16 to the consolidated financial statements, the Company has recorded tax liabilities for unrecognized tax benefits of $741.8 million as of December 31, 2019. The calculation of the Company's estimated tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a

multitude of jurisdictions across the Company's global operations. The Company's income tax filings are regularly under audit in multiple federal, state and foreign jurisdictions. Income tax audits may require an extended period of time to reach resolution and may result in significant income tax adjustments when interpretation of tax laws or allocation of company profits is disputed.

The principal considerations for our determination that performing procedures relating to tax liabilities for unrecognized tax benefits is a critical audit matter are that there was significant judgment by management when determining the tax liabilities, including a high degree of estimation uncertainty relative to the numerous and complex tax laws and regulations, frequency of income tax audits, and potential for significant adjustments as a result of such audits. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate the timely identification and accurate measurement of tax liabilities for unrecognized tax benefits. Also, the evaluation of audit evidence available to support the estimates is complex and required significant auditor judgment as the nature of the evidence is often highly subjective, and the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the identification, accurate measurement, and recognition of tax liabilities for unrecognized tax benefits, including controls addressing completeness of the tax liabilities. These procedures also included, among others, (i) testing certain information used in the calculation of tax liabilities for unrecognized tax benefits by jurisdiction on a sample basis, (ii) assessing the completeness of the Company's identification of tax liabilities for unrecognized tax benefits and possible outcomes for each unrecognized tax benefit, and (iii) evaluating the status and results of income tax audits with the relevant tax authorities. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's interpretation and application of relevant tax laws and regulations in various jurisdictions and assessing the reasonableness of the Company's tax positions.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 21, 2020

We have served as the Company's auditor since 2000.

ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(in millions, except per share amounts)

	For the Years Ended December 31,		
	2019	**2018**	**2017**
Net Sales	$ 7,982.2	$ 7,932.9	$ 7,803.3
Cost of products sold, excluding intangible asset amortization	2,252.6	2,271.9	2,132.9
Intangible asset amortization	584.3	595.9	603.9
Research and development	449.3	391.7	369.9
Selling, general and administrative	3,343.8	3,379.3	3,104.7
Goodwill and intangible asset impairment	70.1	979.7	331.5
Quality remediation	82.4	146.9	181.3
Restructuring and other cost reduction initiatives	50.0	34.2	17.6
Acquisition, integration and related	12.2	99.5	262.2
Operating expenses	6,844.7	7,899.1	7,004.0
Operating Profit	1,137.5	33.8	799.3
Other expense, net	(4.8)	(15.6)	(9.4)
Interest expense, net	(226.9)	(289.3)	(325.3)
Earnings (loss) before income taxes	905.8	(271.1)	464.6
(Benefit) provision for income taxes	(225.7)	108.2	(1,348.8)
Net Earnings (Loss)	1,131.5	(379.3)	1,813.4
Less: Net loss attributable to noncontrolling interest	(0.1)	(0.1)	(0.4)
Net Earnings (Loss) of Zimmer Biomet Holdings, Inc.	$ 1,131.6	$ (379.2)	$ 1,813.8
Earnings (Loss) Per Common Share - Basic	$ 5.52	$ (1.86)	$ 8.98
Earnings (Loss) Per Common Share - Diluted	$ 5.47	$ (1.86)	$ 8.90
Weighted Average Common Shares Outstanding			
Basic	205.1	203.5	201.9
Diluted	206.7	203.5	203.7

The accompanying notes are an integral part of these consolidated financial statements.

ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)

	For the Years Ended December 31,		
	2019	2018	2017
Net Earnings (Loss)	$ 1,131.5	$ (379.3)	$ 1,813.4
Other Comprehensive (Loss) Income:			
Foreign currency cumulative translation adjustments, net of tax	(1.5)	(135.4)	445.0
Unrealized cash flow hedge gains/(losses), net of tax	30.6	68.2	(95.0)
Reclassification adjustments on cash flow hedges, net of tax	(35.1)	23.6	(3.8)
Adjustments to prior service cost and unrecognized actuarial assumptions, net of tax	(48.5)	(17.7)	4.6
Total Other Comprehensive (Loss) Income	(54.5)	(61.3)	350.8
Comprehensive Income (Loss)	1,077.0	(440.6)	2,164.2
Comprehensive Loss Attributable to Noncontrolling Interest	(0.1)	(0.1)	(1.3)
Comprehensive Income (Loss) Attributable to Zimmer Biomet Holdings, Inc.	$ 1,077.1	$ (440.5)	$ 2,165.5

The accompanying notes are an integral part of these consolidated financial statements.

ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions, except share amounts)

	As of December 31,	
	2019	**2018**
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 617.9	$ 542.8
Accounts receivable, less allowance for doubtful accounts	1,363.9	1,275.8
Inventories	2,385.0	2,256.5
Prepaid expenses and other current assets	357.1	352.3
Total Current Assets	4,723.9	4,427.4
Property, plant and equipment, net	2,077.4	2,015.4
Goodwill	9,599.7	9,594.4
Intangible assets, net	7,257.6	7,684.6
Other assets	980.1	405.0
Total Assets	$ 24,638.7	$ 24,126.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 400.9	$ 362.6
Income taxes payable	126.7	142.4
Other current liabilities	1,413.9	1,391.3
Current portion of long-term debt	1,500.0	525.0
Total Current Liabilities	3,441.5	2,421.3
Deferred income taxes, net	840.1	999.5
Long-term income tax payable	685.1	666.2
Other long-term liabilities	557.8	350.0
Long-term debt	6,721.4	8,413.7
Total Liabilities	12,245.9	12,850.7
Commitments and Contingencies (Note 20)		
Stockholders' Equity:		
Common stock, $0.01 par value, one billion shares authorized, 309.9 million (307.9 million in 2018) issued	3.1	3.1
Paid-in capital	8,920.1	8,686.1
Retained earnings	10,427.3	9,491.2
Accumulated other comprehensive loss	(241.9)	(187.4)
Treasury stock, 103.9 million shares (103.9 million shares in 2018)	(6,720.5)	(6,721.7)
Total Zimmer Biomet Holdings, Inc. stockholders' equity	12,388.1	11,271.3
Noncontrolling interest	4.7	4.8
Total Stockholders' Equity	12,392.8	11,276.1
Total Liabilities and Stockholders' Equity	$ 24,638.7	$ 24,126.8

The accompanying notes are an integral part of these consolidated financial statements.

ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions)

	Zimmer Biomet Holdings, Inc. Stockholders								
	Common Shares		Paid-in	Retained	Accumulated Other Comprehensive	Treasury Shares		Noncontrolling	Total Stockholders'
	Number	Amount	Capital	Earnings	(Loss) Income	Number	Amount	Interest	Equity
Balance January 1, 2017	304.7	$ 3.1	$ 8,368.5	$ 8,467.1	$ (434.0)	(104.1)	$ (6,735.8)	$ 1.0	$ 9,669.9
Net earnings	-	-	-	1,813.8	-	-	-	(0.4)	1,813.4
Other comprehensive income	-	-	-	-	350.8	-	-	(0.9)	349.9
Cash dividends declared ($0.96 per share)	-	-	-	(194.1)	-	-	-	-	(194.1)
Retrospective adoption of new accounting standard	-	-	-	(77.8)	-	-	-	-	(77.8)
Stock compensation plans	1.8	-	146.4	13.8	-	0.2	14.0	-	174.2
Balance December 31, 2017	306.5	3.1	8,514.9	10,022.8	(83.2)	(103.9)	(6,721.8)	(0.3)	11,735.5
Net loss	-	-	-	(379.2)	-	-	-	(0.1)	(379.3)
Other comprehensive loss	-	-	-	-	(61.3)	-	-	-	(61.3)
Cash dividends declared ($0.96 per share)	-	-	-	(195.5)	-	-	-	-	(195.5)
Adoption of new accounting standard	-	-	-	42.9	(42.9)	-	-	-	-
Sale of shares in a subsidiary without loss of control	-	-	-	-	-	-	-	5.2	5.2
Stock compensation plans	1.4	-	171.2	0.2	-	-	0.1	-	171.5
Balance December 31, 2018	307.9	3.1	8,686.1	9,491.2	(187.4)	(103.9)	(6,721.7)	4.8	11,276.1
Net earnings	-	-	-	1,131.6	-	-	-	(0.1)	1,131.5
Other comprehensive loss	-	-	-	-	(54.5)	-	-	-	(54.5)
Cash dividends declared ($0.96 per share)	-	-	-	(197.2)	-	-	-	-	(197.2)
Stock compensation plans	2.0	-	234.0	1.7	-	-	1.2	-	236.9
Balance December 31, 2019	309.9	$ 3.1	$ 8,920.1	$ 10,427.3	$ (241.9)	(103.9)	$ (6,720.5)	$ 4.7	$ 12,392.8

The accompanying notes are an integral part of these consolidated financial statements.

ZIMMER BIOMET HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	For the Years Ended December 31,		
	2019	**2018**	**2017**
Cash flows provided by (used in) operating activities:			
Net earnings (loss)	$ 1,131.5	$ (379.3)	$ 1,813.4
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	1,006.1	1,040.5	1,062.7
Share-based compensation	84.3	65.5	53.7
Goodwill and intangible asset impairment	70.1	979.7	331.5
Inventory step-up	-	-	32.8
Deferred income tax benefit (provision)	(538.7)	13.4	(1,776.0)
Changes in operating assets and liabilities, net of acquired assets and liabilities			
Income taxes	111.4	(150.8)	150.2
Receivables	(93.8)	213.6	161.7
Inventories	(125.2)	(199.5)	(120.1)
Accounts payable and accrued liabilities	(42.0)	155.9	(133.3)
Other assets and liabilities	(17.9)	8.4	5.7
Net cash provided by operating activities	1,585.8	1,747.4	1,582.3
Cash flows provided by (used in) investing activities:			
Additions to instruments	(315.9)	(276.3)	(337.0)
Additions to other property, plant and equipment	(207.1)	(162.7)	(156.0)
Net investment hedge settlements	48.1	69.2	-
Acquisition of intellectual property rights	(197.6)	-	-
Business combination investments, net of acquired cash	(37.1)	(15.3)	(4.0)
Investments in other assets	(19.7)	(31.5)	(13.8)
Net cash used in investing activities	(729.3)	(416.6)	(510.8)
Cash flows provided by (used in) financing activities:			
Proceeds from senior notes	549.2	749.5	-
Proceeds from multicurrency revolving facility	-	400.0	400.0
Payments on multicurrency revolving facility	-	(400.0)	(400.0)
Redemption of senior notes	(500.0)	(1,150.0)	(500.0)
Proceeds from term loans	200.0	675.0	192.7
Payments on term loans	(960.0)	(1,425.0)	(940.0)
Net payments on other debt	(5.3)	(3.9)	(0.9)
Dividends paid to stockholders	(196.7)	(195.2)	(193.6)
Proceeds from employee stock compensation plans	158.2	107.9	145.5
Net cash flows from unremitted collections from factoring programs	(12.2)	(36.7)	103.5
Business combination contingent consideration payments	(2.9)	(19.8)	(9.1)
Other financing activities	(10.2)	(4.0)	(8.6)
Net cash used in financing activities	(779.9)	(1,302.2)	(1,210.5)
Effect of exchange rates on cash and cash equivalents	(1.5)	(10.2)	29.3
Increase (decrease) in cash and cash equivalents	75.1	18.4	(109.7)
Cash and cash equivalents, beginning of year	542.8	524.4	634.1
Cash and cash equivalents, end of period	$ 617.9	$ 542.8	$ 524.4

The accompanying notes are an integral part of these consolidated financial statements.

1. Business

We design, manufacture and market orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; office based technologies; spine, craniomaxillofacial and thoracic products; dental implants; and related surgical products. We collaborate with healthcare professionals around the globe to advance the pace of innovation. Our products and solutions help treat patients suffering from disorders of, or injuries to, bones, joints or supporting soft tissues. Together with healthcare professionals, we help millions of people live better lives.

The words "Zimmer Biomet," "we," "us," "our," "the Company" and similar words refer to Zimmer Biomet Holdings, Inc. and its subsidiaries. "Zimmer Biomet Holdings" refers to the parent company only. In 2015, we completed our merger with LVB Acquisition, Inc., the parent company of Biomet, Inc. ("Biomet") (which merger is sometimes referred to herein as the "Biomet merger").

2. Significant Accounting Policies

Basis of Presentation - The consolidated financial statements include the accounts of Zimmer Biomet Holdings and its subsidiaries in which it holds a controlling financial interest. All significant intercompany accounts and transactions are eliminated.

Use of Estimates - The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the U.S. which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Translation - The financial statements of our foreign subsidiaries are translated into U.S. Dollars using period-end exchange rates for assets and liabilities and average exchange rates for operating results. Unrealized translation gains and losses are included in accumulated other comprehensive loss (income) in stockholders' equity. When a transaction is denominated in a currency other than the subsidiary's functional currency, we recognize a transaction gain or loss when the transaction is settled.

Shipping and Handling - Amounts billed to customers for shipping and handling of products are reflected in net sales and are not significant. Expenses incurred related to shipping and handling of products are reflected in selling, general and administrative ("SG&A") expenses and were $292.7 million, $290.2 million and $263.6 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Research and Development - We expense all research and development ("R&D") costs as incurred except when there is an alternative future use for the R&D. R&D costs include salaries, prototypes, depreciation of equipment used in R&D, consultant fees and service fees paid to collaborative partners. Where contingent milestone payments are due to third parties under R&D arrangements, we expense the milestone payment obligations when it is probable that the milestone results will be achieved.

Litigation - We record a liability for contingent losses, including future legal costs, settlements and judgments, when we consider it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

Quality remediation - We use the financial statement line item "Quality remediation" to recognize expenses related to addressing inspectional observations on Form 483 and a warning letter issued by the FDA following its inspections of our Warsaw North Campus facility, among other matters. See Note 20 for additional information about the Form 483 and warning letter. The majority of these expenses are related to consultants who are helping us to update previous documents and redesign certain processes.

Restructuring and other cost reduction initiatives - A restructuring is defined as a program that is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity, or the manner in which that business is conducted. Restructuring charges include (i) termination benefits related to employee terminations, (ii) contract termination costs and (iii) other related costs associated with exit or disposal activities.

In December 2019, our Board of Directors approved, and we initiated, a new global restructuring program with an objective of reducing costs to allow us to further invest in higher priority growth opportunities. We have reclassified $34.2 million and $17.6 million in the years ended December 31, 2018 and 2017, respectively, from the "Acquisition, integration and related" line item to the "Restructuring and other cost reduction initiatives" line item, which amounts were primarily attributable to project costs related to our supply chain optimization initiative.

Acquisition, integration and related – We use the financial statement line item, "Acquisition, integration and related" to recognize expenses resulting from the consummation of business mergers and acquisitions and the related integration of those businesses. Acquisition, integration and related gains and expenses are primarily composed of:

- Consulting and professional fees related to third-party integration consulting performed in a variety of areas, such as tax, compliance, logistics and human resources, and legal fees related to the consummation of mergers and acquisitions.
- Employee termination benefits related to terminating employees with overlapping responsibilities in various areas of our business.
- Dedicated project personnel expenses which include the salary, benefits, travel expenses and other costs directly associated with employees who are 100 percent dedicated to our integration of acquired businesses and employees who have been notified of termination, but are continuing to work on transferring their responsibilities.
- Contract termination expenses related to terminated contracts, primarily with sales agents and distribution agreements.
- Other various expenses to relocate facilities, integrate information technology, losses incurred on assets resulting from the applicable acquisition, and other various expenses.

We have reclassified $34.2 million and $17.6 million in the years ended December 31, 2018 and 2017, respectively, from the "Acquisition, integration and related" line item to the "Restructuring and other cost reduction initiatives" line item, which amounts were primarily attributable to project costs related to our supply chain optimization initiative.

Cash and Cash Equivalents - We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. The carrying amounts reported in the balance sheet for cash and cash equivalents are valued at cost, which approximates their fair value.

Accounts Receivable - Accounts receivable consists of trade and other miscellaneous receivables. We grant credit to customers in the normal course of business and maintain an allowance for doubtful accounts for potential credit losses. We determine the allowance for doubtful accounts by geographic market and take into consideration historical credit experience, creditworthiness of the customer and other pertinent information. We make concerted efforts to collect all accounts receivable, but sometimes we have to write-off the account against the allowance when we determine the account is uncollectible. The allowance for doubtful accounts was $65.0 million and $65.7 million as of December 31, 2019 and 2018, respectively.

We also have receivables purchase arrangements with unrelated third parties to transfer portions of our trade accounts receivable balance. Funds received from the transfers are recorded as an increase to cash and a reduction to accounts receivable outstanding in our consolidated balance sheets. We report the cash flows attributable to the sale of receivables to third parties in cash flows from operating activities in our consolidated statements of cash flows. Net expenses resulting from the sales of receivables are recognized in SG&A expense. Net expenses include any resulting gains or losses from the sales of receivables, credit insurance and factoring fees. Any collections that we make that are unremitted to the third parties are recognized on our consolidated balance sheets under other current liabilities and in our consolidated statements of cash flows in financing activities.

Inventories - Inventories are stated at the lower of cost and net realizable value, with cost determined on a first-in first-out basis.

Property, Plant and Equipment - Property, plant and equipment is carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on estimated useful lives of ten to forty years for buildings and improvements and three to eight years for machinery and equipment. Maintenance and repairs are expensed as incurred. We review property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss would be recognized when estimated future undiscounted cash flows relating to the asset are less than its carrying amount. An impairment loss is measured as the amount by which the carrying amount of an asset exceeds its fair value.

Software Costs - We capitalize certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use when both the preliminary project stage is completed and it is probable that the software will be used as intended. Capitalized software costs generally include external direct costs of materials and services utilized in developing or obtaining computer software and compensation and related benefits for employees who are directly associated with the software project. Capitalized software costs are included in property, plant and equipment on our balance sheet and amortized on a straight-line or weighted average estimated user basis when the software is ready for its intended use over the estimated useful lives of the software, which approximate three to fifteen years.

Instruments - Instruments are hand-held devices used by surgeons during total joint replacement and other surgical procedures. Instruments are recognized as long-lived assets and are included in property, plant and equipment. Undeployed instruments are carried at cost or realizable value. Instruments that have been deployed to be used in surgeries are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on average estimated useful lives, determined principally in reference to associated product life cycles, primarily five years. We review instruments for impairment whenever events or changes in circumstances indicate that the carrying value of an instrument may not be recoverable. Depreciation of instruments is recognized as SG&A expense.

Goodwill - Goodwill is not amortized but is subject to annual impairment tests. Goodwill has been assigned to reporting units. We perform annual impairment tests by either comparing a reporting unit's estimated fair value to its carrying amount or doing a qualitative assessment of a reporting unit's fair value from the last quantitative assessment to determine if there is potential impairment. We may do a qualitative assessment when the results of the previous quantitative test indicated the reporting unit's estimated fair value was significantly in excess of the carrying value of its net assets and we do not believe there have been significant changes in the reporting unit's operations that would significantly decrease its estimated fair value or significantly increase its net assets. If a quantitative assessment is performed, the fair value of the reporting unit and the fair value of goodwill are determined based upon a discounted cash flow analysis and/or use of a market approach by looking at market values of comparable companies. Significant assumptions are incorporated into our discounted cash flow analyses such as estimated growth rates and risk-adjusted discount rates. We perform this test in the fourth quarter of the year or whenever events or changes in circumstances indicate that the carrying value of the reporting unit's assets may not be recoverable. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded in the amount that the carrying value of the business unit exceeds the fair value. See Note 10 for more information regarding goodwill.

Intangible Assets - Intangible assets are initially measured at their fair value. We have determined the fair value of our intangible assets either by the fair value of the consideration exchanged for the intangible asset or the estimated after-tax discounted cash flows expected to be generated from the intangible asset. Intangible assets with an indefinite life, including certain trademarks and trade names and in-process research and development ("IPR&D") projects, are not amortized. Indefinite life intangible assets are assessed annually to determine whether events and circumstances continue to support an indefinite life. Intangible assets with a finite life, including technology, certain trademarks and trade names, customer-related intangibles, intellectual property rights and patents and licenses are amortized on a straight-line basis over their estimated useful life or contractual life, which may range from less than one year to twenty years. Intangible assets with a finite life are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

Intangible assets with an indefinite life are tested for impairment annually or whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized if the carrying amount exceeds the estimated fair value of the asset. The amount of the impairment loss to be recorded would be determined based upon the excess of the asset's carrying value over its fair value. The fair values of indefinite lived intangible assets are determined based upon a discounted cash flow analysis using the relief from royalty method or a qualitative assessment may be performed for any changes to the asset's fair value from the last quantitative assessment. The relief from royalty method estimates the cost savings associated with owning, rather than licensing, assets. Significant assumptions are incorporated into these discounted cash flow analyses such as estimated growth rates, royalty rates and risk-adjusted discount rates. We may do a qualitative assessment when the results of the previous quantitative test indicated that the asset's fair value was significantly in excess of its carrying value.

In determining the useful lives of intangible assets, we consider the expected use of the assets and the effects of obsolescence, demand, competition, anticipated technological advances, changes in surgical techniques, market influences and other economic factors. For technology-based intangible assets, we consider the expected life cycles of products, absent unforeseen technological advances, which incorporate the corresponding technology.

Trademarks and trade names that do not have a wasting characteristic (i.e., there are no legal, regulatory, contractual, competitive, economic or other factors which limit the useful life) are assigned an indefinite life. Trademarks and trade names that are related to products expected to be phased out are assigned lives consistent with the period in which the products bearing each brand are expected to be sold. For customer relationship intangible assets, we assign useful lives based upon historical levels of customer attrition. Intellectual property rights are assigned useful lives that approximate the contractual life of any related patent or the period for which we maintain exclusivity over the intellectual property.

Income Taxes - We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period the new tax rate is enacted.

We reduce our deferred tax assets by a valuation allowance if it is more likely than not that we will not realize some portion or all of the deferred tax assets. In making such determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. In the event we were to determine that we would be able to realize our deferred income tax assets in the future in excess of their net recorded amount, we would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

We operate on a global basis and are subject to numerous and complex tax laws and regulations. Our income tax filings are regularly under audit in multiple federal, state and foreign jurisdictions. Income tax audits may require an extended period of time to reach resolution and may result in significant income tax adjustments when interpretation of tax laws or allocation of company profits is disputed. Because income tax adjustments in certain jurisdictions can be significant, we record accruals representing management's best estimate of the probable resolution of these matters. To the extent additional information becomes available, such accruals are adjusted to reflect the revised estimated probable outcome.

Derivative Financial Instruments - We measure all derivative instruments at fair value and report them on our consolidated balance sheet as assets or liabilities. We maintain written policies and procedures that permit, under appropriate circumstances and subject to proper authorization, the use of derivative financial instruments solely for risk management purposes. The use of derivative financial instruments for trading or speculative purposes is prohibited by our policy. See Note 14 for more information regarding our derivative and hedging activities.

Accumulated Other Comprehensive (Loss) Income – Accumulated other comprehensive income (loss) (“AOCI”) refers to revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income but are excluded from net earnings as these amounts are recorded directly as an adjustment to stockholders’ equity. Our AOCI is comprised of foreign currency translation adjustments, including unrealized gains and losses on net investments hedges, unrealized gains and losses on cash flow hedges and amortization of prior service costs and unrecognized gains and losses in actuarial assumptions.

Treasury Stock - We account for repurchases of common stock under the cost method and present treasury stock as a reduction of stockholders’ equity. We reissue common stock held in treasury only for limited purposes.

Noncontrolling Interest - We have investments in other companies in which we have a controlling financial interest, but not 100 percent of the equity. Further information related to the noncontrolling interests of those investments have not been provided as it is not significant to our consolidated financial statements.

Accounting Pronouncements Recently Adopted

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2016-02 – Leases (Topic 842). This ASU requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet. This ASU was effective for us as of January 1, 2019. This ASU required a modified retrospective transition method that could either be applied at the earliest comparative period in the financial statements or the period of adoption. We elected to use the period of adoption (January 1, 2019) transition method and therefore did not recast prior periods. This ASU allowed for certain practical expedients to make the adoption of the ASU less burdensome. We elected the practical expedients upon transition which permitted us to not reassess lease identification, classification, and initial direct costs under the new standard for leases that commenced prior to

the effective date. We also elected not to recognize a right-of-use asset nor a lease liability for leases with an initial term of twelve months or less. Finally, we elected not to separate non-lease components from the leased components in the valuation of our right-of-use asset and lease liability for all asset classes.

On January 1, 2019, we recognized a right-of-use asset of $274.7 million in other assets and lease liabilities of $62.2 million and $221.2 million in other current liabilities and other long-term liabilities, respectively. No cumulative adjustment to retained earnings was required upon adoption. We do not have any significant finance leases. See Note 19 for additional information.

Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). The new guidance describes the current expected credit loss ("CECL") model which requires an estimate of expected impairment on financial instruments over the lifetime of the assets at each reporting date. Financial instruments in scope of the guidance include financial assets measured at amortized cost. Current accounting guidance requires recognition of impairment when it is probable the loss has been incurred. Under the CECL model, lifetime expected credit losses are measured and recognized at each reporting date based on historical experience, current conditions and forecasted information. The standard is effective for interim and annual periods after December 15, 2019. Adoption of this standard requires a modified retrospective transition method, which will result in a cumulative-effect adjustment to retained earnings in the period of adoption. We will adopt this standard as of January 1, 2020. The standard will primarily impact our trade receivables. We are currently evaluating the impact the standard will have on our consolidated financial statements, but at this time we do not expect it to be significant.

There are no other recently issued accounting pronouncements that we have not yet adopted that are expected to have a material effect on our financial position, results of operations or cash flows.

3. Revenue Recognition

We recognize revenue when our performance obligations under the terms of a contract with our customer are satisfied. This happens when we transfer control of our products to the customer, which generally occurs upon implantation or when title passes upon shipment. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring our product. Taxes collected from customers and remitted to governmental authorities are excluded from revenues.

We sell products through three principal channels: 1) direct to healthcare institutions, referred to as direct channel accounts; 2) through stocking distributors and healthcare dealers; and 3) directly to dental practices and dental laboratories. In direct channel accounts and with some healthcare dealers, inventory is generally consigned to sales agents or customers so that products are available when needed for surgical procedures. No revenue is recognized upon the placement of inventory into consignment, as we retain the ability to control the inventory. Upon implantation, we issue an invoice and revenue is recognized. Consignment sales represented approximately 80 percent of our net sales in 2019. Pricing for products is generally predetermined by contracts with customers, agents acting on behalf of customer groups or by government regulatory bodies, depending on the market. Price discounts under group purchasing contracts are generally linked to volume of implant purchases by customer healthcare institutions within a specified group. At negotiated thresholds within a contract buying period, price discounts may increase. Payment terms vary by customer, but are typically less than 90 days.

With sales to stocking distributors, some healthcare dealers, dental practices and dental laboratories, revenue is generally recognized when control of our product passes to the customer, which is typically upon shipment of the product. We estimate sales recognized in this manner represented approximately 20 percent of our net sales in 2019. These customers may purchase items in large quantities if incentives are offered or if there are new product offerings in a market, which could cause period-to-period differences in sales. It is our accounting policy to account for shipping and handling activities as a fulfillment cost rather than as an additional promised service. We have contracts with these customers or orders may be placed from available price lists. Payment terms vary by customer, but are typically less than 90 days.

We offer standard warranties to our customers that our products are not defective. These standard warranties are not considered separate performance obligations. In limited circumstances, we offer extended warranties that are separate performance obligations. We have very few contracts that have multiple performance obligations. Since we do not have significant multiple element arrangements and essentially all of our sales are recognized upon implantation of a product or when title passes, very little judgment is required to allocate the transaction price of a contract or determine when control has passed to a customer. Our costs to obtain contracts consist primarily of sales

commissions to employees or third party agents that are earned when control of our product passes to the customer. Therefore, sales commissions are expensed as part of SG&A expenses at the same time revenue is recognized. Accordingly, we do not have significant contract assets, liabilities or future performance obligations.

We offer volume-based discounts, rebates, prompt pay discounts, right of return and other various incentives which we account for under the variable consideration model. If sales incentives may be earned by a customer for purchasing a specified amount of our product, we estimate whether such incentives will be achieved and recognize these incentives as a reduction in revenue in the same period the underlying revenue transaction is recognized. We primarily use the expected value method to estimate incentives. Under the expected value method, we consider the historical experience of similar programs as well as review sales trends on a customer-by-customer basis to estimate what levels of incentives will be earned. Occasionally, products are returned and, accordingly, we maintain an estimated refund liability based upon the expected value method that is recorded as a reduction in revenue.

We analyze sales by three geographies, the Americas; Europe, Middle East and Africa ("EMEA"); and Asia Pacific; and by the following product categories: Knees; Hips; Surgical, Sports Medicine, Biologics, Foot and Ankle, Extremities and Trauma ("S.E.T."); Spine & Craniomaxillofacial and Thoracic ("CMF"); Dental; and Other. As discussed in Note 18, we have seven operating segments that are based upon geography and product categories. The geographic segments include sales of all product categories exclusive of the specific product category operating segments. The geographic operating segments are the Americas, EMEA and Asia Pacific. These three operating segments are our reporting segments. The product category operating segments are Spine, less Asia Pacific; Office Based Technologies; CMF; and Dental. The product operating segments do not constitute a reporting segment because they are, individually and on a combined basis, insignificant to our consolidated results.

Our sales analysis differs from our reporting operating segments because the underlying market trends in any particular geography tend to be similar across product categories, we primarily sell the same products in all geographies and the product category operating segments are not individually significant to our consolidated results.

Net sales by geography are as follows (in millions):

	For the Years Ended December 31,		
	2019	2018	2017
Americas	$ 4,875.8	$ 4,837.2	$ 4,844.8
EMEA	1,746.9	1,801.9	1,745.2
Asia Pacific	1,359.5	1,293.8	1,213.3
Total	$ 7,982.2	$ 7,932.9	$ 7,803.3

Net sales by product category are as follows (in millions):

	For the Years Ended December 31,		
	2019	2018	2017
Knees	$ 2,810.1	$ 2,773.7	$ 2,734.0
Hips	1,935.1	1,921.4	1,871.8
S.E.T	1,795.7	1,751.8	1,701.8
Spine & CMF	747.3	763.9	757.9
Dental	414.0	411.2	418.6
Other	280.0	310.9	319.2
Total	$ 7,982.2	$ 7,932.9	$ 7,803.3

4. Restructuring

In December 2019, our Board of Directors approved, and we initiated, a new global restructuring program (the "2019 Restructuring Plan") with an objective of reducing costs to allow us to further invest in higher priority growth opportunities. The 2019 Restructuring Plan is expected to result in total pre-tax restructuring charges of approximately $350 million to $400 million and reduce gross annual pre-tax operating expenses by approximately $200 million to $300 million by the end of 2023 as program benefits are realized. The pre-tax restructuring charges will consist of employee termination benefits; contract terminations for facilities and sales agents; and other charges, such as consulting fees, project management and relocation costs. The restructuring charges incurred in 2019

primarily relate to employee termination benefits, consulting and project management. The following table summarizes the liabilities recognized related to the 2019 Restructuring Plan (in millions):

	Employee Termination Benefits	Other	Total
Balance, December 31, 2018	$ -	$ -	$ -
Additions	23.2	13.1	36.3
Cash payments	-	(9.0)	(9.0)
Balance, December 31, 2019	$ 23.2	$ 4.1	$ 27.3

We do not include restructuring charges in the operating profit of our reportable segments.

In our consolidated statement of earnings, we report restructuring charges in our "Restructuring and other cost reduction initiatives" financial statement line item. We report the expenses for other cost reduction initiatives with restructuring expenses because these activities both have the goal of reducing costs across the organization. However, since the cost reduction initiative expenses are not considered restructuring, they have been excluded from the amounts presented in this note.

5. Share-Based Compensation

Our share-based payments primarily consist of stock options and restricted stock units ("RSUs"). Share-based compensation expense was as follows (in millions):

	For the Years Ended December 31,		
	2019	2018	2017
Total expense, pre-tax	$ 84.3	$ 65.5	$ 53.7
Tax benefit related to awards	21.8	14.6	12.5
Total expense, net of tax	$ 62.5	$ 50.9	$ 41.2

We had two equity compensation plans in effect at December 31, 2019: the 2009 Stock Incentive Plan ("2009 Plan") and the Stock Plan for Non-Employee Directors. We have reserved the maximum number of shares of common stock available for awards under the terms of each of these plans. We have registered 71.6 million shares of common stock under these plans. The 2009 Plan provides for the grant of nonqualified stock options and incentive stock options, long-term performance awards in the form of performance shares or units, restricted stock, RSUs and stock appreciation rights. The Compensation and Management Development Committee of the Board of Directors determines the grant date for annual grants under our equity compensation plans. The date for annual grants under the 2009 Plan to our executive officers is expected to occur in the first quarter of each year following the earnings announcements for the previous quarter and full year. The Stock Plan for Non-Employee Directors provides for awards of stock options, restricted stock and RSUs to non-employee directors. It has been our practice to issue shares of common stock upon exercise of stock options from previously unissued shares, except in limited circumstances where they are issued from treasury stock. The total number of awards which may be granted in a given year and/or over the life of the plan under each of our equity compensation plans is limited. At December 31, 2019, an aggregate of 7.8 million shares were available for future grants and awards under these plans.

Stock Options

Stock options granted to date under our plans vest over two or four years and have a maximum contractual life of 10 years. As established under our equity compensation plans, vesting may accelerate upon retirement after the first anniversary date of the award if certain criteria are met. We recognize expense related to stock options on a straight-line basis over the requisite service period, less awards expected to be forfeited using estimated forfeiture rates. Due to the accelerated retirement provisions, the requisite service period of our stock options range from one to four years. Stock options are granted with an exercise price equal to the market price of our common stock on the date of grant, except in limited circumstances where local law may dictate otherwise.

A summary of stock option activity for the year ended December 31, 2019 is as follows (options in thousands):

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value (in millions)
Outstanding at January 1, 2019	7,763	$ 100.29		
Options granted	1,488	123.76		
Options exercised	(1,633)	85.97		
Options forfeited	(303)	117.28		
Options expired	(30)	115.12		
Outstanding at December 31, 2019	7,285	$ 107.53	6.6	$ 307.1
Vested or expected to vest as of December 31, 2019	7,057	$ 107.10	6.6	$ 300.5
Exercisable at December 31, 2019	3,890	$ 97.15	5.1	$ 204.3

We use a Black-Scholes option-pricing model to determine the fair value of our stock options. Expected volatility was derived from a combination of historical volatility and implied volatility because the options that were actively traded around the grant date of our stock options did not have maturities of over one year. The expected term of the stock options has been derived from historical employee exercise behavior. The risk-free interest rate was determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term approximating the expected life of the options. The dividend yield was determined by using an estimated annual dividend and dividing it by the market price of our stock on the grant date.

The following table presents information regarding the weighted average fair value of stock options granted, the assumptions used to determine fair value, the intrinsic value of options exercised and the tax benefit of options exercised in the indicated year:

	For the Years Ended December 31,		
	2019	2018	2017
Dividend yield	0.8%	0.8%	0.8%
Volatility	22.1%	22.1%	21.6%
Risk-free interest rate	2.4%	2.7%	2.0%
Expected life (years)	5.5	5.2	5.3
Weighted average fair value of options granted	$ 28.68	$ 26.66	$ 26.09
Intrinsic value of options exercised (in millions)	$ 76.8	$ 46.6	$ 67.6
Tax benefit of options exercised (in millions)	$ 15.8	$ 6.8	$ 27.7

As of December 31, 2019, there was $48.6 million of unrecognized share-based payment expense related to nonvested stock options granted under our plans. That expense is expected to be recognized over a weighted average period of 2.5 years.

RSUs

We have awarded RSUs to certain of our employees. The terms of the awards have been from five months to four years. Some of the awards have only service conditions while some have performance and market conditions in addition to service conditions. Future service conditions may be waived if an employee retires after the first anniversary date of the award, but performance and market conditions continue to apply. Accordingly, the requisite service period used for share-based payment expense on our RSUs range from five months to four years.

A summary of nonvested RSU activity for the year ended December 31, 2019 is as follows (RSUs in thousands):

	RSUs	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2019	1,347	$ 112.81
Granted	508	132.69
Vested	(210)	108.35
Forfeited	(417)	114.61
Outstanding at December 31, 2019	1,228	118.11

For the RSUs with service conditions only, the fair value of the awards was determined based upon the fair market value of our common stock on the date of grant. For the RSUs with market conditions, a Monte Carlo valuation technique was used to simulate the market conditions of the awards. The outcome of the simulation was used to determine the fair value of the awards.

We are required to estimate the number of RSUs that will vest and recognize share-based payment expense on a straight-line basis over the requisite service period. As of December 31, 2019, we estimate that approximately 777,336 outstanding RSUs will vest. If our estimate were to change in the future, the cumulative effect of the change in estimate will be recorded in that period. Based upon the number of RSUs that we expect to vest, the unrecognized share-based payment expense as of December 31, 2019 was $47.8 million and is expected to be recognized over a weighted-average period of 2.1 years. The fair value of RSUs that vested during the years ended December 31, 2019, 2018 and 2017 based upon our stock price on the date of vesting was $26.3 million, $18.7 million, and $31.2 million, respectively.

6. Inventories

Inventories consisted of the following (in millions):

	As of December 31,	
	2019	2018
Finished goods	$ 1,875.4	$ 1,797.7
Work in progress	231.0	230.4
Raw materials	278.6	228.4
Inventories	$ 2,385.0	$ 2,256.5

Amounts charged to the consolidated statements of earnings for excess and obsolete inventory, including certain product lines we intend to discontinue, in the years ended December 31, 2019, 2018 and 2017 were $221.4 million, $226.1 million and $128.4 million, respectively.

7. Property, Plant and Equipment

Property, plant and equipment consisted of the following (in millions):

	As of December 31,	
	2019	2018
Land	$ 27.6	$ 28.0
Building and equipment	2,007.0	1,885.6
Capitalized software costs	482.4	425.8
Instruments	3,250.5	2,950.5
Construction in progress	149.3	147.2
	5,916.8	5,437.1
Accumulated depreciation	(3,839.4)	(3,421.7)
Property, plant and equipment, net	$ 2,077.4	$ 2,015.4

Depreciation expense was $421.8 million, $442.6 million and $454.1 million for the years ended December 31, 2019, 2018 and 2017, respectively.

We had $39.8 million and $49.3 million of property, plant and equipment included in accounts payable as of December 31, 2019 and 2018, respectively.

8. Transfers of Financial Assets

We have receivables purchase arrangements with unrelated third parties to liquidate portions of our trade accounts receivable balance. The receivables relate to products sold to customers and are short-term in nature. The factorings were treated as sales of our accounts receivable. Proceeds from the transfers reflect either the face value of the accounts receivable or the face value less factoring fees.

In the U.S. and Japan, our programs are executed on a revolving basis with a maximum funding limit as of December 31, 2019 of $450 million combined. We act as the collection agent on behalf of the third party, but have no significant retained interests or servicing liabilities related to the accounts receivable sold. In order to mitigate credit risk, we purchased credit insurance for the factored accounts receivable. As a result, our risk of loss is limited to the factored accounts receivable not covered by the insurance. Additionally, we have provided guarantees for the factored accounts receivable. The maximum exposures to loss associated with these arrangements were $21.8 million and $33.0 million as of December 31, 2019 and 2018, respectively.

In Europe, we sell to a third party and have no continuing involvement or significant risk with the factored accounts receivable.

Funds received from the transfers are recorded as an increase to cash and a reduction of accounts receivable outstanding in the consolidated balance sheets. We report the cash flows attributable to the sale of the receivables to third parties in cash flows from operating activities in our consolidated statements of cash flows. Net expenses resulting from the sales of receivables are recognized in SG&A expense. Net expenses included any resulting gains or losses from the sales of receivables, credit insurance and factoring fees.

For the years ended December 31, 2019, 2018 and 2017, we sold receivables having an aggregate face value of $3,116.2 million, $2,706.4 million and $1,456.9 million to third parties in exchange for cash proceeds of $3,113.9 million, $2,704.9 million and $1,455.6 million, respectively. Expenses recognized on these sales during the years ended December 31, 2019, 2018 and 2017 were not significant. For the years ended December 31, 2019, 2018 and 2017 under the U.S. and Japan programs, we collected $2,857.4 million, $2,273.5 million and $1,031.2 million, respectively, from our customers and remitted that amount to the third party, and we effectively repurchased $184.6 million, $208.9 million and $96.3 million, respectively, of previously sold accounts receivable from the third party due to the programs' revolving nature. At December 31, 2019 and 2018, we had collected $54.6 million and $66.8 million, respectively, that were unremitted to the third party, which are reflected in our consolidated balance sheets under other current liabilities. The initial collection of cash from customers and its remittance to the third party is reflected in net cash provided by/(used in) financing activities in our consolidated statements of cash flows.

At December 31, 2019 and 2018, the outstanding principal amount of receivables that has been derecognized under the U.S. and Japan revolving arrangements combined amounted to $270.2 million and $365.9 million, respectively.

9. Fair Value Measurements of Assets and Liabilities

The following financial assets and liabilities are recorded at fair value on a recurring basis (in millions):

	As of December 31, 2019			
		Fair Value Measurements at Reporting Date Using:		
Description	Recorded Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Derivatives, current and long-term				
Foreign currency forward contracts	$ 39.1	$ -	$ 39.1	$ -
Interest rate swaps	60.5	-	60.5	-
Total Assets	$ 99.6	$ -	$ 99.6	$ -
Liabilities				
Derivatives, current and long-term				
Foreign currency forward contracts	$ 0.6	$ -	$ 0.6	$ -
Total Liabilities	$ 0.6	$ -	$ 0.6	$ -

	As of December 31, 2018			
		Fair Value Measurements at Reporting Date Using:		
Description	Recorded Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Derivatives, current and long-term				
Foreign currency forward contracts	$ 45.7	$ -	$ 45.7	$ -
Interest rate swaps	17.9	-	17.9	-
Total Assets	$ 63.6	$ -	$ 63.6	$ -
Liabilities				
Derivatives, current and long-term				
Foreign currency forward contracts	$ 0.5	$ -	$ 0.5	$ -
Interest rate swaps	2.5	-	2.5	-
Total Liabilities	$ 3.0	$ -	$ 3.0	$ -

We value our foreign currency forward contracts using a market approach based on foreign currency exchange rates obtained from active markets, and we perform ongoing assessments of counterparty credit risk.
We value our interest rate swaps using a market approach based on publicly available market yield curves, foreign currency exchange rates and the terms of our swaps, and we perform ongoing assessments of counterparty credit risk.

10. Goodwill and Other Intangible Assets

The following table summarizes the changes in the carrying amount of goodwill (in millions):

	Americas	EMEA	Asia Pacific	Immaterial Product Category Operating Segments	Total
Balance at January 1, 2018					
Goodwill	$ 7,724.8	$ 1,379.8	$ 500.5	$ 1,741.0	$ 11,346.1
Accumulated impairment losses	-	-	-	(677.7)	(677.7)
	7,724.8	1,379.8	500.5	1,063.3	10,668.4
Currency translation	(12.4)	(57.6)	6.7	(34.8)	(98.1)
Impairment	-	(567.0)	-	(408.9)	(975.9)
Balance at December 31, 2018					
Goodwill	7,712.4	1,322.2	507.2	1,706.2	11,248.0
Accumulated impairment losses	-	(567.0)	-	(1,086.6)	(1,653.6)
	7,712.4	755.2	507.2	619.6	9,594.4
Other acquisitions	-	-	-	25.0	25.0
Currency translation	(12.6)	(5.4)	0.2	(1.9)	(19.7)
Balance at December 31, 2019					
Goodwill	7,699.8	1,316.8	507.4	1,729.3	11,253.3
Accumulated impairment losses	-	(567.0)	-	(1,086.6)	(1,653.6)
	$ 7,699.8	$ 749.8	$ 507.4	$ 642.7	$ 9,599.7

We have five reporting units with goodwill assigned to them. We perform our annual test of goodwill impairment in the fourth quarter of every year. In 2019, we performed a qualitative test on our Americas and Asia Pacific reporting units and concluded it was more likely than not the fair value of these reporting units exceeded their carrying value. We estimated the fair value of our EMEA, Dental and CMF reporting units using the income and market approaches. The estimated fair value of our EMEA and Dental reporting units only exceeded their carrying values by less than 5 percent. The estimated fair value of our CMF reporting unit exceeded its carrying value by more than 25 percent.

We will continue to monitor the fair value of our EMEA and Dental reporting units as well as our other three reporting units in our interim and annual reporting periods. If our estimated cash flows for these reporting units decrease, we may have to record impairment charges in the future. Factors that could result in our cash flows being lower than our current estimates include: 1) decreased revenues caused by unforeseen changes in the healthcare market, or our inability to generate new product revenue from our research and development activities, and 2) our inability to achieve the estimated operating margins in our forecasts due to unforeseen factors. Additionally, changes in the broader economic environment could cause changes to our estimated discount rates, foreign currency exchange rates used to translate cash flows and comparable company valuation indicators, which may impact our estimated fair values.

As indicated in Note 18, our operating segments may change in 2020 which, under the applicable accounting rules, could cause us to change our reporting units to which goodwill is assigned and/or could cause the assets and related cash flows assigned to a reporting unit to change. A change in reporting units may lead us to perform interim impairment tests on the new reporting units. We may have long-lived assets that currently have a carrying value that is greater than their fair value, but are not impaired because the impairment test for long-lived assets compares the carrying value to undiscounted cash flows. If the carrying value of assets that are reallocated to a new reporting unit is greater than their estimated fair value (as measured by their discounted cash flows), we may need to record an impairment charge with respect to that reporting unit.

During the year ended December 31, 2018, we recorded goodwill impairment charges related to our Spine reporting unit, our EMEA reporting unit and an insignificant reporting unit of $401.2 million, $567.0 million and $7.7 million, respectively. During the year ended December 31, 2017, we recorded goodwill impairment charges related to our Office Based Technologies and Spine reporting units of $32.7 million and $272.0 million, respectively.

For more information on how the fair values of these reporting units were determined in the prior periods and the factors that led to impairment, please see our Annual Reports on Form 10-K for the years ended December 31, 2018 and 2017.

The components of identifiable intangible assets were as follows (in millions):

	Technology	Intellectual Property Rights	Trademarks and Trade Names	Customer Relationships	IPR&D	Other	Total
As of December 31, 2019:							
Intangible assets subject to amortization:							
Gross carrying amount	$ 3,634.0	$ 378.3	$ 659.9	$ 5,375.0	$ -	$ 165.4	$ 10,212.6
Accumulated amortization	(1,487.6)	(191.9)	(207.6)	(1,489.4)	-	(95.3)	(3,471.8)
Intangible assets not subject to amortization:							
Gross carrying amount	-	-	454.9	-	61.9	-	516.8
Total identifiable intangible assets	$ 2,146.4	$ 186.4	$ 907.2	$ 3,885.6	$ 61.9	$ 70.1	$ 7,257.6
As of December 31, 2018:							
Intangible assets subject to amortization:							
Gross carrying amount	$ 3,638.5	$ 180.7	$ 664.2	$ 5,384.4	$ -	$ 128.3	$ 9,996.1
Accumulated amortization	(1,282.7)	(177.6)	(169.3)	(1,194.5)	-	(80.0)	(2,904.1)
Intangible assets not subject to amortization:							
Gross carrying amount	-	-	457.1	-	135.5	-	592.6
Total identifiable intangible assets	$ 2,355.8	$ 3.1	$ 952.0	$ 4,189.9	$ 135.5	$ 48.3	$ 7,684.6

In 2019, we entered into an agreement and paid $192.5 million to buy out certain licensing arrangements from an unrelated third party. This new agreement and the related payment replaced the variable royalty payments that otherwise would have been due under the terms of previous licensing arrangements through 2029. Under the new agreement, we maintain the rights to the counterparty's intellectual property provided under the previous licensing arrangements. The $192.5 million payment was recognized as an intangible asset and will be amortized through 2029, which represents the useful life of the intellectual property.

We recognized intangible asset impairment charges of $70.1 million, $3.8 million and $26.8 million in the years ended December 31, 2019, 2018 and 2017, respectively, in "Goodwill and intangible asset impairment" on our consolidated statements of earnings. The impairment charges were primarily related to the abandonment of IPR&D projects that were recognized as part of the Biomet merger purchase accounting.

Estimated annual amortization expense based upon intangible assets recognized as of December 31, 2019 for the years ending December 31, 2020 through 2024 is (in millions):

For the Years Ending December 31,	
2020	$ 576.9
2021	562.8
2022	556.3
2023	551.6
2024	543.4

11. Other Current Liabilities

Other current liabilities consisted of the following (in millions):

	As of December 31,	
	2019	2018
Other current liabilities:		
License and service agreements	$ 179.3	$ 181.8
Salaries, wages and benefits	314.1	260.3
Litigation and product liability	142.4	278.6
Accrued liabilities	778.1	670.6
Total other current liabilities	$ 1,413.9	$ 1,391.3

12. Debt

Our debt consisted of the following (in millions):

	As of December 31,	
	2019	2018
Current portion of long-term debt		
4.625% Senior Notes due 2019	$ -	$ 500.0
2.700% Senior Notes due 2020	1,500.0	-
U.S. Term Loan B	-	25.0
Total short-term debt	$ 1,500.0	$ 525.0
Long-term debt		
2.700% Senior Notes due 2020	$ -	$ 1,500.0
Floating Rate Notes due 2021	450.0	450.0
3.375% Senior Notes due 2021	300.0	300.0
3.150% Senior Notes due 2022	750.0	750.0
3.700% Senior Notes due 2023	300.0	300.0
3.550% Senior Notes due 2025	2,000.0	2,000.0
4.250% Senior Notes due 2035	253.4	253.4
5.750% Senior Notes due 2039	317.8	317.8
4.450% Senior Notes due 2045	395.4	395.4
1.414% Euro Notes due 2022	561.3	571.6
2.425% Euro Notes due 2026	561.3	571.6
1.164% Euro Notes due 2027	561.3	-
U.S. Term Loan B	-	200.0
U.S. Term Loan C	-	535.0
Japan Term Loan A	106.9	105.3
Japan Term Loan B	194.7	191.7
Debt discount and issuance costs	(37.1)	(42.7)
Adjustment related to interest rate swaps	6.4	14.6
Total long-term debt	$ 6,721.4	$ 8,413.7

At December 31, 2019, our total current and non-current debt of $8.2 billion consisted of $8.0 billion aggregate principal amount of senior notes, which included $1.7 billion of Euro-denominated senior notes ("Euro notes"), an 11.7 billion Japanese Yen term loan agreement ("Japan Term Loan A") and a 21.3 billion Japanese Yen term loan agreement ("Japan Term Loan B") that each will mature on September 27, 2022, and other debt and fair value adjustments totaling $6.4 million, partially offset by debt discount and issuance costs of $37.1 million.

On November 15, 2019, we completed the offering of €500 million aggregate principal amount of our 1.164% Euro notes due November 15, 2027. Interest is payable on the 1.164% Euro notes on November 15 of each year until maturity. We received net proceeds of approximately $549.2 million from this offering, which were primarily used to repay the $500 million principal amount 4.625% Senior Notes due 2019 at maturity, and the remainder of which were used to repay a portion of a U.S. term loan ("U.S. Term Loan C").

On November 1, 2019, we entered into a revolving credit agreement (the "2019 Credit Agreement"), which contains a five-year unsecured multicurrency revolving facility of $1.5 billion (the "2019 Multicurrency Revolving Facility"), which replaced the previous $1.5 billion multicurrency revolving credit facility (the "2016 Multicurrency Revolving Facility") and a U.S. term loan ("U.S. Term Loan B") under our credit agreement executed in September 2016 (as amended, the "2016 Credit Agreement"). As of the date we entered into the 2019 Credit Agreement, there were no borrowings outstanding under the 2016 Multicurrency Revolving Facility or U.S. Term Loan B. The 2019 Credit Agreement will mature on November 1, 2024, with two one-year extensions exercisable at our discretion and subject to required lender consent. As of December 31, 2019, there were no outstanding borrowings under the 2019 Multicurrency Revolving Facility.

On December 14, 2018, we entered into a credit agreement (the "2018 Credit Agreement") that provides for U.S. Term Loan C, which is a two-year unsecured multi-draw term loan facility for the Company in the principal amount of $900.0 million, with a maturity date of December 14, 2020, and borrowed $675.0 million under that facility. In January 2019, we borrowed an additional $200.0 million under U.S. Term Loan C and used those proceeds, along

with cash on hand, to repay the remaining $225.0 million outstanding under U.S. Term Loan B issued under the 2016 Credit Agreement. Under the applicable accounting rules, since $200.0 million of U.S. Term Loan B was refinanced on a long-term basis before the issuance of our consolidated financial statements, we classified the refinanced portion of U.S. Term Loan B as long-term as of December 31, 2018.

We have repaid $735.0 million and $140.0 million in principal under U.S. Term Loan C during the years ended December 31, 2019 and 2018, respectively, primarily with cash from operations. As of December 31, 2019, we had no borrowings outstanding under U.S. Term Loan C, and since there are no more advances available under the 2018 Credit Agreement, the 2018 Credit Agreement and U.S. Term Loan C have terminated by their terms.

On March 19, 2018, we completed the offering of $450.0 million aggregate principal amount of our floating rate senior notes due March 19, 2021 and $300.0 million aggregate principal amount of our 3.700% senior notes due March 19, 2023. Interest on the floating rate senior notes is equal to three-month LIBOR plus 0.750% and is payable quarterly, commencing on June 19, 2018, until maturity. Interest is payable on the 3.700% senior notes semi-annually, commencing on September 19, 2018, until maturity. We received net proceeds of $749.5 million from this offering.

On September 22, 2017, we entered into a term loan agreement for the Japan Term Loan B, and an amended and restated term loan agreement, which amended and restated the Japan Term Loan A loan agreement dated as of May 24, 2012, as amended as of October 31, 2014. As described above, the term loans under both of these agreements will mature on September 27, 2022. Each of these term loans bears interest at a fixed rate of 0.635 percent per annum.

Borrowings under the 2019 Credit Agreement generally bear interest at floating rates. We pay a facility fee on the aggregate amount of the 2019 Multicurrency Revolving Facility. The 2019 Credit Agreement contains customary affirmative and negative covenants and events of default for unsecured financing arrangements, including among other things limitations on consolidations, mergers, and sales of assets. We were in compliance with all covenants under the 2019 Credit Agreement as of December 31, 2019.

We may, at our option, redeem our senior notes, in whole or in part, at any time upon payment of the principal, any applicable make-whole premium, and accrued and unpaid interest to the date of redemption, except that the Floating Rate Notes due 2021 do not have any applicable make-whole premium. In addition, we may redeem, at our option, the 3.375% Senior Notes due 2021, the 3.150% Senior Notes due 2022, the 1.414% Euro notes due 2022, the 3.700% Senior Notes due 2023, the 3.550% Senior Notes due 2025, the 2.425% Euro notes due 2026, the 1.164% Euro notes due 2027, the 4.250% Senior Notes due 2035 and the 4.450% Senior Notes due 2045 without any make-whole premium at specified dates ranging from one month to six months in advance of the scheduled maturity date.

The estimated fair value of our senior notes as of December 31, 2019, based on quoted prices for the specific securities from transactions in over-the-counter markets (Level 2), was $8,261.2 million. The estimated fair value of Japan Term Loan A and Japan Term Loan B, in the aggregate, as of December 31, 2019, based upon publicly available market yield curves and the terms of the debt (Level 2), was $300.1 million.

We entered into interest rate swap agreements which we designated as fair value hedges of underlying fixed-rate obligations on our senior notes due 2019 and 2021. These fair value hedges were settled in 2016. In 2016, we entered into various variable-to-fixed interest rate swap agreements that were accounted for as cash flow hedges of U.S. Term Loan B. These interest rate swaps were terminated concurrently with the repayment of the remaining balance of U.S. Term Loan B in 2019. In 2018 and 2019, we entered into cross-currency interest rate swaps that we designated as net investment hedges. The excluded component of these net investment hedges is recorded in interest expense, net. See Note 14 for additional information regarding our interest rate swap agreements.

We also have available uncommitted credit facilities totaling $45.3 million as of December 31, 2019.

At December 31, 2019 and 2018, the weighted average interest rate for our borrowings was 2.9 percent and 3.1 percent, respectively. We paid $226.9 million, $282.8 million, and $317.5 million in interest during 2019, 2018, and 2017, respectively.

13. Accumulated Other Comprehensive Income

AOCI refers to certain gains and losses that under GAAP are included in comprehensive income but are excluded from net earnings as these amounts are initially recorded as an adjustment to stockholders' equity. Amounts in AOCI may be reclassified to net earnings upon the occurrence of certain events.

Our AOCI is comprised of foreign currency translation adjustments, unrealized gains and losses on cash flow hedges, and amortization of prior service costs and unrecognized gains and losses in actuarial assumptions on our defined benefit plans. Foreign currency translation adjustments are reclassified to net earnings upon sale or upon a complete or substantially complete liquidation of an investment in a foreign entity. Unrealized gains and losses on cash flow hedges are reclassified to net earnings when the hedged item affects net earnings. Amounts related to defined benefit plans that are in AOCI are reclassified over the service periods of employees in the plan. See Note 15 for more information on our defined benefit plans.

The following table shows the changes in the components of AOCI, net of tax (in millions):

	Foreign Currency Translation	Cash Flow Hedges	Defined Benefit Plan Items	Total AOCI
Balance December 31, 2018	$ (31.3)	$ 20.9	$ (177.0)	$ (187.4)
AOCI before reclassifications	(1.5)	30.6	(53.5)	(24.4)
Reclassifications to statements of earnings	-	(35.1)	5.0	(30.1)
Balance December 31, 2019	$ (32.8)	$ 16.4	$ (225.5)	$ (241.9)

The following table shows the reclassification adjustments from AOCI (in millions):

	Amount of Gain / (Loss) Reclassified from AOCI For the Years Ended December 31,			
Component of AOCI	2019	2018	2017	Location on Statements of Earnings
Cash flow hedges				
Foreign exchange forward contracts	$ 38.4	$ (26.2)	$ 5.1	Cost of products sold
Interest rate swaps	2.8	-	-	Interest expense, net
Forward starting interest rate swaps	(0.6)	(0.6)	(0.5)	Interest expense, net
	40.6	(26.8)	4.6	Total before tax
	5.5	(3.2)	0.8	(Benefit) provision for income taxes
	$ 35.1	$ (23.6)	$ 3.8	Net of tax
Defined benefit plans				
Prior service cost	$ 7.3	$ 9.9	$ 10.3	Other expense, net
Curtailment gain	7.2	-	-	Other expense, net
Unrecognized actuarial loss	(21.8)	(26.2)	(22.1)	Other expense, net
	(7.3)	(16.3)	(11.8)	Total before tax
	(2.3)	(4.3)	(4.5)	(Benefit) provision for income taxes
	$ (5.0)	$ (12.0)	$ (7.3)	Net of tax
Total reclassifications	$ 30.1	$ (35.6)	$ (3.5)	Net of tax

The following table shows the tax effects on each component of AOCI recognized in our consolidated statements of comprehensive income (loss) (in millions):

	For the Years Ended December 31,								
	Before Tax			Tax			Net of Tax		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Foreign currency cumulative translation adjustments	$ 12.1	$ (148.7)	$ 396.8	$ 13.6	$ (13.3)	$ (48.2)	$ (1.5)	$ (135.4)	$ 445.0
Unrealized cash flow hedge gains (losses)	34.6	81.1	(116.0)	4.0	12.9	(21.0)	30.6	68.2	(95.0)
Reclassification adjustments on cash flow hedges	(40.6)	26.8	(4.6)	(5.5)	3.2	(0.8)	(35.1)	23.6	(3.8)
Adjustments to prior service cost and unrecognized actuarial assumptions	(56.4)	(22.7)	6.6	(7.9)	(5.0)	2.0	(48.5)	(17.7)	4.6
Total Other Comprehensive (Loss) Income	$ (50.3)	$ (63.5)	$ 282.8	$ 4.2	$ (2.2)	$ (68.0)	$ (54.5)	$ (61.3)	$ 350.8

14. Derivative Instruments and Hedging Activities

We are exposed to certain market risks relating to our ongoing business operations, including foreign currency exchange rate risk, commodity price risk, interest rate risk and credit risk. We manage our exposure to these and other market risks through regular operating and financing activities. Currently, the only risks that we manage through the use of derivative instruments are interest rate risk and foreign currency exchange rate risk.

Interest Rate Risk

Derivatives Designated as Fair Value Hedges

In prior years, we entered into various fixed-to-variable interest rate swap agreements that were accounted for as fair value hedges of a portion of our 4.625% Senior Notes due in 2019 and all of our 3.375% Senior Notes due 2021. In August 2016, we received cash for these interest rate swap assets by terminating the hedging instruments with the counterparties. The 4.625% Senior Notes were repaid at maturity in 2019. The remaining unamortized balance related to the 3.375% Senior Notes as of December 31, 2019 was $6.4 million, which will be recognized using the effective interest rate method over the remaining maturity period of the 3.375% Senior Notes. As of December 31, 2019 and 2018, the following amounts were recorded on our consolidated balance sheets related to cumulative basis adjustments for fair value hedges (in millions):

	Carrying Amount of the Hedged Liabilities		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Liabilities	
Balance Sheet Line Item	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Long-term debt	$ 306.2	$ 564.4	$ 6.4	$ 14.6

Derivatives Designated as Cash Flow Hedges

In 2014, we entered into forward starting interest rate swaps that were designated as cash flow hedges of our thirty-year tranche of senior notes (the 4.450% Senior Notes due 2045) we expected to issue in 2015. The forward starting interest rate swaps mitigated the risk of changes in interest rates prior to the completion of the notes offering. The interest rate swaps were settled, and the remaining loss to be recognized at December 31, 2019 was $26.5 million, which will be recognized using the effective interest rate method over the remaining maturity period of the hedged notes.

In September 2016, we entered into various variable-to-fixed interest rate swap agreements with a notional amount of $375 million that were accounted for as cash flow hedges of U.S. Term Loan B. The interest rate swaps minimized the exposure to changes in the LIBOR interest rates while the variable-rate debt was outstanding. In the first quarter of 2019, we terminated these interest rate swaps concurrently with the repayment of the remaining

balance of U.S Term Loan B, and we recognized proceeds and interest income of $2.8 million related to the termination.

Foreign Currency Exchange Rate Risk

We operate on a global basis and are exposed to the risk that our financial condition, results of operations and cash flows could be adversely affected by changes in foreign currency exchange rates. To reduce the potential effects of foreign currency exchange rate movements on net earnings, we enter into derivative financial instruments in the form of foreign currency exchange forward contracts with major financial institutions. We also designated our Euro notes and other foreign currency exchange forward contracts as net investment hedges of investments in foreign subsidiaries. We are primarily exposed to foreign currency exchange rate risk with respect to transactions and net assets denominated in Euros, Swiss Francs, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles, Indian Rupees, Turkish Lira, Polish Zloty, Danish Krone, and Norwegian Krone. We do not use derivative financial instruments for trading or speculative purposes.

Derivatives Designated as Net Investment Hedges

We are exposed to the impact of foreign exchange rate fluctuations in the investments in our wholly-owned foreign subsidiaries that are denominated in currencies other than the U.S. Dollar. In order to mitigate the volatility in foreign exchange rates, we issued Euro notes in December 2016 and November 2019, as discussed in Note 12, and designated 100 percent of the Euro notes to hedge our net investment in certain wholly-owned foreign subsidiaries that have a functional currency of Euro. All changes in the fair value of the hedging instrument designated as a net investment hedge are recorded as a component of AOCI in our consolidated balance sheets.

At December 31, 2019, we had receive-fixed-rate, pay-fixed-rate cross-currency interest rate swaps with notional amounts outstanding of Euro 1,450 million, Japanese Yen 7 billion and Swiss Franc 50 million. These transactions further hedge our net investment in certain wholly-owned foreign subsidiaries that have a functional currency of Euro, Japanese Yen and Swiss Franc. All changes in the fair value of a derivative instrument designated as a net investment hedge are recorded as a component of AOCI in the consolidated balance sheets. The portion of this change related to the excluded component will be amortized into earnings over the life of the derivative while the remainder will be recorded in AOCI until the hedged net investment is sold or substantially eliminated. We recognize the excluded component in interest expense, net on our consolidated statements of earnings. The net cash received related to the receive-fixed-rate, pay-fixed-rate component of the cross-currency interest rate swaps is reflected in investing cash flows in our consolidated statements of cash flows.

Derivatives Designated as Cash Flow Hedges

Our revenues are generated in various currencies throughout the world. However, a significant amount of our inventory is produced in U.S. Dollars. Therefore, movements in foreign currency exchange rates may have different proportional effects on our revenues compared to our cost of products sold. To minimize the effects of foreign currency exchange rate movements on cash flows, we hedge intercompany sales of inventory expected to occur within the next 30 months with foreign currency exchange forward contracts. We designate these derivative instruments as cash flow hedges.

We perform quarterly assessments of hedge effectiveness by verifying and documenting the critical terms of the hedge instrument and confirming that forecasted transactions have not changed significantly. We also assess on a quarterly basis whether there have been adverse developments regarding the risk of a counterparty default. For derivatives which qualify as hedges of future cash flows, the gains and losses are temporarily recorded in AOCI and then recognized in cost of products sold when the hedged item affects net earnings. On our consolidated statements of cash flows, the settlements of these cash flow hedges are recognized in operating cash flows.

For foreign currency exchange forward contracts outstanding at December 31, 2019, we had obligations to purchase U.S. Dollars and sell Euros, Japanese Yen, British Pounds, Canadian Dollars, Australian Dollars, Korean Won, Swedish Krona, Czech Koruna, Thai Baht, Taiwan Dollars, South African Rand, Russian Rubles, Indian Rupees, Polish Zloty, Danish Krone, and Norwegian Krone and obligations to purchase Swiss Francs and sell U.S. Dollars. These derivatives mature at dates ranging from January 2020 through June 2022. As of December 31, 2019, the notional amounts of outstanding forward contracts entered into with third parties to purchase U.S. Dollars were $1,496.3 million. As of December 31, 2019, the notional amounts of outstanding forward contracts entered into with third parties to purchase Swiss Francs were $276.0 million.

Derivatives Not Designated as Hedging Instruments

We enter into foreign currency forward exchange contracts with terms of one month to manage currency exposures for monetary assets and liabilities denominated in a currency other than an entity's functional currency. As a result, any foreign currency re-measurement gains/losses recognized in earnings are generally offset with gains/losses on the foreign currency forward exchange contracts in the same reporting period. The net amount of these offsetting gains/losses is recorded in other expense, net. These contracts are settled on the last day of each reporting period. Therefore, there is no outstanding balance related to these contracts recorded on the balance sheet as of the end of the reporting period. The notional amounts of these contracts are typically in a range of $1.5 billion to $2.0 billion per quarter.

Income Statement Presentation

Derivatives Designated as Cash Flow Hedges

Derivative instruments designated as cash flow hedges had the following effects, before taxes, on AOCI and net earnings on our consolidated statements of earnings, consolidated statements of comprehensive income (loss) and consolidated balance sheets (in millions):

	Amount of Gain / (Loss) Recognized in AOCI Years Ended December 31,			Location on Statement of	Amount of Gain / (Loss) Reclassified from AOCI Years Ended December 31,		
Derivative Instrument	**2019**	**2018**	**2017**	**Earnings**	**2019**	**2018**	**2017**
Foreign exchange forward contracts	$ 34.6	$ 82.8	$ (116.5)	Cost of products sold	$ 38.4	$ (26.2)	$ 5.1
Interest rate swaps	-	(1.7)	0.5	Interest expense, net	2.8	-	-
Forward starting interest rate swaps	-	-	-	Interest expense, net	(0.6)	(0.6)	(0.5)
	$ 34.6	$ 81.1	$ (116.0)		$ 40.6	$ (26.8)	$ 4.6

The fair value of outstanding derivative instruments designated as cash flow hedges and recorded on the consolidated balance sheet at December 31, 2019, together with settled derivatives where the hedged item has not yet affected earnings, was a net unrealized gain of $17.4 million, or $16.4 million after taxes, which is deferred in AOCI. A gain of $38.4 million, or $33.1 million after taxes, is expected to be reclassified to earnings in cost of products sold and a loss of $0.6 million, or $0.5 million after taxes, is expected to be reclassified to earnings in interest expense, net over the next twelve months.

The following table presents the effects of fair value, cash flow and net investment hedge accounting on our consolidated statements of earnings (in millions):

	Location and Amount of Gain/(Loss) Recognized in Income on Fair Value, Cash Flow and Net Investment Hedging Relationships Years Ended December 31,					
	2019		2018		2017	
	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net	Cost of Products Sold	Interest Expense, Net
Total amounts of income and expense line items presented in the statements of earnings in which the effects of fair value, cash flow and net investment hedges are recorded	$ 2,252.6	$ (226.9)	$ 2,271.9	$ (289.3)	$ 2,132.9	$ (325.3)
The effects of fair value, cash flow and net investment hedging:						
Gain on fair value hedging relationships						
Discontinued interest rate swaps	-	8.2	-	8.5	-	8.3
Gain (loss) on cash flow hedging relationships						
Forward starting interest rate swaps	-	(0.6)	-	(0.6)	-	(0.5)
Interest rate swaps	-	2.8	-	-	-	-
Foreign exchange forward contracts	38.4	-	(26.2)	-	5.1	-
Gain on net investment hedging relationships						
Cross-currency interest rate swaps	-	52.2	-	25.5	-	-

Derivatives Not Designated as Hedging Instruments

The following gains/(losses) from these derivative instruments were recognized on our consolidated statements of earnings (in millions):

Derivative Instrument	Location on Statements of Earnings	Years Ended December 31, 2019	2018	2017
Foreign exchange forward contracts	Other expense, net	$ (11.0)	$ 24.7	$ (62.3)

These gains/(losses) do not reflect losses of $3.4 million and $41.2 million in 2019 and 2018, respectively, and gains of $45.5 million in 2017 recognized in other expense, net as a result of foreign currency re-measurement of monetary assets and liabilities denominated in a currency other than an entity's functional currency.

Balance Sheet Presentation

As of December 31, 2019 and 2018, all derivative instruments designated as fair value hedges and cash flow hedges are recorded at fair value on our consolidated balance sheets. On our consolidated balance sheets, we recognize individual forward contracts with the same counterparty on a net asset/liability basis if we have a master netting agreement with the counterparty. Under these master netting agreements, we are able to settle derivative instrument assets and liabilities with the same counterparty in a single transaction, instead of settling each derivative instrument separately. We have master netting agreements with all of our counterparties.

The fair value of derivative instruments on a gross basis is as follows (in millions):

	As of December 31, 2019		As of December 31, 2018	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Asset Derivatives				
Foreign exchange forward contracts	Other current assets	$ 41.8	Other current assets	$ 37.9
Foreign exchange forward contracts	Other assets	9.8	Other assets	20.9
Interest rate swaps	Other assets	-	Other assets	2.8
Cross-currency interest rate swaps	Other assets	60.5	Other assets	15.1
Total asset derivatives		$ 112.1		$ 76.7
Liability Derivatives				
Foreign exchange forward contracts	Other current liabilities	$ 7.9	Other current liabilities	$ 9.9
Foreign exchange forward contracts	Other long-term liabilities	5.2	Other long-term liabilities	3.7
Cross-currency interest rate swaps	Other long-term liabilities	-	Other long-term liabilities	2.5
Total liability derivatives		$ 13.1		$ 16.1

The table below presents the effects of our master netting agreements on our consolidated balance sheets (in millions):

		As of December 31, 2019			As of December 31, 2018		
Description	Location	Gross Amount	Offset	Net Amount in Balance Sheet	Gross Amount	Offset	Net Amount in Balance Sheet
Asset Derivatives							
Cash flow hedges	Other current assets	$ 41.8	$ 7.9	$ 33.9	$ 37.9	$ 9.6	$ 28.3
Cash flow hedges	Other assets	9.8	4.6	5.2	20.9	3.5	17.4
Liability Derivatives							
Cash flow hedges	Other current liabilities	7.9	7.9	-	9.9	9.6	0.3
Cash flow hedges	Other long-term liabilities	5.2	4.6	0.6	3.7	3.5	0.2

The following net investment hedge gains (losses) were recognized on our consolidated statements of comprehensive income (loss) (in millions):

	Amount of Gain / (Loss) Recognized in AOCI		
	Years Ended December 31,		
Derivative Instrument	2019	2018	2017
Euro Notes	$ 10.7	$ 57.6	$ (146.0)
Cross-currency interest rate swaps	47.9	62.8	-
	$ 58.6	$ 120.4	$ (146.0)

15. Retirement Benefit Plans

We have defined benefit pension plans covering certain U.S. and Puerto Rico employees. Plan benefits are primarily based on years of credited service and the participant's average eligible compensation. The U.S. and Puerto Rico plans are frozen; meaning there are no new participants that can join the plan and participants in the plan do not accrue additional years of service or compensation. In addition to the U.S. and Puerto Rico defined benefit pension plans, we sponsor various foreign pension arrangements, including retirement and termination benefit plans required by local law or coordinated with government sponsored plans.

We use a December 31 measurement date for our benefit plans.

Defined Benefit Plans

The components of net pension expense for our defined benefit retirement plans were as follows (in millions):

	For the Years Ended December 31,					
	U.S. and Puerto Rico			Foreign		
	2019	2018	2017	2019	2018	2017
Service cost	$ 7.1	$ 8.0	$ 8.7	$ 19.0	$ 20.0	$ 17.7
Interest cost	16.2	14.2	14.0	9.0	8.1	8.4
Expected return on plan assets	(32.4)	(32.9)	(32.4)	(13.4)	(14.0)	(12.2)
Curtailment gain	(7.2)	-	-	-	-	-
Settlements	0.8	1.2	0.4	-	0.2	1.1
Amortization of prior service cost	(3.4)	(5.7)	(5.9)	(3.9)	(4.2)	(4.4)
Amortization of unrecognized actuarial loss	19.3	23.7	17.9	2.5	2.5	4.2
Net periodic benefit cost	$ 0.4	$ 8.5	$ 2.7	$ 13.2	$ 12.6	$ 14.8

In our consolidated statements of earnings, service cost is reported in the same location as other compensation costs arising from services rendered by the pertinent employees while the other components of net pension expense are reported in other expense, net.

The weighted average actuarial assumptions used to determine net pension expense for our defined benefit retirement plans were as follows:

	For the Years Ended December 31,					
	U.S. and Puerto Rico			Foreign		
	2019	2018	2017	2019	2018	2017
Discount rate	4.38%	3.79%	4.33%	1.44%	1.18%	1.38%
Rate of compensation increase	3.29%	3.29%	3.29%	2.50%	2.09%	2.20%
Expected long-term rate of return on plan assets	7.75%	7.75%	7.75%	2.14%	2.19%	2.30%

The expected long-term rate of return on plan assets is based on the historical and estimated future rates of return on the different asset classes held in the plans. The expected long-term rate of return is the weighted average of the target asset allocation of each individual asset class. We believe that historical asset results approximate expected market returns applicable to the funding of a long-term benefit obligation.

Discount rates were determined for each of our defined benefit retirement plans at their measurement date to reflect the yield of a portfolio of high quality bonds matched against the timing and amounts of projected future benefit payments.

Changes in projected benefit obligations and plan assets were (in millions):

	For the Years Ended December 31,			
	U.S. and Puerto Rico		Foreign	
	2019	2018	2019	2018
Projected benefit obligation - beginning of year	$ 396.0	$ 420.7	$ 631.1	$ 623.6
Service cost	7.1	8.0	19.0	20.0
Interest cost	16.2	14.2	9.0	8.1
Plan amendments	3.6	-	-	2.2
Employee contributions	-	-	20.6	18.1
Benefits paid	(16.9)	(20.3)	(36.5)	(36.9)
Actuarial loss (gain)	68.2	(21.1)	77.8	6.0
Expenses paid	-	-	(0.3)	(0.3)
Settlement	(2.2)	(5.5)	-	-
Translation gain (loss)	-	-	19.7	(9.7)
Projected benefit obligation - end of year	$ 472.0	$ 396.0	$ 740.4	$ 631.1

	For the Years Ended December 31,			
	U.S. and Puerto Rico		Foreign	
	2019	2018	2019	2018
Plan assets at fair market value - beginning of year	$ 388.5	$ 433.6	$ 585.8	$ 574.9
Actual return on plan assets	73.5	(25.7)	57.8	7.5
Employer contributions	2.0	6.4	20.1	31.7
Employee contributions	-	-	20.6	18.1
Settlements	(2.2)	(5.5)	-	-
Benefits paid	(16.9)	(20.3)	(36.5)	(36.9)
Expenses paid	-	-	(0.3)	(0.3)
Translation gain (loss)	-	-	17.7	(9.2)
Plan assets at fair market value - end of year	$ 444.9	$ 388.5	$ 665.2	$ 585.8
Funded status	$ (27.1)	$ (7.5)	$ (75.2)	$ (45.3)

	For the Years Ended December 31,			
	U.S. and Puerto Rico		Foreign	
	2019	2018	2019	2018
Amounts recognized in consolidated balance sheet:				
Prepaid pension	$ -	$ -	$ 17.6	$ 15.3
Short-term accrued benefit liability	(0.2)	(0.2)	(1.1)	(0.8)
Long-term accrued benefit liability	(26.9)	(7.3)	(91.7)	(59.8)
Net amount recognized	$ (27.1)	$ (7.5)	$ (75.2)	$ (45.3)

We estimate the following amounts recorded as part of AOCI will be recognized as part of our net pension expense during 2020 (in millions):

	U.S. and Puerto Rico	Foreign
Unrecognized prior service cost	$ 0.3	$ (4.2)
Unrecognized actuarial loss	6.7	4.0
	$ 7.0	$ (0.2)

The weighted average actuarial assumptions used to determine the projected benefit obligation for our defined benefit retirement plans were as follows:

	For the Years Ended December 31,					
	U.S. and Puerto Rico			Foreign		
	2019	2018	2017	2019	2018	2017
Discount rate	3.40%	4.38%	3.78%	0.74%	1.41%	1.27%
Rate of compensation increase	3.29%	3.29%	3.29%	2.45%	2.13%	2.19%

Plans with projected benefit obligations in excess of plan assets were as follows (in millions):

	As of December 31,			
	U.S. and Puerto Rico		Foreign	
	2019	2018	2019	2018
Projected benefit obligation	$ 472.0	$ 396.0	$ 698.2	$ 451.4
Plan assets at fair market value	444.9	388.5	619.1	394.4

Total accumulated benefit obligations and plans with accumulated benefit obligations in excess of plan assets were as follows (in millions):

	As of December 31,			
	U.S. and Puerto Rico		Foreign	
	2019	2018	2019	2018
Total accumulated benefit obligations	$ 472.0	$ 392.0	$ 721.5	$ 618.0
Plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligation	472.0	47.1	674.0	434.8
Plan assets at fair market value	444.9	41.6	612.9	388.8

The benefits expected to be paid out in each of the next five years and for the five years combined thereafter are as follows (in millions):

For the Years Ending December 31,	U.S. and Puerto Rico	Foreign
2020	$ 20.2	$ 27.5
2021	21.5	29.7
2022	22.4	28.3
2023	23.4	29.5
2024	23.8	29.6
2025-2029	126.1	158.9

The U.S. and Puerto Rico defined benefit retirement plans' overall investment strategy is to balance total returns by emphasizing long-term growth of capital while mitigating risk. We have established target ranges of assets held by the plans of 30 to 65 percent for equity securities, 30 to 50 percent for debt securities and 0 to 15 percent in non-traditional investments. The plans strive to have sufficiently diversified assets so that adverse or unexpected results from one asset class will not have an unduly detrimental impact on the entire portfolio. We regularly review the investments in the plans and we may rebalance them from time-to-time based upon the target asset allocation of the plans.

For the U.S. and Puerto Rico plans, we maintain an investment policy statement that guides the investment allocation in the plans. The investment policy statement describes the target asset allocation positions described above. Our benefits committee, along with our investment advisor, monitor compliance with and administer the investment policy statement and the plans' assets and oversee the general investment strategy and objectives of the plans. Our benefits committee generally meets quarterly to review performance.

The investment strategies of foreign based plans vary according to the plan provisions and local laws. The majority of the assets in foreign based plans are located in Switzerland-based plans. These assets are held in trusts and are commingled with the assets of other Swiss companies with representatives of all the companies making the investment decisions. The overall strategy is to maximize total returns while avoiding risk. The trustees of the assets have established target ranges of assets held by the plans of 30 to 50 percent in debt securities, 20 to 37 percent in equity securities, 15 to 24 percent in real estate, 3 to 15 percent in cash funds and 0 to 12 percent in other funds.

The fair value of our U.S. and Puerto Rico pension plan assets by asset category was as follows (in millions):

	As of December 31, 2019			
		Fair Value Measurements at Reporting Date Using:		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 4.7	$ 4.7	$ -	$ -
Equity securities	282.5	-	282.5	-
Intermediate fixed income securities	157.7	-	157.7	-
Total	$ 444.9	$ 4.7	$ 440.2	$ -

	As of December 31, 2018			
		Fair Value Measurements at Reporting Date Using:		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 3.1	$ 3.1	$ -	$ -
Equity securities	231.7	-	231.7	-
Intermediate fixed income securities	153.7	-	153.7	-
Total	$ 388.5	$ 3.1	$ 385.4	$ -

The fair value of our foreign pension plan assets was as follows (in millions):

	As of December 31, 2019			
		Fair Value Measurements at Reporting Date Using:		
Asset Category	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 31.8	$ 31.8	$ -	$ -
Equity securities	140.9	116.0	24.9	-
Fixed income securities	245.2	-	245.2	-
Other types of investments	123.6	-	123.6	-
Real estate	123.7	-	-	123.7
Total	$ 665.2	$ 147.8	$ 393.7	$ 123.7

Asset Category	As of December 31, 2018 Total	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 14.6	$ 14.6	$ -	$ -
Equity securities	138.6	109.3	29.3	-
Fixed income securities	226.9	-	226.9	-
Other types of investments	96.8	-	96.8	-
Real estate	108.9	-	-	108.9
Total	$ 585.8	$ 123.9	$ 353.0	$ 108.9

As of December 31, 2019 and 2018, our defined benefit pension plans' assets did not hold any direct investment in Zimmer Biomet Holdings common stock.

Equity securities are valued using a market approach, based on quoted prices for the specific security from transactions in active exchange markets (Level 1), or in some cases where we are invested in mutual or collective funds, based upon the net asset value per unit of the fund which is determined from quoted market prices of the underlying securities in the fund's portfolio (Level 2). Fixed income securities are valued using a market approach, based upon quoted prices for the specific security or from institutional bid evaluations. Real estate is valued by discounting to present value the cash flows expected to be generated by the specific properties.

The following table provides a reconciliation of the beginning and ending balances of our foreign pension plan assets measured at fair value that used significant unobservable inputs (Level 3) (in millions):

	December 31, 2019
Beginning Balance	$ 108.9
Gain on assets sold	0.2
Change in fair value of assets	6.9
Net purchases and sales	4.8
Translation gain	2.9
Ending Balance	$ 123.7

We expect that we will have minimal legally required funding requirements in 2020 for the qualified U.S. and Puerto Rico defined benefit retirement plans, and we do not expect to voluntarily contribute to these plans during 2020. Contributions to foreign defined benefit plans are estimated to be $19.6 million in 2020. We do not expect the assets in any of our plans to be returned to us in the next year.

Defined Contribution Plans

We also sponsor defined contribution plans for substantially all of the U.S. and Puerto Rico employees and certain employees in other countries.

The benefits offered under these plans are reflective of local customs and practices in the countries concerned. We expensed $52.6 million, $48.9 million and $47.9 million related to these plans for the years ended December 31, 2019, 2018 and 2017, respectively.

16. Income Taxes

A public referendum held in Switzerland passed the Federal Act on Tax Reform and AHV Financing ("TRAF"), effective January 1, 2020 and includes the abolishment of various favorable federal and cantonal tax regimes. Swiss Tax Reform provides transitional relief measures for companies that are losing the tax benefit of a ruling, including a "step-up" for amortizable goodwill, equal to the amount of future tax benefit they would have received under their

existing ruling, subject to certain limitations. Certain provisions of the TRAF were enacted in the third quarter of 2019, resulting in us recognizing a provisional net tax benefit of $263.8 million. In the fourth quarter of 2019, we recognized an additional $51.2 million related to TRAF as well as the tax impact of certain restructuring transactions in Switzerland.

The 2017 Tax Act was enacted on December 22, 2017 and contained several key provisions including, among other things:

- a one-time tax on the mandatory deemed repatriation of post-1986 untaxed foreign earnings and profits ("E&P"), referred to as the toll charge;
- a reduction in the corporate income tax rate from 35 percent to 21 percent for tax years beginning after December 31, 2017;
- the introduction of a new U.S. tax on certain off-shore earnings referred to as global intangible low-taxed income ("GILTI") at an effective tax rate of 10.5 percent for tax years beginning after December 31, 2017 (increasing to 13.125 percent for tax years beginning after December 31, 2025), with a partial offset by foreign tax credits; and
- the introduction of a territorial tax system beginning in 2018 by providing a 100 percent dividend received deduction on certain qualified dividends from foreign subsidiaries.

In March 2018, the FASB issued ASU 2018-05, "Income Taxes - Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118." The guidance provided for a provisional one-year measurement period for entities to finalize their accounting for certain tax effects related to the 2017 Tax Act. In 2017, we recorded a $1,272.4 million income tax benefit related to provisional amounts for which the accounting had not been finalized. In 2018, we completed our calculation of the post-1986 E&P and related foreign taxes of our foreign subsidiaries, as well as the classification of the E&P as cash or non-cash and the finalization of all provisional items. Based on the completed calculations related to the effects of the 2017 Tax Act, and consideration of proposed regulations and other guidance issued during 2018, we recorded additional income tax expense of $8.3 million. The additional $8.3 million of tax expense consists of an adjustment to the toll charge or transition tax provision of $11.3 million and a benefit of $3.0 million related to the remeasurement of our deferred tax assets and liabilities.

The 2017 Tax Act created a provision known as GILTI that imposes a U.S. tax on certain earnings of foreign subsidiaries that are subject to foreign tax below a certain threshold. The Company has made an accounting policy election to reflect GILTI taxes, if any, as a current income tax expense in the period incurred.

The components of earnings (loss) before income taxes consisted of the following (in millions):

	For the Years Ended December 31,		
	2019	2018	2017
United States operations	$ (125.9)	$ (382.8)	$ (114.0)
Foreign operations	1,031.7	111.7	578.6
Total	$ 905.8	$ (271.1)	$ 464.6

The (benefit)/provision for income taxes and the income taxes paid consisted of the following (in millions):

Current:			
Federal	$ 65.5	$ (46.2)	$ 438.5
State	9.8	24.4	2.4
Foreign	237.7	116.6	(13.7)
	313.0	94.8	427.2
Deferred:			
Federal	(90.2)	37.9	(1,728.5)
State	(4.2)	(8.8)	(95.5)
Foreign	(444.3)	(15.7)	48.0
	(538.7)	13.4	(1,776.0)
(Benefit) provision for income taxes	$ (225.7)	$ 108.2	$ (1,348.8)
Net income taxes paid	$ 192.5	$ 237.1	$ 266.9

A reconciliation of the U.S. statutory income tax rate to our effective tax rate is as follows:

	For the Years Ended December 31,		
	2019	2018	2017
U.S. statutory income tax rate	21.0 %	21.0 %	35.0 %
State taxes, net of federal deduction	0.8	(2.5)	1.8
Tax impact of foreign operations, including U.S. taxes on international income and foreign tax credits	(10.2)	54.3	(32.0)
Change in valuation allowance	1.5	(4.9)	0.8
Non-deductible expenses	0.4	1.7	2.7
Goodwill impairment	-	(75.2)	22.5
Tax rate change	0.6	(12.2)	(24.0)
Tax benefit relating to foreign derived intangible income and U.S. manufacturer's deduction	(4.5)	(0.2)	(1.7)
R&D tax credit	(1.2)	6.0	(1.2)
Share-based compensation	(0.4)	0.1	(2.6)
Net uncertain tax positions, including interest and penalties	1.9	(25.5)	(17.0)
U.S. tax reform	0.1	(3.1)	(273.8)
Switzerland tax reform and certain restructuring transactions	(34.8)	-	-
Other	(0.1)	0.6	(0.8)
Effective income tax rate	(24.9) %	(39.9) %	(290.3) %

Our operations in Puerto Rico benefit from various tax incentive grants. These grants expire between fiscal years 2026 and 2029.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are recorded to reduce deferred income tax assets when it is more likely than not that an income tax benefit will not be realized.

The components of deferred taxes consisted of the following (in millions):

	As of December 31,	
	2019	2018
Deferred tax assets:		
Inventory	$ 295.6	$ 271.5
Net operating loss carryover	514.4	374.3
Tax credit carryover	33.8	29.2
Capital loss carryover	8.3	7.9
Product liability and litigation	40.4	92.6
Accrued liabilities	45.5	35.3
Share-based compensation	28.6	27.3
Accounts receivable	24.6	15.2
Other	79.0	48.8
Total deferred tax assets	1,070.2	902.1
Less: Valuation allowances	(546.1)	(390.9)
Total deferred tax assets after valuation allowances	524.1	511.2
Deferred tax liabilities:		
Fixed assets	$ 77.6	$ 94.4
Intangible assets	772.3	1,301.3
Other	42.9	14.1
Total deferred tax liabilities	892.8	1,409.8
Total net deferred income taxes	$ (368.7)	$ (898.6)

Net operating loss carryovers are available to reduce future federal, state and foreign taxable earnings. At December 31, 2019, $391.6 million of these net operating loss carryovers expire within a period of 1 to 20 years and $122.8 million of these net operating loss carryovers have an indefinite life. Valuation allowances for net operating loss carryovers have been established in the amount of $493.4 million and $348.9 million at December 31, 2019 and 2018, respectively.

Deferred tax assets related to tax credit carryovers are available to offset future federal and state tax liabilities. At December 31, 2019, $33.8 million of these tax credit carryovers generally expire within a period of 1 to 16 years. Valuation allowances for certain tax credit carryovers have been established in the amount of $32.3 million and $25.2 million at December 31, 2019 and 2018, respectively.

Deferred tax assets related to capital loss carryovers are also available to reduce future federal and foreign capital gains. At December 31, 2019, $1.8 million of these capital loss carryovers expire within a period of 1 year to 3 years and $6.5 million of these capital loss carryovers have an indefinite life. Valuation allowances for certain capital loss carryovers have been established in the amount of $8.3 million and $7.9 million at December 31, 2019 and 2018, respectively. The remaining valuation allowances booked against deferred tax assets of $12.1 million and $8.9 million at December 31, 2019 and 2018, respectively, relate primarily to accrued liabilities and intangible assets that management believes, more likely than not, will not be realized.

We intend to repatriate at least $5.0 billion of unremitted earnings, of which the additional tax related to remitting earnings is deemed immaterial as a portion of these earnings has already been taxed as toll tax or GILTI and is not subject to further U.S. federal tax. Portions of the additional tax would also be offset by allowable foreign tax credits. Of the $5.0 billion amount, we have an estimated $2.2 billion of cash and intercompany notes available to repatriate and the remainder is invested in the operations of our foreign entities. The remaining amounts earned overseas are expected to be permanently reinvested outside of the United States. If the Company decides at a later date to repatriate these earnings to the U.S., the Company would be required to provide for the net tax effects on these amounts. The Company estimates that the total tax effect of this repatriation would not be significant under current enacted tax laws and regulations and at current currency exchange rates.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits (in millions):

	For the Years Ended December 31,		
	2019	2018	2017
Balance at January 1	$ 685.5	$ 626.8	$ 649.3
Increases related to business combinations	-	4.5	70.2
Increases related to prior periods	24.7	34.6	172.8
Decreases related to prior periods	(35.6)	(14.4)	(262.2)
Increases related to current period	133.2	41.9	24.8
Decreases related to settlements with taxing authorities	(60.2)	(3.8)	(21.7)
Decreases related to lapse of statute of limitations	(5.8)	(4.1)	(6.4)
Balance at December 31	$ 741.8	$ 685.5	$ 626.8
Amounts impacting effective tax rate, if recognized balance at December 31	$ 599.2	$ 549.1	$ 499.6

We recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. During 2019, we accrued interest and penalties of $15.0 million, and as of December 31, 2019, had a recognized liability for interest and penalties of $109.2 million, which does not include any increase related to business combinations.

During 2018, we accrued interest and penalties of $18.5 million, and as of December 31, 2018, had a recognized liability for interest and penalties of $94.2 million, which does not include any increases related to business combinations. During 2017, we released interest and penalties of $38.3 million, and as of December 31, 2017, had a recognized liability for interest and penalties of $75.7 million, which included $3.0 million of increase related to the Biomet merger.

We operate on a global basis and are subject to numerous and complex tax laws and regulations. Additionally, tax laws have and continue to undergo rapid changes in both application and interpretation by various countries, including state aid interpretations and the Organization for Economic Cooperation and Development led initiatives. Our income tax filings are subject to examinations by taxing authorities throughout the world. Income tax audits may require an extended period of time to reach resolution and may result in significant income tax adjustments when interpretation of tax laws or allocation of company profits is disputed. Although ultimate timing is uncertain, the net amount of tax liability for unrecognized tax benefits may change within the next twelve months due to changes in audit status, expiration of statutes of limitations, settlements of tax assessments and other events. Management's best estimate of such change is within the range of a $290 million decrease to a $30 million increase.

Our U.S. Federal income tax returns have been audited by the IRS through 2012 and are currently under audit by the IRS for years 2013-2015. The IRS has proposed adjustments for years 2005-2012, primarily related to reallocating profits between certain of our U.S. and foreign subsidiaries. We have disputed these adjustments and intend to continue to vigorously defend our positions as we pursue resolution through petitions with the U.S. Tax Court for years 2005-2009 and the administrative process with the IRS Independent Office of Appeals for years 2010-2012.

State income tax returns are generally subject to examination for a period of 3 to 5 years after filing of the respective return. The state impact of any federal changes generally remains subject to examination by various states for a period of up to one year after formal notification to the states. We have various state income tax return positions in the process of examination, administrative appeals or litigation.

In other major jurisdictions, open years are generally 2011 or later.

17. Capital Stock and Earnings per Share

We are authorized to issue 250.0 million shares of preferred stock, none of which were issued or outstanding as of December 31, 2019.

The numerator for both basic and diluted earnings per share is net earnings available to common stockholders. The denominator for basic earnings per share is the weighted average number of common shares outstanding during the period. The denominator for diluted earnings per share is weighted average shares outstanding adjusted for the effect of dilutive stock options and other equity awards. The following is a reconciliation of weighted average shares for the basic and diluted share computations (in millions):

	For the Years Ended December 31,		
	2019	2018	2017
Weighted average shares outstanding for basic net earnings per share	205.1	203.5	201.9
Effect of dilutive stock options and other equity awards	1.6	-	1.8
Weighted average shares outstanding for diluted net earnings per share	206.7	203.5	203.7

For the years ended December 31, 2019 and 2017, an average of 0.9 million and 1.0 million options, respectively, to purchase shares of common stock were not included in the computation of diluted earnings per share as the exercise prices of these options were greater than the average market price of the common stock. Since we incurred a net loss in the year ended December 31, 2018, no dilutive stock options or other equity awards were included as diluted shares.

18. Segment Data

We design, manufacture and market orthopedic reconstructive products; sports medicine, biologics, extremities and trauma products; spine, craniomaxillofacial and thoracic products ("CMF"); office based technologies; dental implants; and related surgical products. Our chief operating decision maker ("CODM") allocates resources to achieve our operating profit goals through seven operating segments. Our operating segments are comprised of both geographic and product category business units. The geographic operating segments are the Americas, which is comprised principally of the U.S. and includes other North, Central and South American markets; EMEA, which is comprised principally of Europe and includes the Middle East and African markets; and Asia Pacific, which is comprised primarily of Japan, China and Australia and includes other Asian and Pacific markets. The product category operating segments are Spine, Office Based Technologies, CMF and Dental. The geographic operating segments include results from all of our product categories except those in the product category operating segments. The Office Based Technologies, CMF and Dental product category operating segments reflect those respective product category results from all regions, whereas the Spine product category operating segment includes all spine product results excluding those from Asia Pacific.

As it relates to the geographic operating segments, our CODM evaluates performance based upon segment operating profit exclusive of operating expenses pertaining to inventory step-up and other inventory and manufacturing-related charges, intangible asset amortization, goodwill and intangible asset impairment, quality remediation, restructuring and other cost reduction initiatives, acquisition, integration and related, litigation, litigation settlement gain, certain EU Medical Device Regulation expenses, other charges, and global operations and corporate functions. Global operations and corporate functions include research, development engineering, medical education, brand management, corporate legal, finance and human resource functions, manufacturing operations and logistics and share-based payment expense. As it relates to each product category operating segment, research, development engineering, medical education, brand management and other various costs that are specific to the product category operating segment's operations are reflected in its operating profit results. Due to these additional costs included in the product category operating segments, profitability metrics among the geographic operating segments and product category operating segments are not comparable. Intercompany transactions have been eliminated from segment operating profit.

Our CODM does not review asset information by operating segment. Instead, our CODM reviews cash flow and other financial ratios by operating segment.

These seven operating segments are the basis for our reportable segment information provided below. The four product category operating segments are individually insignificant to our consolidated results and therefore do not constitute a reporting segment either individually or combined. For presentation purposes, these product category operating segments have been aggregated. Certain insignificant prior period reportable segment financial information has been reclassified to conform to the current presentation.

As discussed in Note 4, in 2019 we initiated a restructuring program. As of December 31, 2019, our operating segments have not changed. However, it is likely in 2020 there will be changes in either our operating segments or the composition of operating profit in our current operating segments. We cannot determine at this time what the impact of those changes may be.

Net sales and other information by segment is as follows (in millions):

	Americas	EMEA	Asia Pacific	Immaterial Product Category Operating Segments	Global Operations and Corporate Functions	Total
For the Year Ended December 31, 2019						
Net sales	$ 3,978.1	$ 1,538.6	$ 1,297.0	$ 1,168.5	$ -	$ 7,982.2
Depreciation and amortization	109.3	71.0	65.2	45.5	715.1	1,006.1
Segment operating profit	2,163.2	477.1	458.9	208.2	(1,124.1)	2,183.3
Inventory and manufacturing-related charges						(53.9)
Intangible asset amortization						(584.3)
Intangible asset impairment						(70.1)
Quality remediation						(82.4)
Restructuring and other cost reduction initiatives						(50.0)
Acquisition, integration and related						(12.2)
Litigation						(65.0)
Litigation settlement gain						23.5
European Union Medical Device Regulation						(30.9)
Other charges						(120.5)
Operating profit						1,137.5
For the Year Ended December 31, 2018						
Net sales	$ 3,932.6	$ 1,576.1	$ 1,236.9	$ 1,187.3	$ -	$ 7,932.9
Depreciation and amortization	120.4	70.3	66.6	45.0	738.2	1,040.5
Segment operating profit	2,084.4	479.3	435.3	206.6	(995.3)	2,210.3
Inventory and manufacturing-related charges						(32.5)
Intangible asset amortization						(595.9)
Goodwill and intangible asset impairment						(979.7)
Quality remediation						(165.4)
Restructuring and other cost reduction initiatives						(34.2)
Acquisition, integration and related						(99.5)
Litigation						(186.0)
European Union Medical Device Regulation						(3.7)
Other charges						(79.6)
Operating profit						33.8
For the Year Ended December 31, 2017						
Net sales	$ 3,928.9	$ 1,523.4	$ 1,158.3	$ 1,192.7	$ -	$ 7,803.3
Depreciation and amortization	127.6	71.7	60.2	45.7	757.5	1,062.7
Segment operating profit	2,126.8	478.1	417.6	262.9	(859.8)	2,425.6
Inventory step-up and other inventory and manufacturing-related charges						(70.8)
Intangible asset amortization						(603.9)
Goodwill and intangible asset impairment						(331.5)
Quality remediation						(195.1)
Restructuring and other cost reduction initiatives						(17.6)
Acquisition, integration and related						(262.2)
Litigation						(104.0)
Other charges						(41.2)
Operating profit						799.3

We conduct business in the following countries that hold 10 percent or more of our total consolidated Property, plant and equipment, net (in millions):

	As of December 31,	
	2019	2018
United States	$ 1,295.0	$ 1,235.1
Other countries	782.4	780.3
Property, plant and equipment, net	$ 2,077.4	$ 2,015.4

U.S. sales were $4,592.1 million, $4,560.0 million, and $4,582.2 million for the years ended December 31, 2019, 2018 and 2017, respectively. Sales within any other individual country were less than 10 percent of our consolidated sales in each of those years. Sales are attributable to a country based upon the customer's country of domicile.

19. Leases

We own most of our manufacturing facilities, but lease various office space, vehicles and other less significant assets throughout the world. Our contracts contain a lease if they convey a right to control the use of an identified asset, either explicitly or implicitly, in exchange for consideration. Our lease contracts are a necessary part of our business, but we do not believe they are significant to our overall operations. We do not have any significant finance leases. Additionally, we do not have significant leases: where we are considered a lessor; where we sublease our assets; with an initial term of twelve months or less; with related parties; with residual value guarantees; that impose restrictions or covenants on us; or that have not yet commenced, but create significant rights and obligations against us.

Our real estate leases generally have terms of between 5 to 10 years and contain lease extension options that can vary from month-to-month extensions to up to 5 year extensions. We include extension options in our lease term if we are reasonably certain to exercise that option. In determining whether an extension is reasonably certain, we consider the uniqueness of the property for our needs, the availability of similar properties, whether the extension period payments remain the same or may change due to market rates or fixed price increases in the contract, and other economic factors. Our vehicle leases generally have terms of between 3 to 5 years and contain lease extension options on a month-to-month basis. Our vehicle leases are generally not reasonably certain to be extended.

Under GAAP, we are required to discount our lease liabilities to present value using the rate implicit in the lease, or our incremental borrowing rate for a similar term as the lease term if the implicit rate is not readily available. We generally do not have adequate information to know the implicit rate in a lease and therefore use our incremental borrowing rate. Under GAAP, the incremental borrowing rate must be on a collateralized basis, but our debt arrangements are unsecured. We have determined our incremental borrowing rate by using our credit rating to estimate our unsecured borrowing rate and applying reasonable assumptions to reduce the unsecured rate for a risk adjustment effect from collateral.

We adopted ASU 2016-02 – Leases (Topic 842) effective January 1, 2019. Since we adopted the new standard using the period of adoption transition method (see Note 2 for additional information regarding the new standard), we are not required to present 2018 and 2017 comparative disclosures under the new standard. However, we are required to present the required annual disclosures under the previous GAAP lease accounting standard.

Information on our leases is as follows ($ in millions):

	For the Years Ended December 31,		
	2019	2018	2017
Lease cost	$ 76.0	$ 72.2	$ 87.2
Cash paid for leases recognized in operating cash flows	$ 73.6		
Right-of-use assets obtained in exchange for new lease liabilities	$ 55.0		

	As of December 31, 2019
Right-of-use assets recognized in Other assets	$ 266.7
Lease liabilities recognized in Other current liabilities	$ 64.2
Lease liabilities recognized in Other long-term liabilities	$ 215.5
Weighted-average remaining lease term	6.3 years
Weighted-average discount rate	2.7%

Our variable lease costs are not significant.

Our future minimum lease payments as of December 31, 2019 were (in millions):

For the Years Ending December 31,	
2020	$ 70.5
2021	57.4
2022	42.0
2023	34.3
2024	29.0
Thereafter	74.1
Total	307.3
Less imputed interest	27.6
Total	$ 279.7

20. Commitments and Contingencies

On a quarterly and annual basis, we review relevant information with respect to loss contingencies and update our accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews. We establish liabilities for loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. For matters where a loss is believed to be reasonably possible, but not probable, no accrual has been made.

Litigation

Durom Cup-related claims: On July 22, 2008, we temporarily suspended marketing and distribution of the Durom Cup in the U.S. Subsequently, a number of product liability lawsuits were filed against us in various U.S. and foreign jurisdictions. The plaintiffs seek damages for personal injury, and they generally allege that the Durom Cup contains defects that result in complications and premature revision of the device. We have settled the majority of these claims and others are still pending. The majority of the pending U.S. lawsuits are currently in a federal Multidistrict Litigation ("MDL") in the District of New Jersey (*In Re: Zimmer Durom Hip Cup Products Liability Litigation*). Litigation activity in the MDL is stayed pending finalization of the U.S. Durom Cup Settlement Program, an extrajudicial program created to resolve actions and claims of eligible U.S. plaintiffs and claimants. Other lawsuits are pending in various domestic and foreign jurisdictions, and additional claims may be asserted in the future. The majority of claims outside the U.S. are pending in Germany, Netherlands and Italy.

Since 2008, we have recognized net expense of $443.0 million for Durom Cup-related claims. In the years ended December 31, 2019 and 2018, we lowered our estimate of the number of Durom Cup-related claims we expect to settle and, as a result, we recognized gains of $9.5 million and $37.2 million, respectively, in selling, general and administrative expense. We recognized $10.3 million in expense for Durom Cup-related claims in 2017.

Our estimate as of December 31, 2019 of the remaining liability for all Durom Cup-related claims is $59.9 million. We expect to pay the majority of the Durom Cup-related claims within the next few years.

Our understanding of clinical outcomes with the Durom Cup and other large diameter hip cups continues to evolve. We rely on significant estimates in determining the provisions for Durom Cup-related claims, including our estimate of the number of claims that we will receive and the average amount we will pay per claim. The actual

number of claims and the actual amount we pay per claim may differ from our estimates. Among other factors, since our understanding of the clinical outcomes is still evolving, we cannot reasonably estimate the possible loss or range of loss that may result from Durom Cup-related claims in excess of the losses we have accrued. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain.

Zimmer M/L Taper, M/L Taper with Kinectiv Technology, and Versys Femoral Head-related claims: We are a defendant in a number of product liability lawsuits relating to our M/L Taper and M/L Taper with Kinectiv Technology hip stems, and Versys Femoral Head implants. The plaintiffs seek damages for personal injury, alleging that defects in the products lead to corrosion at the head/stem junction resulting in, among other things, pain, inflammation and revision surgery. The majority of the cases are consolidated in an MDL created on October 3, 2018 in the U.S. District Court for the Southern District of New York (*In Re: Zimmer M/L Taper Hip Prosthesis or M/L Taper Hip Prosthesis with Kinectiv Technology and Versys Femoral Head Products Liability Litigation*). Other related cases are pending in various state and federal courts. Additional lawsuits are likely to be filed. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain.

Biomet metal-on-metal hip implant claims: Biomet is a defendant in a number of product liability lawsuits relating to metal-on-metal hip implants, most of which involve the M2a-Magnum hip system. Cases are currently consolidated in an MDL in the U.S. District Court for the Northern District of Indiana *(In Re: Biomet M2a Magnum Hip Implant Product Liability Litigation)* and in various state, federal and foreign courts, with the majority of domestic state court cases pending in Indiana and Florida.

On February 3, 2014, Biomet announced the settlement of the MDL. Lawsuits filed in the MDL by April 15, 2014 were eligible to participate in the settlement. Those claims that did not settle via the MDL settlement program have re-commenced litigation in the MDL under a new case management plan, or are in the process of being remanded to their originating jurisdictions. The settlement does not affect certain other claims relating to Biomet's metal-on-metal hip products that are pending in various state and foreign courts, or other claims that may be filed in the future. Our estimate as of December 31, 2019 of the remaining liability for all Biomet metal-on-metal hip implant claims is $50.1 million. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain.

Heraeus trade secret misappropriation lawsuits: In December 2008, Heraeus Kulzer GmbH (together with its affiliates, "Heraeus") initiated legal proceedings in Germany against Biomet, Inc., Biomet Europe BV, certain other entities and certain employees alleging that the defendants misappropriated Heraeus trade secrets when developing Biomet Europe's Refobacin and Biomet Bone Cement line of cements ("European Cements"). The lawsuit sought to preclude the defendants from producing, marketing and offering for sale their then-current line of European Cements and to compensate Heraeus for any damages incurred.

Germany: On June 5, 2014, the German appeals court in Frankfurt (i) enjoined Biomet, Inc., Biomet Europe BV and Biomet Deutschland GmbH from manufacturing, selling or offering the European Cements to the extent they contain certain raw materials in particular specifications; (ii) held the defendants jointly and severally liable to Heraeus for any damages from the sale of European Cements since 2005; and (iii) ruled that no further review may be sought (the "Frankfurt Decision"). The Heraeus and Biomet parties both sought appeal against the Frankfurt Decision. In a decision dated June 16, 2016, the German Supreme Court dismissed the parties' appeals without reaching the merits, rendering that decision final.

In December 2016, Heraeus filed papers to restart proceedings against Biomet Orthopaedics Switzerland GmbH, seeking to require that entity to relinquish its CE certificates for the European Cements. In January 2017, Heraeus notified Biomet it had filed a claim for damages in the amount of €121.9 million for sales in Germany, which it first increased to €125.9 million and with a filing in June 2019 further increased to €146.7 million plus statutory interest. As of December 31, 2019, these two proceedings remained pending in front of the Darmstadt court. In September 2017, Heraeus filed an enforcement action in the Darmstadt court against Biomet Europe, requesting that a fine be imposed against Biomet Europe for failure to disclose the amount of the European Cements which Biomet Orthopaedics Switzerland had ordered to be manufactured in Germany (e.g., for the Chinese market). In June 2018, the Darmstadt court dismissed Heraeus' request. Heraeus appealed the decision. Also in September 2017, Heraeus filed suit against Zimmer Biomet Deutschland in the court of first instance in Freiberg concerning the sale of the European Cements with certain changed raw materials. Heraeus seeks an injunction on the basis that the continued use of the product names for the European Cements is misleading for customers and thus an act of unfair competition. On June 29, 2018, the court in Freiberg, Germany dismissed Heraeus' request for an injunction prohibiting the marketing of the European Cements under their current names on the grounds that the same request had already been decided upon by the Frankfurt Decision which became final and binding. Heraeus has appealed this decision to the Court of Appeals in Karlsruhe, Germany. The appeals hearing occurred in December 2019.

United States: On September 8, 2014, Heraeus filed a complaint against a Biomet supplier, Esschem, Inc. ("Esschem"), in the U.S. District Court for the Eastern District of Pennsylvania. The lawsuit contained allegations that focused on two copolymer compounds that Esschem sold to Biomet, which Biomet incorporated into certain bone cement products that compete with Heraeus' bone cement products. The complaint alleged that Biomet helped Esschem to develop these copolymers, using Heraeus trade secrets that Biomet allegedly misappropriated. The complaint asserted a claim under the Pennsylvania Uniform Trade Secrets Act, as well as other various common law tort claims, all based upon the same trade secret misappropriation theory. Heraeus sought to enjoin Esschem from supplying the copolymers to any third party and actual damages. The complaint also sought punitive damages, costs and attorneys' fees. Although Biomet was not a party to this lawsuit, Biomet agreed, at Esschem's request and subject to certain limitations, to indemnify Esschem for any liability, damages and legal costs related to this matter. On November 3, 2014, the court entered an order denying Heraeus' motion for a temporary restraining order. On June 30, 2016, the court entered an order denying Heraeus' request to give preclusive effect to the factual findings in the Frankfurt Decision. On June 6, 2017, the court entered an order denying Heraeus' motion to add Biomet as a party to the lawsuit. On January 26, 2018, the court entered an order granting Esschem's motion for summary judgment and dismissed all of Heraeus' claims with prejudice. On February 21, 2018, Heraeus filed a notice of appeal to the U.S. Court of Appeals for the Third Circuit, which heard oral argument on the appeal on October 23, 2018. On June 21, 2019, the Third Circuit partially reversed the decision of the U.S. District Court for the Eastern District of Pennsylvania granting Esschem summary judgment and remanded the case back to the lower court. On July 5, 2019, Esschem filed a petition in the Third Circuit for rehearing *en banc* and a motion in the alternative to certify a question of state law to the Supreme Court of Pennsylvania, which was denied on August 1, 2019.

On December 7, 2017, Heraeus filed a complaint against Zimmer Biomet Holdings, Inc. and Biomet, Inc. in the U.S. District Court for the Eastern District of Pennsylvania alleging a single claim of trade secret misappropriation under the Pennsylvania Uniform Trade Secrets Act based on the same factual allegations as the Esschem litigation. On March 5, 2018, Heraeus filed an amended complaint adding a second claim of trade secret misappropriation under Pennsylvania common law. Heraeus seeks to enjoin the Zimmer Biomet parties from future use of the allegedly misappropriated trade secrets and recovery of unspecified damages for alleged past use. On April 18, 2018, the Zimmer Biomet parties filed a motion to dismiss both claims. On March 8, 2019, the court stayed the case pending the Third Circuit's decision in the Esschem case described above. In September 2019, the Zimmer Biomet parties filed a motion to stay the proceedings pending (1) the court's decision on Esschem's motion for summary judgment in the Esschem case described above and (2) the outcome of the U.S. International Trade Commission complaint filed by Heraeus asserting similar claims, described below under "Regulatory Matters, Government Investigations and Other Matters." The Zimmer Biomet parties' motion remained pending as of December 31, 2019.

Other European Countries: Heraeus continues to pursue other related legal proceedings in Europe seeking various forms of relief, including injunctive relief and damages, against Biomet-related entities relating to the European Cements. On October 2, 2018, the Belgian Court of Appeal of Mons issued a judgment in favor of Heraeus relating to its request for past damages caused by the alleged misappropriation of its trade secrets, and an injunction preventing future sales of certain European Cements in Belgium (the "Belgian Decision"). We appealed this judgment to the Belgian Supreme Court. The Belgian Supreme Court dismissed our appeal in October 2019 and this decision is final. Heraeus filed a suit in Belgium concerning the continued sale of the European Cements with certain changed materials. Like its suit in Germany, Heraeus seeks an injunction on the basis that the continued use of the product names for the European Cements is misleading for customers and thus an act of unfair competition. On May 7, 2019, the Liège Commercial Court issued a judgment that Zimmer Biomet failed to inform its hospital and surgeon customers of the changes made to the composition of the cement with certain changed materials and ordered, as a sole remedy, that Zimmer Biomet send letters to those customers, which we have done. We and Heraeus have each filed an appeal to the judgment.

On February 13, 2019, a Norwegian court of first instance issued a judgment in favor of Heraeus on its claim for misappropriation of trade secrets. The court awarded damages of 19,500,000 NOK, or approximately $2.3 million, plus attorneys' fees, and issued an injunction, which is not final and thus not currently being enforced, preventing Zimmer Biomet Norway from marketing in Norway bone cements identified with the current product names and bone cements making use of the trade secrets which were acknowledged in the Frankfurt Decision. We have appealed the Norwegian judgment to the court of second instance.

On October 29, 2019, an Italian court of first instance issued a judgment in favor of Heraeus on its claim of misappropriation of trade secrets, but did not yet order an award of damages. We intend to appeal the decision.

Heraeus is pursuing damages and injunctive relief in France in an effort to prevent us from manufacturing, marketing and selling the European Cements (the "France Litigation"). The European Cements are manufactured at

our facility in Valence, France. On December 11, 2018, a hearing was held in the France Litigation before the commercial court in Romans-sur-Isère. On May 23, 2019, the commercial court ruled in our favor. On July 12, 2019, Hereaus filed an appeal to the court of second instance in Grenoble, France. Although we are vigorously defending the France Litigation, the ultimate outcome is uncertain. An adverse ruling in the France Litigation could have a material adverse effect on our business, financial condition and results of operations.

We have accrued an estimated loss relating to the collective trade secret litigation, including estimated legal costs to defend. Damages relating to the Frankfurt Decision are subject to separate proceedings, and the Belgian court appointed an expert to determine the amount of damages related to the Belgian Decision. Thus, it is reasonably possible that our estimate of the loss we may incur may change in the future. Although we are vigorously defending these lawsuits, their ultimate resolution is uncertain.

Stryker patent infringement lawsuit: On December 10, 2010, Stryker Corporation and related entities ("Stryker") filed suit against us in the U.S. District Court for the Western District of Michigan, alleging that certain of our Pulsavac® Plus Wound Debridement Products infringe three U.S. patents assigned to Stryker. The case was tried beginning on January 15, 2013, and on February 5, 2013, the jury found that we infringed certain claims of the subject patents. The jury awarded $70.0 million in monetary damages for lost profits. The jury also found that we willfully infringed the subject patents. We filed multiple post-trial motions, including a motion seeking a new trial. On August 7, 2013, the trial court issued a ruling denying all of our motions and awarded treble damages and attorneys' fees to Stryker. We filed a notice of appeal to the Court of Appeals for the Federal Circuit to seek reversal of both the jury's verdict and the trial court's rulings on our post-trial motions. Oral argument before the Court of Appeals for the Federal Circuit took place on September 8, 2014. On December 19, 2014, the Federal Circuit issued a decision affirming the $70.0 million lost profits award but reversed the willfulness finding, vacating the treble damages award and vacating and remanding the attorneys' fees award. We accrued an estimated loss of $70.0 million related to this matter in the three month period ended December 31, 2014. On January 20, 2015, Stryker filed a motion with the Federal Circuit for a rehearing *en banc*. On March 23, 2015, the Federal Circuit denied Stryker's petition. Stryker subsequently filed a petition for certiorari to the U.S. Supreme Court. In July 2015, we paid the final lost profits award of $90.3 million, which includes the original $70.0 million plus pre- and post-judgment interest and damages for sales that occurred post-trial but prior to our entry into a license agreement with Stryker. On October 19, 2015, the U.S. Supreme Court granted Stryker's petition for certiorari. Oral argument took place on February 23, 2016. On June 13, 2016, the U.S. Supreme Court issued its decision, vacating the judgment of the Federal Circuit and remanding the case for further proceedings related to the willfulness issue. On September 12, 2016, the Federal Circuit issued an opinion affirming the jury's willfulness finding and vacating and remanding the trial court's award of treble damages, its finding that this was an exceptional case and its award of attorneys' fees. The case was remanded back to the trial court. Oral argument on Stryker's renewed consolidated motion for enhanced damages and attorneys' fees took place on June 28, 2017. On July 12, 2017, the trial court issued an order reaffirming its award of treble damages, its finding that this was an exceptional case and its award of attorneys' fees. On July 24, 2017, we appealed the ruling to the Federal Circuit and obtained a supersedeas bond staying enforcement of the judgment pending appeal. Oral argument before the Federal Circuit took place on December 3, 2018 and the Federal Circuit affirmed the trial court's ruling in full on December 10, 2018. We accrued an estimated loss of approximately $168.0 million related to the award of treble damages and attorneys' fees in the three-month period ended December 31, 2018. On January 23, 2019, we filed a petition with the Federal Circuit for a rehearing *en banc.* On March 19, 2019, the petition for rehearing *en banc* was denied. In late March 2019, we paid the outstanding judgment of approximately $168.0 million. On June 17, 2019, we filed a petition for certiorari seeking U.S. Supreme Court review of the Federal Circuit's decision. On October 7, 2019, the U.S. Supreme Court denied certiorari.

Putative Securities Class Action: On December 2, 2016, a complaint was filed in the U.S. District Court for the Northern District of Indiana (*Shah v. Zimmer Biomet Holdings, Inc. et al.)*, naming us, one of our officers and two of our now former officers as defendants. On June 28, 2017, the plaintiffs filed a corrected amended complaint, naming as defendants, in addition to those previously named, current and former members of our Board of Directors, one additional officer, and the underwriters in connection with secondary offerings of our common stock by certain selling stockholders in 2016. On October 6, 2017, the plaintiffs voluntarily dismissed the underwriters without prejudice. On October 8, 2017, the plaintiffs filed a second amended complaint, naming as defendants, in addition to those current and former officers and Board members previously named, certain former stockholders of ours who sold shares of our common stock in secondary public offerings in 2016. We and our current and former officers and Board members named as defendants are sometimes hereinafter referred to as the "Zimmer Biomet Defendant group". The former stockholders of ours who sold shares of our common stock in secondary public offerings in 2016 are sometimes hereinafter referred to as the "Private Equity Fund Defendant group". The second amended complaint relates to a putative class action on behalf of persons who purchased our common stock between June 7, 2016 and November 7, 2016. The second amended complaint generally alleges that the defendants violated

federal securities laws by making materially false and/or misleading statements and/or omissions about our compliance with U.S. Food and Drug Administration ("FDA") regulations and our ability to continue to accelerate our organic revenue growth rate in the second half of 2016. The defendants filed their respective motions to dismiss on December 20, 2017, plaintiffs filed their omnibus response to the motions to dismiss on March 13, 2018 and the defendants filed their respective reply briefs on May 18, 2018. On September 27, 2018, the court denied the Zimmer Biomet Defendant group's motion to dismiss in its entirety. The court granted the Private Equity Fund Defendant group's motion to dismiss, without prejudice. On October 9, 2018, the Zimmer Biomet Defendant group filed a motion (i) to amend the court's order on the motion to certify two issues for interlocutory appeal, and (ii) to stay proceedings pending appeal. On February 21, 2019, that motion was denied. On April 11, 2019, the plaintiffs moved for class certification. On June 20, 2019, the Zimmer Biomet Defendant group filed its response. The plaintiffs' motion remained pending as of February 18, 2020. The plaintiffs seek unspecified damages and interest, attorneys' fees, costs, and other relief. Although we believe this lawsuit is without merit, during a mediation in December 2019, plaintiffs and defendants, along with Zimmer Biomet's insurers, reached a settlement in principle to resolve the claims. We have made an accrual for the proposed settlement that we expect to be fully covered by our insurers.

Shareholder Derivative Actions: On June 14, 2019 and July 29, 2019, two shareholder derivative actions, *Green v. Begley et al.* and *Detectives Endowment Association Annuity Fund v. Begley et al.*, were filed in the Court of Chancery in the State of Delaware. On October 2, 2019 and October 11, 2019, two additional shareholder derivative actions, *Karp v. Begley et al.* and *DiGaudio v. Begley et al.*, were filed in the U.S. District Court for the District of Delaware. The plaintiff in each action seeks to maintain the action purportedly on our behalf against certain of our current and former directors and officers (the "individual defendants") and certain former stockholders of ours who sold shares of our common stock in various secondary public offerings in 2016 (the "private equity fund defendants"). The plaintiff in each action alleges, among other things, breaches of fiduciary duties against the individual defendants and insider trading against two individual defendants and the private equity fund defendants, based on substantially the same factual allegations as the putative federal securities class action referenced above (*Shah v. Zimmer Biomet Holdings, Inc. et al.)*. The plaintiffs do not seek damages from us, but instead request damages on our behalf from the defendants of an unspecified amount. The plaintiffs also seek attorneys' fees, costs and other relief.

Regulatory Matters, Government Investigations and Other Matters

U.S. International Trade Commission Investigation: On March 5, 2019, Heraeus filed a complaint with the U.S. International Trade Commission ("ITC") against us and certain of our subsidiaries. The complaint alleges that Biomet misappropriated Heraeus' trade secrets in the formulation and manufacture of two bone cement products now sold by Zimmer Biomet, both of which are imported from our Valence, France facility. Heraeus requested that the ITC institute an investigation and, after the investigation, issue a limited exclusion order and cease and desist orders. On April 5, 2019, the ITC ordered an investigation be instituted into whether we have committed an "unfair act" in the importation, sale for importation, or sale after importation of certain bone cement products, and the investigation is ongoing. An evidentiary hearing in front of an administrative law judge at the ITC was held in January 2020 and an initial determination is expected to issue by May 2020. We cannot currently predict the outcome of this investigation. An adverse outcome in this ITC proceeding could have a material adverse effect on our business, financial condition and results of operations.

FDA warning letters: In August 2018, we received a warning letter from the FDA related to observed non-conformities with current good manufacturing practice requirements of the FDA's Quality System Regulation (21 CFR Part 820) ("QSR") at our legacy Biomet manufacturing facility in Warsaw, Indiana (this facility is sometimes referred to in this report as the "Warsaw North Campus"). In September 2012, we received a warning letter from the FDA citing concerns relating to certain processes pertaining to products manufactured at our Ponce, Puerto Rico manufacturing facility. We have provided detailed responses to the FDA as to our corrective actions and will continue to work expeditiously to address the issues identified by the FDA during inspections in Warsaw and Ponce. As of December 31, 2019, the Warsaw and Ponce warning letters remained pending. Until the violations cited in the pending warning letters are corrected, we may be subject to additional regulatory action by the FDA, as described more fully below. Additionally, requests for Certificates to Foreign Governments related to products manufactured at certain of our facilities may not be granted and premarket approval applications for Class III devices to which the QSR deviations at these facilities are reasonably related will not be approved until the violations have been corrected. In addition to responding to the warning letters described above, we are in the process of addressing various FDA Form 483 inspectional observations at certain of our manufacturing facilities, including new observations issued by the FDA following an inspection of the Warsaw North Campus in January 2020. The ultimate outcome of these matters is presently uncertain. Among other available regulatory actions, the FDA may

impose operating restrictions, including a ceasing of operations, at one or more facilities, enjoining and restraining certain violations of applicable law pertaining to products, seizure of products and assessing civil or criminal penalties against our officers, employees or us. The FDA could also issue a corporate warning letter or a recidivist warning letter or negotiate the entry of a consent decree of permanent injunction with us. The FDA may also recommend prosecution by the U.S. Department of Justice ("DOJ"). Any adverse regulatory action, depending on its magnitude, may restrict us from effectively manufacturing, marketing and selling our products and could have a material adverse effect on our business, financial condition and results of operations.

Deferred Prosecution Agreement ("DPA") relating to U.S. Foreign Corrupt Practices Act ("FCPA") matters: On January 12, 2017, we resolved previously-disclosed FCPA matters involving Biomet and certain of its subsidiaries. As part of the settlement, (i) Biomet resolved matters with the U.S. Securities and Exchange Commission (the "SEC") through an administrative cease-and-desist order (the "Order"); (ii) we entered into a DPA with the DOJ; and (iii) JERDS Luxembourg Holding S.à r.l. ("JERDS"), the direct parent company of Biomet 3i Mexico SA de CV and an indirect, wholly-owned subsidiary of Biomet, entered into a plea agreement (the "Plea Agreement") with the DOJ. The conduct underlying these resolutions occurred prior to our acquisition of Biomet.

Pursuant to the terms of the Order, Biomet resolved claims with the SEC related to violations of the books and records, internal controls and anti-bribery provisions of the FCPA by disgorging profits to the U.S. government in an aggregate amount of approximately $6.5 million, inclusive of pre-judgment interest, and paying a civil penalty in the amount of $6.5 million (collectively, the "Civil Settlement Payments"). We also agreed to pay a criminal penalty of approximately $17.5 million (together with the Civil Settlement Payments, the "Settlement Payments") to the U.S. government pursuant to the terms of the DPA. We made the Settlement Payments in January 2017 and, as previously disclosed, had accrued, as of June 24, 2015, the closing date of the Biomet merger, an amount sufficient to cover this matter.

Under the DPA, which has a term of three years, the DOJ agreed to defer criminal prosecution of us in connection with the charged violation of the internal controls provision of the FCPA as long as we comply with the terms of the DPA. In addition, we are subject to oversight by an independent compliance monitor, who was appointed effective as of August 7, 2017. The monitorship may remain in place until August 7, 2020. If we remain in compliance with the DPA during its term, the charges against us will be dismissed with prejudice. The term of the DPA and monitorship may be extended for up to one additional year at the DOJ's discretion. In addition, under its Plea Agreement with the DOJ, JERDS pleaded guilty on January 13, 2017 to aiding and abetting a violation of the books and records provision of the FCPA. In light of the DPA we entered into, JERDS paid only a nominal assessment and no criminal penalty.

If we do not comply with the terms of the DPA, we could be subject to prosecution for violating the internal controls provisions of the FCPA and the conduct of Biomet and its subsidiaries described in the DPA, which conduct pre-dated our acquisition of Biomet, as well as any new or continuing violations. We could also be subject to exclusion by the Office of Inspector General of the Department of Health and Human Services ("OIG") from participation in federal healthcare programs, including Medicaid and Medicare. Any of these events could have a material adverse effect on our business, financial condition, results of operations and cash flows.

21. Quarterly Financial Information (Unaudited)

(in millions, except per share data)

	2019 Quarter Ended				2018 Quarter Ended			
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec
Net sales	$ 1,975.5	$ 1,988.6	$ 1,892.4	$ 2,125.7	$ 2,017.6	$ 2,007.6	$ 1,836.7	$ 2,071.0
Gross profit	1,278.7	1,260.4	1,210.1	1,396.1	1,291.0	1,274.4	1,160.1	1,339.6
Net earnings (loss) of Zimmer Biomet Holdings, Inc.	246.1	133.7	431.1	320.7	174.7	185.0	162.2	(901.1)
Earnings (loss) per common share								
Basic	1.20	0.65	2.10	1.56	0.86	0.91	0.80	(4.42)
Diluted	1.20	0.65	2.08	1.54	0.85	0.90	0.79	(4.42)

In the three month period ended December 31, 2019, we recognized a $51.2 million tax benefit related to TRAF as well as the tax impact of certain restructuring transactions in Switzerland.

In the three month period ended December 31, 2018, we recorded goodwill impairment charges of $975.9 million.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures
We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Because of inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of disclosure controls and procedures are met.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2019, the end of the period covered by this report, our disclosure controls and procedures were effective at a reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting
The management of Zimmer Biomet Holdings, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2019. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013).

Based on their assessment, management has concluded that, as of December 31, 2019, the Company's internal control over financial reporting is effective based on those criteria.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2019, as stated in its report which appears in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As previously reported, on January 1, 2019 we adopted ASU 2016-02 – Leases (Topic 842). This ASU requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet. As a result, we added additional internal controls to comply with the new standard in the first quarter of 2019.

Item 9B. Other Information

During the fourth quarter of 2019, the Audit Committee of our Board of Directors approved the engagement of PricewaterhouseCoopers LLP, our independent registered public accounting firm, to perform certain non-audit services. This disclosure is made pursuant to Section 10A(i)(2) of the Exchange Act.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this item is incorporated by reference from our definitive Proxy Statement for the annual meeting of stockholders to be held on May 8, 2020 (the "2020 Proxy Statement").

We have adopted the Zimmer Biomet Code of Ethics for Chief Executive Officer and Senior Financial Officers (the "finance code of ethics"), a code of ethics that applies to our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Corporate Controller, and other finance organization senior employees. The finance code of ethics is publicly available in the Investor Relations section of our website, which may be accessed from our homepage at www.zimmerbiomet.com or directly at https://investor.zimmerbiomet.com. If we make any substantive amendments to the finance code of ethics or grant any waiver, including any implicit waiver, from a provision of the code to our Chief Executive Officer, Chief Financial Officer, or Chief Accounting Officer and Corporate Controller, we will disclose the nature of that amendment in the Investor Relations section of our website.

Item 11. Executive Compensation

Information required by this item is incorporated by reference from our 2020 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this item is incorporated by reference from our 2020 Proxy Statement.

Item 13. Certain Relationships and Related Transactions and Director Independence

Information required by this item is incorporated by reference from our 2020 Proxy Statement.

Item 14. Principal Accountant Fees and Services

Information required by this item is incorporated by reference from our 2020 Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements

The following consolidated financial statements of Zimmer Biomet Holdings, Inc. and its subsidiaries are set forth in Part II, Item 8.

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Earnings for the Years Ended December 31, 2019, 2018 and 2017

Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2019, 2018 and 2017

Consolidated Balance Sheets as of December 31, 2019 and 2018

Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2019, 2018 and 2017

Consolidated Statements of Cash Flows for the Years Ended December 31, 2019, 2018 and 2017

Notes to Consolidated Financial Statements

2. Financial Statement Schedule

Schedule II. Valuation and Qualifying Accounts (in millions):

Description	Balance at Beginning of Period	Additions Charged (Credited) to Expense	Deductions / Other Additions to Reserve	Effects of Foreign Currency	Acquired Allowances	Balance at End of Period
Allowance for Doubtful Accounts:						
Year Ended December 31, 2017	$ 51.6	$ 13.6	$ (5.1)	$ 0.1	$ -	$ 60.2
Year Ended December 31, 2018	60.2	10.7	(3.6)	(1.6)	-	65.7
Year Ended December 31, 2019	65.7	5.5	(5.3)	(0.9)	-	65.0
Deferred Tax Asset Valuation Allowances:						
Year Ended December 31, 2017	$ 88.3	$ 41.3	$ (10.3)	$ 2.8	$ 18.5	$ 140.6
Year Ended December 31, 2018	140.6	48.2	206.2 (1)	(4.1)	-	390.9
Year Ended December 31, 2019	390.9	(6.6)	165.7 (1)	(3.9)	-	546.1

(1) Primarily relate to amounts generated by tax rate changes or current year activity which have offsetting changes to the associated attribute and therefore there is no resulting impact on tax expense in the consolidated financial statements.

Other financial statement schedules are omitted because they are not applicable or the required information is shown in the financial statements or the notes thereto.

3. Exhibits

INDEX TO EXHIBITS

Exhibit No	Description
3.1	Restated Certificate of Incorporation of Zimmer Biomet Holdings, Inc., dated June 24, 2015 (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed June 26, 2015)
3.2	Restated By-Laws of Zimmer Biomet Holdings, Inc. dated October 11, 2019 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed October 11, 2019)
4.1	Description of Securities Registered under Section 12 of the Securities Exchange Act of 1934
4.2	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q filed August 5, 2019)
4.3	Indenture dated as of November 17, 2009 between Zimmer Holdings, Inc. (now known as Zimmer Biomet Holdings, Inc.) and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed December 13, 2016)
4.4	First Supplemental Indenture to the Indenture dated as of November 17, 2009 between Zimmer Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed November 17, 2009)
4.5	Form of 5.750% Note due 2039 (incorporated by reference to Exhibit 4.4 above)
4.6	Second Supplemental Indenture dated as of November 10, 2011, to the Indenture dated as of November 17, 2009 between Zimmer Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed November 10, 2011)
4.7	Form of 3.375% Note due 2021 (incorporated by reference to Exhibit 4.6 above)
4.8	Third Supplemental Indenture, dated as of March 19, 2015, to the Indenture dated as of November 17, 2009 between Zimmer Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed March 19, 2015)
4.9	Form of 2.700% Notes due 2020 (incorporated by reference to Exhibit 4.8 above)
4.10	Form of 3.150% Notes due 2022 (incorporated by reference to Exhibit 4.8 above)
4.11	Form of 3.550% Notes due 2025 (incorporated by reference to Exhibit 4.8 above)
4.12	Form of 4.250% Notes due 2035 (incorporated by reference to Exhibit 4.8 above)
4.13	Form of 4.450% Notes due 2045 (incorporated by reference to Exhibit 4.8 above)
4.14	Fourth Supplemental Indenture, dated as of December 13, 2016, between Zimmer Biomet Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed December 13, 2016)
4.15	Form of 1.414% Notes due 2022 (incorporated by reference to Exhibit 4.14 above)
4.16	Form of 2.425% Notes due 2026 (incorporated by reference to Exhibit 4.14 above)
4.17	Agency Agreement, dated as of December 13, 2016, by and among Zimmer Biomet Holdings, Inc., as issuer, Elavon Financial Services DAC, UK Branch, as paying agent, Elavon Financial Services DAC, as registrar and transfer agent, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed December 13, 2016)
4.18	Amendment No. 1, dated as of January 4, 2017, to the Agency Agreement dated as of December 13, 2016, by and among Zimmer Biomet Holdings, Inc., as issuer, Elavon Financial Services DAC, UK Branch, as paying agent, Elavon Financial Services DAC, as original registrar and original transfer agent, U.S. Bank National Association, as successor registrar and successor transfer agent, and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form 8-A filed January 4, 2017)
4.19	Fifth Supplemental Indenture, dated as of March 19, 2018, between Zimmer Biomet Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed March 19, 2018)
4.20	Form of Floating Rate Notes due 2021 (incorporated by reference to Exhibit 4.19 above)
4.21	Form of 3.700% Notes due 2023 (incorporated by reference to Exhibit 4.19 above)
4.22	Sixth Supplemental Indenture, dated as of November 15, 2019, between Zimmer Biomet Holdings, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed November 15, 2019)

4.23	Form of 1.164% Notes due 2027 (incorporated by reference to Exhibit 4.22 above)
4.24	Agency Agreement, dated as of November 15, 2019, by and between Zimmer Biomet Holdings, Inc., as issuer, Elavon Financial Services DAC, UK Branch, as paying agent, U.S. Bank National Association, as transfer agent and registrar, and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed on November 15, 2019)
10.1*	Zimmer Biomet Holdings, Inc. Executive Performance Incentive Plan, as amended May 7, 2013 and further amended as of June 24, 2015 (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed November 9, 2015)
10.2*	Amendment to Zimmer Biomet Holdings, Inc. Executive Performance Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed January 7, 2016)
10.3*	Zimmer Biomet Deferred Compensation Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed January 7, 2016)
10.4*	Restated Zimmer Biomet Holdings, Inc. Long Term Disability Income Plan for Highly Compensated Employees (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed January 7, 2016)
10.5*	Restated Benefit Equalization Plan of Zimmer Holdings, Inc. and Its Subsidiary or Affiliated Corporations Participating in the Zimmer Holdings, Inc. Savings and Investment Program (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K filed February 27, 2009)
10.6*	First Amendment to the Restated Benefit Equalization Plan of Zimmer Holdings, Inc. and its Subsidiary or Affiliated Corporations Participating in the Zimmer Holdings, Inc. Savings and Investment Program (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed January 7, 2016)
10.7*	Offer Letter, dated as of December 18, 2017, by and between Zimmer Biomet Holdings, Inc. and Bryan C. Hanson (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed December 21, 2017)
10.8*	Change in Control Severance Agreement with Bryan C. Hanson (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed December 21, 2017)
10.9*	Chief Executive Officer Confidentiality, Intellectual Property, Non-Competition and Non-Solicitation Agreement with Bryan C. Hanson (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed December 21, 2017)
10.10*	Offer Letter by and between Zimmer Biomet Holdings, Inc. and Ivan Tornos dated as of October 11, 2018 (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K filed February 26, 2019)
10.11*	Form of Change in Control Severance Agreement with Suketu Upadhyay, Ivan Tornos and Carrie Nichol (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K filed February 26, 2019)
10.12*	Form of Confidentiality, Non-Competition and Non-Solicitation Agreement with Suketu Upadhyay, Ivan Tornos and Carrie Nichol (incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K filed February 26, 2019)
10.13*	Swiss Employment Agreement by and between Zimmer GmbH and Didier Deltort dated as of June 28, 2018 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed November 1, 2018)
10.14*	Offer Letter by and between Zimmer Biomet Holdings, Inc. and Didier Deltort dated as of June 28, 2018 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed November 1, 2018)
10.15*	Change in Control Severance Agreement by and between Zimmer GmbH and Didier Deltort dated as of October 9, 2018 (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed November 1, 2018)
10.16*	Confidentiality, Non-Competition and Non-Solicitation Agreement by and between Zimmer GmbH and Didier Deltort dated as of June 28, 2018 (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed November 1, 2018)
10.17*	Form of Change in Control Severance Agreement with Daniel P. Florin (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed August 10, 2015)
10.18*	Change in Control Severance Agreement with Sang Yi (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed November 9, 2015)
10.19*	Form of Change in Control Severance Agreement with Chad F. Phipps (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K filed February 27, 2009)
10.20*	Offer Letter between Zimmer Biomet Holdings, Inc. and Suketu Upadhyay dated June 13, 2019 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed June 19, 2019)

10.21*	Form of Confidentiality, Non-Competition and Non-Solicitation Agreement with Daniel P. Florin (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed November 6, 2017)
10.22*	Confidentiality, Non-Competition and Non-Solicitation Agreement with Sang Yi (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed November 9, 2015)
10.23*	Form of Confidentiality, Non-Competition and Non-Solicitation Agreement with Chad F. Phipps (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed June 26, 2015)
10.24*	Restated Zimmer Biomet Holdings, Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed August 6, 2018)
10.25*	Zimmer Biomet Holdings, Inc. Amended Stock Plan for Non-Employee Directors, as amended May 5, 2015 and further amended as of June 24, 2015 (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q filed November 9, 2015)
10.26*	Form of Nonqualified Stock Option Award Letter under the Zimmer Biomet Holdings, Inc. Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed April 5, 2005)
10.27*	Form of Restricted Stock Unit Award Letter under the Zimmer Biomet Holdings, Inc. Stock Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.23 to the Registrant's Annual Report on Form 10-K filed February 29, 2016)
10.28*	Amended and Restated Zimmer Biomet Holdings, Inc. Deferred Compensation Plan for Non-Employee Directors, as amended May 5, 2015 and further amended as of June 24, 2015 (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed November 9, 2015)
10.29*	Form of Indemnification Agreement with Non-Employee Directors and Officers (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed July 31, 2008)
10.30*	Zimmer Biomet Holdings, Inc. Executive Physical Sub Plan (incorporated by reference to Exhibit 10.47 to the Registrant's Annual Report on Form 10-K filed February 26, 2019)
10.31*	Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (As Amended on May 3, 2016) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed May 9, 2016)
10.32*	Form of Nonqualified Stock Option Award Agreement (four-year vesting) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan
10.33*	Form of Nonqualified Stock Option Award Agreement (two-year vesting) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.37 to the Registrant's Annual Report on Form 10-K filed February 27, 2018)
10.34*	Form of Performance-Based Restricted Stock Unit Award Agreement under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.31 to the Registrant's Annual Report on Form 10-K filed February 29, 2016)
10.35*	Form of Performance-Based Restricted Stock Unit Award Agreement (2018) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed May 8, 2018)
10.36*	Form of Performance-Based Restricted Stock Unit Award Agreement (2019) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.36 to the Registrant's Annual Report on Form 10-K filed February 26, 2019)
10.37*	Form of Performance-Based Restricted Stock Unit Award Agreement (2020) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan
10.38*	Form of Restricted Stock Unit Award Agreement (four-year vesting) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan
10.39*	Form of Restricted Stock Unit Award Agreement (two-year cliff vesting) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q filed August 6, 2018)
10.40*	Form of Nonqualified Stock Option Award Agreement (Hanson one-time award) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed December 21, 2017)
10.41*	Form of Performance-Based Restricted Stock Unit Award Agreement (Hanson one-time award) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed December 21, 2017)

10.42*	Form of Restricted Stock Unit Award Agreement (Hanson one-time award) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed December 21, 2017)
10.43*	Form of Performance-Based Restricted Stock Unit Award Agreement (Upadhyay one-time award) under the Zimmer Biomet Holdings, Inc. 2009 Stock Incentive Plan
10.44*	Aircraft Time Sharing Agreement by and between Zimmer, Inc. and Bryan C. Hanson (incorporated by reference to Exhibit 10.40 to the Registrant's Annual Report on Form 10-K filed February 27, 2018)
10.45*	First Amendment to Aircraft Time Sharing Agreement by and between Zimmer, Inc. and Bryan C. Hanson (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed August 5, 2019)
10.46	Credit Agreement, dated as of November 1, 2019, among Zimmer Biomet Holdings, Inc., Zimmer Biomet G.K., Zimmer Luxembourg II S.À.R.L., the other borrowing subsidiaries referred to therein, JPMorgan Chase Bank, N.A., as General Administrative Agent, JPMorgan Chase Bank, N.A., Tokyo Branch, as Japanese Administrative Agent, J.P. Morgan Europe Limited, as European Administrative Agent, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed November 5, 2019)
10.47	Term Loan Agreement ¥21,300,000,000, dated as of September 22, 2017, between Zimmer Biomet G.K. and Sumitomo Mitsui Banking Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed September 28, 2017)
10.48	Amended and Restated Term Loan Agreement ¥11,700,000,000, dated as of September 22, 2017, between Zimmer Biomet G.K. and Sumitomo Mitsui Banking Corporation (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed September 28, 2017)
10.49	First Amendment, dated as of April 23, 2018, to the Amended and Restated Term Loan Agreement ¥11,700,000,000 dated as of September 22, 2017 between Zimmer Biomet G.K. and Sumitomo Mitsui Banking Corporation
10.50	Amended and Restated Letter of Guarantee, dated as of September 22, 2017, made by Zimmer Biomet Holdings, Inc. in favor of Sumitomo Mitsui Banking Corporation (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed September 28, 2017)
10.51	Credit Agreement, dated as of December 14, 2018, among Zimmer Biomet Holdings, Inc., Bank of America, N.A., as Administrative Agent, and the lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed December 20, 2018)
10.52	Deferred Prosecution Agreement, dated as of January 12, 2017, between Zimmer Biomet Holdings, Inc. and the U.S. Department of Justice, Criminal Division, Fraud Section (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed January 18, 2017)
10.53	Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings and Imposing a Cease-and-Desist Order against Biomet, Inc., dated January 12, 2017 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed January 18, 2017)
10.54	Plea Agreement, dated as of January 12, 2017, between JERDS Luxembourg Holding S.à r.l. and the U.S. Department of Justice, Criminal Division, Fraud Section (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed January 18, 2017)
21	List of Subsidiaries of Zimmer Biomet Holdings, Inc.
23	Consent of PricewaterhouseCoopers LLP
31.1	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 of the Chief Executive Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934 of the Chief Financial Officer, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document

104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ZIMMER BIOMET HOLDINGS, INC.

By: /s/ Bryan Hanson
Bryan Hanson
President and Chief Executive Officer

Dated: February 21, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Bryan Hanson Bryan Hanson	President, Chief Executive Officer and Director (Principal Executive Officer)	February 21, 2020
/s/ Suketu Upadhyay Suketu Upadhyay	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 21, 2020
/s/ Carrie Nichol Carrie Nichol	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	February 21, 2020
/s/ Christopher Begley Christopher Begley	Director	February 21, 2020
/s/ Betsy Bernard Betsy Bernard	Director	February 21, 2020
/s/ Gail Boudreaux Gail Boudreaux	Director	February 21, 2020
/s/ Michael Farrell Michael Farrell	Director	February 21, 2020
/s/ Larry Glasscock Larry Glasscock	Director	February 21, 2020
/s/ Robert Hagemann Robert Hagemann	Director	February 21, 2020
/s/ Arthur Higgins Arthur Higgins	Director	February 21, 2020
 Maria Teresa Hilado	Director	February 21, 2020
/s/ Syed Jafry Syed Jafry	Director	February 21, 2020
/s/ Michael Michelson Michael Michelson	Director	February 21, 2020

Description of the Registrant's Securities Registered Under Section 12 of the Securities Exchange Act of 1934

As of December 31, 2019, Zimmer Biomet Holdings, Inc. (the "Company," "we," "our" and "us" refer solely to Zimmer Biomet Holdings, Inc.) maintained four classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our common stock (the "Common Stock"); (2) our €500,000,000 of 1.414% notes due 2022 (the "2022 Notes"); (3) our €500,000,000 of 2.425% notes due 2026 (the "2026 Notes"); and (4) our €500,000,000 of 1.164% notes due 2027 (the "2027 Notes," together with the 2022 Notes and the 2026 Notes, the "Notes").

Description of Common Stock

The following is a description of the material terms of our Common Stock. The description is qualified in its entirety by reference to our Restated Certificate of Incorporation (the "Certificate"), our Restated By-Laws (the "By-Laws") and the applicable provisions of the Delaware General Corporation Law, as amended (the "DGCL"). Our Certificate and By-Laws are incorporated by reference as exhibits to the Annual Report on Form 10-K for the year ended December 31, 2019.

General

Our authorized capital stock consists of 1,000,000,000 shares of Common Stock, $0.01 par value per share, and 250,000,000 shares of preferred stock, par value $0.01 per share. All outstanding shares of Common Stock are duly authorized, validly issued, fully paid and non-assessable.

Voting Rights

The holders of shares of our Common Stock are entitled to one vote per share on all matters to be voted on by stockholders. The holders of shares of our Common Stock are not entitled to cumulate their votes in the election of directors, which means that holders of a majority of the outstanding shares of our Common Stock can elect all of our directors.

Dividend Rights

The holders of shares of our Common Stock are entitled to receive such dividends as our Board of Directors may from time to time, and in its discretion, declare from any funds legally available therefor.

Liquidation Rights

Upon our liquidation, after payment or provision for payment of all of our obligations and any liquidation preference of any outstanding preferred stock, the holders of shares of our Common Stock are entitled to share ratably in our remaining assets.

No Preemptive Rights

The holders of shares of our Common Stock are not entitled to preemptive, subscription or conversion rights, and there are no redemption or sinking fund provisions applicable to the Common Stock. The holders of shares of our Common Stock are not subject to further calls or assessments by us.

Listing

The Common Stock is traded on the New York Stock Exchange under the symbol "ZBH."

Transfer Agent and Registrar

The transfer agent and registrar for the Common Stock is Computershare Trust Company, N.A.

Anti-Takeover Provisions

Our Certificate, By-Laws and certain provisions of the DGCL may have an anti-takeover effect. These provisions may delay, defer or prevent a tender offer or takeover attempt that a stockholder would consider in its best interest. This includes an attempt that might result in a premium over the market price for the shares of Common Stock held by stockholders. These provisions are expected to discourage certain types of coercive takeover practices and inadequate takeover bids. They are also expected to encourage persons seeking to acquire control of the Company to negotiate first with our Board of Directors. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging takeover proposals because, among other things, negotiation of takeover proposals might result in an improvement of their terms.

Delaware Anti-Takeover Law

We are a Delaware corporation and, as such, we are subject to the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a public Delaware corporation from engaging in a Business Combination (as defined below) with an Interested Stockholder (as defined below) for three years after the time in which the person became an Interested Stockholder, unless:

- prior to such person becoming an Interested Stockholder, the Board of Directors approved either the Business Combination or the transaction in which the stockholder became an Interested Stockholder;
- upon becoming an Interested Stockholder, the stockholder owned at least 85% of the Company's outstanding voting stock other than shares held by directors who are also officers and certain employee benefit plans; or
- the Business Combination is approved by both the Board of Directors and by holders of at least 66 2/3% of the Company's outstanding voting stock, excluding shares owned by the Interested Stockholder, at a meeting and not by written consent.

For purposes of Section 203 of the DGCL, the below definitions apply:

- "Business Combination" means mergers, asset sales and other similar transactions with an Interested Stockholder; and
- "Interested Stockholder" means a person who, together with its affiliates and associates, owns, or under certain circumstances has owned, within the prior three years, 15% or more of the outstanding voting stock.

Although Section 203 permits a Delaware corporation to elect not to be governed by its provisions, we have not made this election.

Special Meetings of Stockholders

Our By-Laws provide that a special meeting of stockholders may be called only by a majority of the Company's Board of Directors pursuant to a resolution stating the purpose or purposes of the special meeting. Within this context, a majority of the Company's Board of Directors is equal to a majority of the total number of directors which the Company would have if there were no vacancies or unfilled newly-created directorships.

Advance Notice and Proxy Access Provisions

Our By-Laws establish an advance notice procedure for stockholders to make nominations of candidates for election as directors or bring other business before an annual meeting of stockholders. This procedure provides that:

- the only persons who will be eligible for election as directors are persons who are nominated by or at the direction of the Board of Directors, or by a stockholder who has given timely written notice containing specified information to the Company's Secretary prior to the meeting at which directors are to be elected; and
- the only business that may be conducted at an annual meeting is business that has been brought before the meeting by or at the direction of the Board of Directors, or by a stockholder who has given timely written notice to the Secretary of the stockholder's intention to bring the business before the meeting.

In general, we must receive written notice of stockholder nominations to be made or business to be brought at an annual meeting no later than 90 calendar days nor earlier than 120 calendar days prior to the first anniversary of the date of the previous year's annual meeting in order for the notice to be timely. The notice must contain information concerning (i) the nominees or the matters to be brought before the meeting and (ii) the stockholder submitting the proposal.

The purposes of requiring stockholders to give us advance notice of nominations and other business include the following:

- to afford the Board of Directors a meaningful opportunity to consider the qualifications of the proposed nominees or the advisability of the other proposed business;
- to the extent necessary or desirable by the Board of Directors, to inform stockholders and make recommendations about such qualifications or business; and
- to provide a more orderly procedure for conducting meetings of stockholders.

Our By-Laws do not give our Board of Directors any power to disapprove stockholder nominations for the election of directors or proposals for action. However, these provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders. Our By-Laws may also deter a third party from soliciting proxies to approve its own proposal, without regard to whether consideration of the proposals might be harmful or beneficial to us and our stockholders.

In addition, our By-Laws contain "proxy access" provisions. Such provisions permit an eligible stockholder, or a group of up to 20 eligible stockholders, to nominate and include in the Company's proxy materials director nominees constituting up to the greater of (i) two individuals or (ii) 20% of the board; provided that the nominating stockholder(s) and nominee(s) satisfy the requirements described in the By-Laws. To be considered eligible, a stockholder must have continuously held at least 3% of the Company's outstanding shares of Common Stock for at least three years. The proxy access provisions may preclude certain stockholders from nominating director candidates, or certain director candidates from being properly nominated, in each case pursuant to our proxy access provisions.

Exclusive Forum

Our By-Laws provide that, unless we consent in writing to an alternative forum, a state or federal court located in the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of ours to us or our stockholders, (iii) any action asserting a claim against us or any director, officer or other employee of ours arising pursuant to any provision of the DGCL or our Certificate or By-Laws (as either may be amended from time to time), or (iv) any action asserting a claim against us or any director, officer or other employee of ours governed by the internal affairs doctrine. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, it may have the effect of discouraging lawsuits against us or our directors and officers. The enforceability of similar choice of forum provisions in other companies' governing documents has been challenged in legal proceedings, and it is possible that, in connection with one or more actions or proceedings described above, a court could find the choice of forum provision contained in our By-Laws to be inapplicable or unenforceable.

Authority of the Board of Directors

Our Board of Directors has the power to issue any or all of the shares of the Company's capital stock, including the authority to establish one or more series of preferred stock and to fix the powers, preferences, rights and limitations of such class or series, without seeking stockholder approval, which could delay, defer or prevent any attempt to acquire or control us. The Board of Directors also has the right to fill vacancies of the Board of Directors and to amend, repeal, and adopt new By-Laws upon the affirmative vote of a majority of the Board of Directors. The By-Laws may also be amended, repealed, and new By-Laws may be adopted, at any meeting of the stockholders upon the affirmative vote of the holders of a majority of the voting power of the then issued and outstanding voting stock.

Description of the Notes

The following description of our Notes is a summary and does not purport to be complete. The summary is subject to and qualified in its entirety by reference to the indenture between the Company and Wells Fargo Bank, National Association (the "Trustee") dated as of November 17, 2009, as supplemented in the cases of the 2022 Notes and the 2026 Notes, by the Fourth Supplemental Indenture, dated as of December 13, 2016, and, as supplemented in the case of the 2027 Notes, by the Sixth Supplemental Indenture, dated as of November 15, 2019 (together, the "Indenture"), which, along with the forms of the 2022 Notes, the 2026 Notes and the 2027 Notes, are incorporated by reference as exhibits to the Annual Report on Form 10-K for the year ended December 31, 2019.

General

The 2022 Notes, the 2026 Notes and the 2027 Notes are each traded on the New York Stock Exchange under the bond trading symbols of "ZBH 22A," "ZBH 26" and "ZBH 27," respectively. The Notes do not have the benefit of any sinking fund. The Notes are not convertible or exchangeable. The Notes were issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The 2022 Notes

The 2022 Notes were initially issued on December 13, 2016 in an aggregate principal amount of €500,000,000 and mature on December 13, 2022. The 2022 Notes bear interest at the rate of 1.414% per annum from the date of original issuance. As of February 13, 2020, €500,000,000 aggregate principal amount of the 2022 Notes were outstanding.

The 2026 Notes

The 2026 Notes were initially issued on December 13, 2016 in an aggregate principal amount of €500,000,000 and mature on December 13, 2026. The 2026 Notes bear interest at the rate of 2.425% per annum from the date of original issuance. As of February 13, 2020, €500,000,000 aggregate principal amount of the 2026 Notes were outstanding.

The 2027 Notes

The 2027 Notes were initially issued on November 15, 2019 in an aggregate principal amount of €500,000,000 and mature on November 15, 2027. The 2027 Notes bear interest at the rate of 1.164% per annum from the date of original issuance. As of February 13, 2020, €500,000,000 aggregate principal amount of the 2027 Notes were outstanding.

Ranking

Each series of the Notes are our unsecured and unsubordinated debt obligations and rank equally in right of payment with all of our other unsecured and unsubordinated indebtedness. The Notes are effectively subordinated to all liabilities of our subsidiaries, including trade payables. Since we conduct many of our operations through our subsidiaries, our right to participate in any distribution of the assets of a subsidiary when it winds up its business is subject to the prior claims of the creditors of the subsidiary. This means that a noteholder's right as a holder of the Notes will also be subject to the prior claims of these creditors if a subsidiary liquidates or reorganizes or otherwise winds up its business. If we are a creditor of any of our subsidiaries, our right as a creditor would be subordinated to any security interest in such assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us. Such subsidiary indebtedness would be structurally senior to the Notes.

Payment on the Notes

We will make interest payments on the 2022 Notes and the 2026 Notes annually in arrears on December 13 of each year, commencing on December 13, 2017, to the holders of record at the close of business (whether or not a business day) on the immediately preceding November 28. We will make interest payments on the 2027 Notes annually in arrears on November 15 of each year, commencing on November 15, 2020, to the holders of record at the close of business (whether or not a business day) on the immediately preceding November 1. Interest on the Notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the Notes (or December 13, 2016 in the case of the 2022 Notes and the 2026 Notes and November 15, 2019 in the case of the 2027 Notes, if no interest has been paid on the Notes), to, but excluding, the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.

If an interest payment date or the maturity date with respect to the Notes falls on a day that is not a business day, the related payment of interest or principal, as applicable, will be made on the next business day as if it were made on the date the payment was due, and no interest will accrue on the amount so payable for the period from and after that interest payment date or the maturity date, as the case may be, to the date the payment is made. Interest payments will include accrued interest from and including the date of issue or from and including the last date in respect of which interest has been paid, as the case may be, to, but excluding, the interest payment date or the date of maturity, as the case may be.

As used in this Description of the Notes, a "business day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a (i) day on which banking institutions in New York, New York or in the place of payment for a series of the Notes are authorized or obligated by law or executive order to close, or (ii) day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, is closed.

Interest Rate Adjustment Based on Rating Events

The interest rate payable on the 2022 Notes and the 2026 Notes will be subject to adjustment from time to time in the event of a Step Up Rating Change or a Step Down Rating Change (each, as defined below), as the case may be.

From and including the first interest payment date on or after the date of a Step Up Rating Change in respect of the 2022 Notes or the 2026 Notes, if any, the applicable interest rate payable on such series of Notes shall be increased by 1.25% per annum to, in the case of the 2022 Notes, 2.664% per annum and, in the case of the 2026 Notes, 3.675% per annum. In the event of a Step Down Rating Change in respect of the 2022 Notes or the 2026 Notes, if any, following a Step Up Rating Change in respect of the same series of Notes, from and including the first interest payment date on or after the date of such Step Down Rating Change, the applicable interest rate payable on such series of Notes shall be decreased by 1.25% per annum to the applicable Standard Interest Rate (as defined below). If a Step Up Rating Change and, subsequently, a Step Down Rating Change, occur in respect of the same series of Notes during the same period beginning on the day following an interest payment date (or beginning on December 13, 2016, if no interest has been paid on the Notes) to, and including, the next interest payment date, the applicable rate of interest payable on such Notes shall neither be increased nor decreased as a result of either such event.

We agreed to use commercially reasonable efforts to maintain a credit rating for the 2022 Notes and the 2026 Notes from each of Moody's (as defined below) and S&P (as defined below). In the event that either of Moody's or S&P ceases to, or fails to, rate either such series of Notes publicly for reasons outside of our control, we shall use commercially reasonable efforts to obtain a rating of that series of Notes from a substitute Rating Agency (as defined below).

There is no limit on the number of times that the applicable rate of interest may be adjusted pursuant to a Step Up Rating Change or a Step Down Rating Change during the term of the 2022 Notes or the 2026 Notes, provided that at no time during the term of those Notes will the applicable rate of interest be lower than the applicable Standard Interest Rate nor higher than the applicable Standard Interest Rate plus 1.25% per annum.

Definitions

"Investment Grade" means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's) and a rating of BBB- or better by S&P (or its equivalent under any successor rating categories of S&P) or the equivalent investment grade credit rating from any additional Rating Agency or Rating Agencies selected by us.

"Moody's" means Moody's Investors Service Inc.

"Rating Agency" means (1) each of Moody's and S&P; and (2) if either of Moody's or S&P ceases to rate the 2022 Notes or the 2026 Notes or fails to make a rating of either such series of the Notes publicly available for reasons outside of our control, a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act, selected by us as a replacement agency for Moody's or S&P, as the case may be.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Standard Interest Rate" means, in the case of the 2022 Notes, 1.414% per annum and, in the case of the 2026 Notes, 2.425% per annum.

"Step Down Rating Change" means the reinstatement of an Investment Grade rating of the 2022 Notes or the 2026 Notes following the occurrence of a Step Up Rating Change in respect of such series of Notes.

"Step Up Rating Change" means the failure of the 2022 Notes or the 2026 Notes to be rated Investment Grade by either Rating Agency or both Rating Agencies at any time after the original issue date of such series of Notes.

Payments in Euro

All principal, including any payments made upon any redemption or repurchase of the Notes, premium, if any, and interest payments in respect of the Notes will be payable in euro.

If euro is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or the euro is no longer used by the member states of the European Monetary Union that have adopted the euro as their currency or for the settlement of transactions by public institutions within the international banking community, then all payments in respect of the Notes will be made in U.S. dollars until euro is again available to us or so used. In such circumstances, the amount payable on any date in euro will be converted to U.S. dollars on the basis of the Market Exchange Rate (the noon buying rate in the City of New York for cable transfers of euro as certified for customs purposes (or, if not so certified, as otherwise determined) by the Federal Reserve Bank of New York) on the second business day before that payment is due, or if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate on or before the date that payment is due. Any payment in respect of the Notes so made in U.S. dollars will not constitute an event of default under the Indenture. Neither the Trustee nor the paying agent for the Notes (the "London Paying Agent") shall be responsible for obtaining exchange rates, effecting conversions or otherwise handling re-denominations.

Optional Redemption

We may redeem each series of the Notes at our option, either in whole at any time or in part from time to time prior to the applicable Par Call Date (as defined below), upon not less than 30 or more than 60 days prior notice transmitted to the registered holders of the Notes to be redeemed, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Notes to be redeemed; and

(2) the sum of the present values of the Remaining Scheduled Payments (as defined below) of the Notes to be redeemed, discounted to the date of redemption on an annual basis (ACTUAL/ACTUAL (ICMA)) at the applicable Comparable Government Bond Rate (as defined below), plus 25 basis points, in the case of the 2022 Notes and the 2027 Notes, or 35 basis points, in the case of the 2026 Notes;

plus accrued and unpaid interest on the Notes being redeemed to, but excluding, the redemption date. With respect to any such redemption, we will notify the Trustee of the redemption price promptly after the calculation thereof and the Trustee will not be responsible for such calculation.

In addition, we may redeem all or part of each series of the Notes at any time or from time to time on and after the applicable Par Call Date, at our option upon not less than 30 or more than 60 days prior notice transmitted to the registered holders of the Notes to be redeemed, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest thereon to, but excluding, the redemption date.

Notwithstanding the foregoing, installments of interest on the Notes that are due and payable on interest payment dates falling on or prior to a redemption date will be payable on the interest payment date to the registered holders as of the close of business on the relevant record date according to the Notes and the Indenture.

On and after the redemption date, interest will cease to accrue on the Notes, or any portion of the Notes called for redemption (unless we default in the payment of the redemption price and accrued interest). On or prior to the redemption date, we will deposit with the London Paying Agent money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed to, but excluding, the redemption date. If less than all of the Notes of a series are to be redeemed, the Notes in that series to be redeemed shall be selected by the Trustee by a method the Trustee deems to be fair and appropriate, or in the event that the Notes are represented by one or more global notes, beneficial interests therein shall be selected for redemption by Clearstream Banking S.A. ("Clearstream") and Euroclear Bank SA/NV ("Euroclear") in accordance with their respective applicable procedures therefor. If the Notes are listed on any national securities exchange, Euroclear or Clearstream will select Notes in compliance with the requirements of the principal national securities exchange on which the Notes are listed. Notwithstanding the foregoing, if less than all of the Notes are to be redeemed, no Notes of a principal amount of €100,000 or less shall be redeemed in part.

Definitions

"Comparable Government Bond" means, in relation to any Comparable Government Bond Rate calculation, at the discretion of an Independent Investment Banker (as defined below), a German government bond whose (a) maturity is closest to the maturity of the applicable series of the Notes (assuming, for this purpose, such Notes mature on the applicable Par Call Date) and (b) principal amount is approximately equal to the then outstanding principal amount of such series of the Notes, or if such Independent Investment Banker in its discretion determines that such similar bond is not in issue, such other German government bond as such Independent Investment Banker may, with the advice of the Reference Bond Dealers (as defined below), determine to be appropriate for determining the Comparable Government Bond Rate.

"Comparable Government Bond Rate" means the price, expressed as a percentage (rounded to three decimal places, with 0.0005 being rounded upwards), at which the gross redemption yield on the Notes to be redeemed, if they were to be purchased at such price on the third business day prior to the date fixed for redemption, would be equal to the gross redemption yield on such business day of the Comparable Government Bond on the basis of the middle market price of the Comparable Government Bond prevailing at 11:00 a.m. (London time) on such business day as determined by the Independent Investment Banker.

"Independent Investment Banker" means one of the Reference Bond Dealers that we appoint in good faith as the Independent Investment Banker from time to time.

"Par Call Date" means November 13, 2022, in the case of the 2022 Notes (the date that is one month prior to the maturity date of the 2022 Notes), September 13, 2026, in the case of the 2026 Notes (the date that is three months prior to the maturity date of the 2026 Notes) and September 15, 2027, in the case of the 2027 Notes (the date that is two months prior to the maturity date of the 2027 Notes).

"Reference Bond Dealer" means each of BNP Paribas, HSBC Bank plc and RBC Europe Limited and their respective successors in the case of the 2022 Notes and the 2026 Notes, and BNP Paribas, J.P. Morgan Securities plc, MUFG Securities EMEA plc and SMBC Nikko Capital Markets Limited and their respective successors in the case of the 2027 Notes.

"Remaining Scheduled Payments" means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related redemption date for such redemption (assuming, for this purpose, (i) with respect to the 2022 Notes and the 2026 Notes, such Note matures on the applicable Par Call Date and that interest payments on such Note will be based on the applicable Standard Interest Rate or an interest rate equal to the applicable Standard Interest Rate plus 1.25% per annum, as the case may be, whichever is in effect at the time we transmit notice to the registered holders of the Notes to be redeemed and (ii) with respect to the 2027 Notes, such Note matures on the applicable Par Call Date); provided, however, that, if such redemption date is not an interest payment date with respect to such Note, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to such redemption date.

The Notes are also subject to redemption prior to maturity if certain developments occur affecting United States taxation. If any of these developments do occur, the Notes of any series may be redeemed at a redemption price equal to 100% of the principal amount of such series of the Notes, together with accrued and unpaid interest on such Notes to, but excluding, the date fixed for redemption. See "Tax Redemption."

Payment of Additional Amounts

All payments in respect of each series of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by the United States, any political subdivision thereof or any taxing authority thereof or therein, unless such withholding or deduction is required by law. If such withholding or deduction is required by law, we will pay to a holder who is not a United States person (as defined below) such additional amounts on such series of the Notes as are necessary in order that the net payment of the principal of, and premium, if any, and interest on, such series of the Notes to such holder, after such withholding or deduction will not be less than the amount provided in such series of the Notes to be then due and payable; provided, however, that the foregoing obligation to pay additional amounts shall not apply:

(1) to any tax, assessment or other governmental charge that would not have been imposed but for the holder, or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been engaged in a trade or business in the United States or having or having had a permanent establishment in the United States or having or having had a qualified business unit which has the United States dollar as its functional currency;

(b) having a current or former connection with the United States (other than a connection arising solely as a result of the ownership of such Notes, the receipt of any payment or the enforcement of any rights thereunder) or being considered as having such relationship, including being or having been a citizen or resident of the United States;

(c) being or having been a personal holding company, a passive foreign investment company or a controlled foreign corporation for United States income tax purposes or a foreign personal holding company that has accumulated earnings to avoid United States federal income tax;

(d) being or having been a "10-percent shareholder" of the Company as defined in Section 871(h)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury regulations thereunder or any successor provision; or

(e) being a bank described in Section 881(c)(3)(A) of the Code;

(2) to any holder that is not the sole beneficial owner of such Notes, or a portion of such Notes, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

(3) to any tax, assessment or other governmental charge that would not have been imposed but for the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such Notes, if compliance is required by statute, by regulation of the United States, any political subdivision thereof or any taxing authority therein or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by us or the London Paying Agent (as the case may be) from the payment;

(5) to any tax, assessment or other governmental charge that would not have been imposed but for a change in law, regulation, or administrative or judicial interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(6) to any estate, inheritance, gift, sales, excise, transfer, wealth, capital gains or personal property tax or similar tax, assessment or other governmental charge;

(7) to any withholding or deduction that is imposed on a payment to an individual and that is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, any European Council Directive on the taxation of savings;

(8) to any tax, assessment or other governmental charge required to be withheld by the London Paying Agent from any payment of principal of, or premium, if any, or interest on such Note, if such payment can be made without such withholding by at least one other paying agent;

(9) to any tax, assessment or other governmental charge that would not have been imposed but for the presentation by the holder of such Note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(10) to any withholding or deduction that is imposed on a payment pursuant to Sections 1471 through 1474 of the Code, the Foreign Account Tax Compliance Act ("FATCA"), and related Treasury regulations and pronouncements, or any successor provisions and any regulations or official law, agreement or interpretations thereof implementing an intergovernmental approach thereto; or

(11) in the case of any combination of items (1), (2), (3), (4), (5), (6), (7), (8), (9) and (10).

The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable to such Notes. Except as specifically provided under this heading "Payment of Additional Amounts," we will not be required to make any payment for any tax, duty, assessment or governmental charge of whatever nature imposed by any government or a political subdivision or taxing authority of or in any government or political subdivision. Neither the Trustee nor any paying agent shall have any responsibility or liability for the determination, verification or calculation of any additional amounts.

As used under this heading "Payment of Additional Amounts" and under the heading "Tax Redemption," the term "United States" means the United States of America (including the states and the District of Columbia and any political subdivision thereof), and the term "United States person" means any individual who is a citizen or resident of the United States for U.S. federal income tax purposes, a corporation, partnership or other entity created or organized in or under the laws of the United States, including an entity treated as a corporation for United States income tax purposes, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source.

Tax Redemption

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under the laws) of the United States or any political subdivision thereof (or any taxing authority thereof or therein), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of the applicable prospectus supplement pursuant to which the Notes were offered, we become or, based upon a written opinion of independent counsel selected by us, will become obligated to pay additional amounts as described herein under the heading "Payment of Additional Amounts" with respect to any series of the Notes, then we may at any time at our option, having given not less than 30 nor more than 60 days prior notice to holders, redeem, in whole, but not in part, such Notes at a redemption price equal to 100% of the principal amount of such Notes, together with accrued and unpaid interest on such Notes to, but excluding, the date fixed for redemption.

Repurchase at the Option of Holders upon Change of Control Repurchase Event

If a Change of Control Repurchase Event (as defined below) occurs with respect to a series of the Notes, unless we have exercised our right to redeem the Notes as described herein, we will make an offer to each holder of Notes of such series to repurchase all or any part (in minimum denominations of €100,000 and integral multiples of €1,000 above that amount) of that holder's Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased plus any accrued and unpaid interest on the Notes repurchased to the date of repurchase. Within 30 days following any Change of Control Repurchase Event or, at our option, prior to any Change of Control (as defined below), but after the public announcement of an impending Change of Control, we will mail (or with respect to global notes, to the extent permitted or required by applicable Clearstream and Euroclear procedures or regulations, send electronically) a notice to each holder of the applicable series of the Notes, with a copy to the Trustee and the London Paying Agent, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase such Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is sent. The notice shall, if sent prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on the Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder, to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Notes, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Repurchase Event provisions of the Notes by virtue of such conflict.

On the Change of Control Repurchase Event payment date, we will, to the extent lawful:

- accept for payment all Notes or portions of the Notes (in minimum denominations of €100,000 and integral multiples of €1,000 above that amount) properly tendered pursuant to our offer;
- deposit with the London Paying Agent an amount equal to the aggregate purchase price in respect of all Notes or portions of the Notes properly tendered; and
- deliver or cause to be delivered to the Trustee the Notes properly accepted, together with an officer's certificate stating the aggregate principal amount of the Notes or portions of Notes being purchased by us.

The London Paying Agent will promptly mail to each holder of Notes properly tendered the purchase price for the Notes. A new note equal in principal amount to any unpurchased portion of any Notes surrendered will promptly be authenticated and mailed (or caused to be transferred by book-entry) to each holder; provided, that each new note will be in a principal amount of €100,000 or an integral multiple of €1,000 above that amount.

We will not be required to make an offer to repurchase the Notes upon a Change of Control Repurchase Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and such third party purchases all Notes properly tendered and not withdrawn under its offer.

Definitions

"Below Investment Grade Rating Event" means with respect to any series of the Notes, such Notes are rated below Investment Grade by each of the Rating Agencies on any date from the date of the public notice of an arrangement that could result in a Change of Control until the end of the 60-day period following public notice of the occurrence of a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies); provided that a Below Investment Grade Rating Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Rating Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform us that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Below Investment Grade Rating Event). Neither the Trustee nor any paying agent shall be responsible for monitoring our rating status, making any request upon any Rating Agency, or determining whether any Below Investment Grade Rating Event with respect to the Notes has occurred.

"Change of Control" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of our properties or assets and those of our subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one of our subsidiaries;

(2) the adoption of a plan relating to our liquidation or dissolution; or

(3) the consummation of any transaction or series of related transactions (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than us or one or more of our wholly-owned subsidiaries, becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding number of shares of our Voting Stock.

"Change of Control Repurchase Event" means the occurrence of both a Change of Control and a Below Investment Grade Rating Event.

"Voting Stock" means, with respect to any person, capital stock of any class or kind the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such person, even if the right to so vote has been suspended by the happening of such a contingency.

Covenants

Limitation on Liens

The Indenture contains a covenant that we will not, and we will not permit any of our restricted subsidiaries to, issue, assume or guarantee any indebtedness secured by any mortgage upon any of our principal properties or those of any of our restricted subsidiaries without securing the Notes (and, if we so determine, any other indebtedness ranking equally with the Notes) equally and ratably with such indebtedness.

This covenant will not prevent us or any of our restricted subsidiaries from issuing, assuming or guaranteeing:

- any purchase money mortgage on such property simultaneously with or within 180 days after the later of (1) the acquisition or completion of construction or completion of substantial reconstruction, renovation, remodeling, expansion or improvement (each, a "substantial improvement") of such property, or (2) the placing in operation of such property after the acquisition or completion of any such construction or substantial improvement;
- any mortgage on real property or on equipment used directly in the operation of, or the business conducted on, such mortgaged real property, which is the sole security for indebtedness:
  - incurred within three years after the latest of (1) the date of issuance of the first series of debt securities under the Indenture, (2) the date of the acquisition of the real property, or (3) the date of the completion of construction or substantial improvement on such real property;
  - incurred for the purpose of reimbursing us or our restricted subsidiary for the cost of acquisition and/or the cost of improvement of such real property and equipment;
  - the amount of which does not exceed the lesser of the aggregate cost of the real property, improvements and equipment or the fair market value of that real property, improvements and equipment; and
  - the holder of which shall be entitled to enforce payment of such indebtedness solely by resorting to the security for such mortgage, without any liability on the part of us or a restricted subsidiary for any deficiency;
- an existing mortgage on property not previously owned by us or a restricted subsidiary, including in each case indebtedness incurred for reimbursement of funds previously expended for any substantial improvements to or acquisitions of property; however:
  - the mortgage must be limited to any or all of (1) such acquired or constructed property or substantial improvement (including accretions thereto), (2) the real property on which any construction or substantial improvement occurs or (3) with respect to distribution centers, any equipment used directly in the operation of, or the business conducted on, the real property on which any construction or substantial improvement occurs; and
  - the total amount of the indebtedness secured by the mortgage, together with all other indebtedness to persons other than us or a restricted subsidiary secured by mortgages on such property, shall not exceed the lesser of (1) the total cost of such mortgaged property, including any costs of construction or substantial improvement to us or a restricted subsidiary, or (2) the fair market value of the property immediately following the acquisition, construction or substantial improvement;
- mortgages existing on the date of the Indenture, mortgages on assets of a restricted subsidiary existing on the date it became a subsidiary or mortgages on the assets of a subsidiary that is newly designated as a restricted subsidiary if the mortgage would have been permitted under the provisions of this paragraph if such mortgage was created while the subsidiary was a restricted subsidiary;
- mortgages in favor of us or a restricted subsidiary;
- mortgages securing only the indebtedness issued under the Indenture; and

- mortgages to secure indebtedness incurred to extend, renew, refinance or replace indebtedness secured by any mortgages referred to above, provided that the principal amount of the extended, renewed, refinanced or replaced indebtedness does not exceed the principal amount of indebtedness so extended, renewed, refinanced or replaced, plus transaction costs and fees, and that any such mortgage applies only to the same property or assets subject to the prior permitted mortgage (and, in the case of real property, improvements).

Limitations on Sale and Leaseback Transactions

The Indenture contains a covenant that we will not, and will not permit our restricted subsidiaries to, enter into any arrangement with any person providing for the leasing by us or any restricted subsidiary of any principal property owned or acquired thereafter that has been or is to be sold or transferred by us or such restricted subsidiary to such person with the intention of taking back a lease of such property, a "sale and leaseback transaction," without equally and ratably securing the Notes (and, if we shall so determine, any other indebtedness ranking equally with the Notes), unless the terms of such sale or transfer have been determined by our Board of Directors to be fair and arm's-length and either:

- within 180 days after the receipt of the proceeds of the sale or transfer, we or such restricted subsidiary applies an amount equal to the greater of the net proceeds of the sale or transfer or the fair value of such principal property at the time of such sale or transfer to the prepayment or retirement (other than any mandatory prepayment or retirement) of our or any restricted subsidiary's senior funded debt; or
- we or such restricted subsidiary would be entitled, at the effective date of the sale or transfer, to incur indebtedness secured by a mortgage on such principal property, in an amount at least equal to the attributable debt in respect of the sale and leaseback transaction, without equally and ratably securing the Notes pursuant to "Limitation on Liens" described above.

The foregoing restriction will not apply to:

- any sale and leaseback transaction for a term of not more than three years including renewals;
- any sale and leaseback transaction with respect to a principal property if a binding commitment with respect thereto is entered into within three years after the later of (1) the date of issuance of the first series of debt securities issued under the Indenture, or (2) the date such principal property was acquired;
- any sale and leaseback transaction with respect to a principal property if a binding commitment with respect thereto is entered into within 180 days after the later of the date such property was acquired and, if applicable, the date such property was first placed in operation; or
- any sale and leaseback transaction between us and a restricted subsidiary or between restricted subsidiaries provided that the lessor shall be us or a wholly owned restricted subsidiary.

Exception to Limitations for Exempted Debt

Notwithstanding the limitations in the Indenture on mortgages and sale and leaseback transactions, we or our restricted subsidiaries may, in addition to amounts permitted under such restrictions, create or assume and renew, extend or replace mortgages, or enter into sale and leaseback transactions without any obligation to retire any senior funded debt of us or any restricted subsidiary, provided that at the time of such creation, assumption, renewal, extension or replacement of a mortgage or at the time of entering into such sale and leaseback transactions, and after giving effect thereto, exempted debt does not exceed 15% of our consolidated net tangible assets.

Definitions

"Attributable debt" in respect of a sale and leaseback transaction means, at the time of determination, the present value (discounted at the imputed rate of interest of such transaction determined in accordance with generally accepted accounting principles) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended). The term "net rental payments" under any lease for any period means the sum of the rental and other payments required to be paid in such period by the lessee thereunder, not including any amounts required to be paid by such lessee (whether or not designated as rental or additional rent) on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges required to be paid by such lessee thereunder or any amount required to be paid by lessee thereunder contingent upon the amount of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges.

"Consolidated net tangible assets" means the total amounts of assets (less depreciation and valuation reserves and other reserves and items deductible from gross book value of specific asset accounts under generally accepted accounting principles) which under generally accepted accounting principles would be included on a consolidated balance sheet of us and our consolidated restricted subsidiaries after deducting (1) all current liabilities, excluding current liabilities that could be classified as long-term debt under generally accepted accounting principles and current liabilities that are by their terms extendable or renewable at the obligor's option to a time more than 12 months after the time as of which the amount of current liabilities is being computed; (2) investments in unrestricted subsidiaries; and (3) all trade names, trademarks, licenses, patents, copyrights and goodwill, organizational and development costs, deferred charges, other than prepaid items such as insurance, taxes, interest, commissions, rents and similar items and tangible assets being amortized, and amortized debt discount and expense, less unamortized premium.

"Exempted debt" means the sum of the following items outstanding as of the date exempted debt is being determined: (1) indebtedness of us and our restricted subsidiaries secured by a mortgage and not permitted to exist under the Indenture; and (2) attributable debt of us and our restricted subsidiaries in respect of all sale and leaseback transactions not permitted under the Indenture.

"Funded debt" means indebtedness which matures more than one year from the date of creation, or which is extendable or renewable at the sole option of the obligor so that it may become payable more than one year from such date. Funded debt does not include (1) obligations created pursuant to leases, (2) any indebtedness or portion thereof maturing by its terms within one year from the time of any computation of the amount of outstanding funded debt unless such indebtedness shall be extendable or renewable at the sole option of the obligor in such manner that it may become payable more than one year from such time, or (3) any indebtedness for the payment or redemption of which money in the necessary amount shall have been deposited in trust either at or before the maturity date thereof.

"Indebtedness" means indebtedness for borrowed money and indebtedness under purchase money mortgages or other purchase money liens or conditional sales or similar title retention agreements, in each case where such indebtedness has been created, incurred, or assumed by such person to the extent such indebtedness would appear as a liability upon a balance sheet of such person prepared in accordance with generally accepted accounting principles, guarantees by such person of such indebtedness, and indebtedness for borrowed money secured by any mortgage, pledge or other lien or encumbrance upon property owned by such person, even though such person has not assumed or become liable for the payment of such indebtedness.

"Investment" means any investment in stock, evidences of indebtedness, loans or advances, however made or acquired, but does not include our account receivable or the accounts receivable of any restricted subsidiary arising from transactions in the ordinary course of business, or any evidences of indebtedness, loans or advance made in connection with the sale to any subsidiary of our accounts receivable or the accounts receivable of any restricted subsidiary arising from transactions in the ordinary course of business.

"Mortgage" means any mortgage, security interest, pledge, lien or other encumbrance.

"Principal property" means all real property and improvements thereon owned by us or a restricted subsidiary, including, without limitation, any manufacturing, warehouse, distribution or research facility having a gross book value in excess of 1% of our consolidated net tangible assets and located within the United States, excluding its territories and possessions and Puerto Rico. This term does not include any facility that our Board of Directors declares by resolution not to be of material importance to our business.

"Restricted subsidiary" means Zimmer, Inc. and any other subsidiary so designated by our Board of Directors or one of our duly authorized officers in accordance with the Indenture; provided that (1) the Board of Directors or duly authorized officers may, subject to certain limitations, designate any unrestricted subsidiary as a restricted subsidiary and any restricted subsidiary (other than Zimmer, Inc.) as an unrestricted subsidiary and (2) any subsidiary of which the majority of the voting stock is owned directly or indirectly by one or more unrestricted subsidiaries shall be an unrestricted subsidiary.

"Senior funded debt" means all funded debt (except funded debt, the payment of which is subordinated to the payment of the Notes).

"Subsidiary" means any corporation of which at least a majority of the outstanding stock having voting power under ordinary circumstances to elect a majority of the Board of Directors of said corporation or business entity is at the time owned or controlled by us, or by us and one or more subsidiaries, or by any one or more subsidiaries.

"Unrestricted subsidiary" means any subsidiary other than a restricted subsidiary.

"Wholly owned restricted subsidiary" means any restricted subsidiary all of the outstanding funded debt and capital stock of which, other than directors' qualifying shares, is owned by us and our other wholly owned restricted subsidiaries.

Mergers and Similar Events

We are generally permitted to consolidate with or merge into any other person. In this section, "person" refers to any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision of a government or governmental agency. We are also permitted to sell substantially all of our assets to any other person, or to buy substantially all of the assets of any other person. However, we may not take any of these actions unless all the following conditions are met:

- Where we merge out of existence or sell all or substantially all of our assets, the other person may not be organized under a foreign country's laws (that is, it must be a corporation, partnership, limited liability company or trust organized and validly existing under the laws of a state or the District of Columbia or under federal law) and it must agree to be legally responsible for the outstanding debt securities issued under the Indenture. Upon assumption of our obligations by such a person in such circumstances, we shall be relieved of all obligations and covenants under the Indenture and the debt securities.

- The merger, sale of all or substantially all of our assets or other transaction must not cause a default on the debt securities, and we must not already be in default unless the merger or other transaction would cure the default. For purposes of this no-default test, a default would include an Event of Default that has occurred and not been cured, as described below under "Events of Default." A default for this purpose would also include any event that would be an Event of Default if we received the required notice of our default or if under the Indenture the default would become an Event of Default after existing for a specified period of time.

Modification and Waiver

There are three types of changes we can make to the Indenture and the Notes.

Changes Requiring Noteholder Approval

First, there are changes that cannot be made to the Notes without specific approval from the corresponding noteholder. Following is a list of those types of changes:

- change the stated maturity of the principal or interest on a Note;
- reduce any amounts due on a Note;
- reduce the amount of principal payable upon acceleration of the maturity of a Note following an Event of Default;
- change the place or currency of payment for a Note;
- impair the right to sue for payment;
- reduce the percentage in principal amount of the Notes, the approval of whose holders is needed to modify or amend the Indenture or the Notes;
- reduce the percentage in principal amount of the Notes, the approval of whose holders is needed to waive compliance with certain provisions of the Indenture or to waive certain defaults; and
- modify any other aspect of the provisions dealing with modification and waiver of the Indenture, except to increase the percentage required for any modification or to provide that other provisions of the Indenture may not be modified or waived without noteholder consent.

Changes Not Requiring Approval

The second type of change does not require any vote by holders of the Notes. This type is limited to corrections and clarifications and certain other changes that would not adversely affect holders of the Notes. Nor do we need any approval to make changes that affect only Notes to be issued under the Indenture after the changes take effect. We may also make changes or obtain waivers that do not adversely affect a particular series of Notes, even if they affect other Notes issued under the Indenture. In those cases, we need only obtain any required approvals from the holders of the affected Notes.

Changes Requiring a Majority Vote

Any other change to the Indenture and the Notes would require the following approval:

- If the change affects only the Notes of one series, it must be approved by the holders of not less than a majority in principal amount of the Notes of that series.
- If the change affects the Notes of one series as well as the Notes of one or more other series issued under the Indenture, it must be approved by the holders of not less than a majority in principal amount of the Notes of each series affected by the change. In each case, the required approval must be given by written consent. Most changes fall into this category.

The same vote would be required for us to obtain a waiver of a past default. However, we cannot obtain a waiver of a payment default or any other aspect of the Indenture or the Notes listed in the first category described previously under "Changes Requiring Noteholder Approval" unless we obtain individual noteholder consent to the waiver.

Further Details Concerning Voting

The Notes will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside funds in trust for their payment or redemption. The Notes will also not be eligible to vote if they have been fully defeased as described in "Defeasance—Full Defeasance."

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding Notes that are entitled to vote or take other action under the Indenture. In certain limited circumstances, the Trustee will be entitled to set a record date for action by holders. If we or the Trustee set a record date for a vote or other action to be taken by holders of the Notes, that vote or action may be taken only by persons who are holders of outstanding Notes on the record date and must be taken within 180 days following the record date or another period that we may specify (or as the Trustee may specify, if it set the record date). We may shorten or lengthen (but not beyond 180 days) this period from time to time.

Defeasance

The following discussion of full defeasance and discharge will apply to any series of the Notes unless otherwise indicated in the applicable prospectus supplement.

Full Defeasance

If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from any payment or other obligations on the Notes (called "full defeasance") if we put in place the following other arrangements for noteholders to be repaid:

- We must deposit in trust for the benefit of all direct holders of the Notes of the same series a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal, any premium and any other payments on the Notes of that series on their various due dates.
- There must be a change in current U.S. federal tax law or an Internal Revenue Service ruling that lets us make the above deposit without causing noteholders to be taxed on the Notes any differently than if we did not make the deposit and instead repaid the Notes ourselves when due. Under current U.S. federal tax law, the deposit and our legal release from the Notes would be treated as though we took back the Notes and provided the corresponding noteholder the relevant share of the cash and Notes or bonds deposited in trust. In that event, noteholders could recognize gain or loss on the Notes returned to us.
- We must deliver to the Trustee a legal opinion of our counsel confirming the tax law change described above.

If we ever did accomplish full defeasance, as described above, noteholders would have to rely solely on the trust deposit for repayment of the Notes. Noteholders could not look to us for repayment in the event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever become bankrupt or insolvent.

However, even if we make the deposit in trust and opinion delivery arrangements discussed above, a number of our obligations relating to the Notes will remain. These include our obligations:

- to register the transfer and exchange of the Notes;
- to replace mutilated, destroyed, lost or stolen Notes;
- to maintain paying agencies; and
- to hold money for payment in trust.

Covenant Defeasance.

Under current U.S. federal tax law, we can make the same type of deposit described above and be released from some of the covenants in the Notes. This is called "covenant defeasance." In that event, noteholders would lose the protection of those covenants but would gain the protection of having money and securities set aside in trust to repay the Notes. In order to achieve covenant defeasance, we must do the following:

- We must deposit in trust for the benefit of all direct holders of the Notes of the same series a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal, any premium and any other payments on the Notes of that series on their various due dates.
- We must deliver to the Trustee a legal opinion of our counsel confirming that under current U.S. federal income tax law we may make the above deposit without causing noteholders to be taxed on the Notes any differently than if we did not make the deposit and instead repaid the Notes ourselves when due.

If we accomplish covenant defeasance, noteholders can still look to us for repayment of the Notes if there were a shortfall in the trust deposit. In fact, if one of the Events of Default occurred (such as our bankruptcy) and the Notes become immediately due and payable, there may be such a shortfall. Depending on the event causing the default, noteholders may not be able to obtain payment of the shortfall.

Satisfaction and Discharge

The Indenture will cease to be of further effect and the Trustee, upon our demand and at our expense, will execute appropriate instruments acknowledging the satisfaction and discharge of the Indenture upon compliance with certain conditions, including:

- Our having paid all sums payable by us under the Indenture, as and when the same shall be due and payable;
- Our having delivered to the Trustee for cancellation all debt securities theretofore authenticated under the Indenture; or
- All debt securities of any series outstanding under the Indenture not theretofore delivered to the Trustee for cancellation shall have become due and payable or are by their terms to become due and payable within one year and we shall have deposited with the Trustee sufficient cash or U.S. government or U.S. government agency notes or bonds that will generate enough cash to pay, at maturity or upon redemption, all such debt securities of any series outstanding under the Indenture.

Events of Default

The Indenture defines an Event of Default with respect to any series of the Notes. Unless otherwise provided in the applicable prospectus supplement, Events of Default are any of the following:

- We do not pay the principal or any premium on the Notes of that series on its due date.
- We do not pay interest on the Notes of that series within 30 days of its due date.
- We do not pay any sinking fund payment with respect to the Notes of that series on its due date.
- We remain in breach of any other term of the Indenture for 60 days after we receive a notice of default stating we are in breach. The notice must be sent by either the Trustee or holders of 25% of the principal amount of the Notes of the affected series.
- We file for bankruptcy or certain other events in bankruptcy, insolvency or reorganization occur.

- Any other Event of Default provided with respect to the Notes of that series.

An Event of Default under one series of the Notes does not necessarily constitute an Event of Default under any other series of the Notes. The Indenture provides that the Trustee may withhold notice to the holders of any series of the Notes issued thereunder of any default if the Trustee considers it in the interest of such holders to do so provided the Trustee may not withhold notice of default in the payment of principal, premium, if any, or interest, if any, on any of the Notes of that series or in the making of any sinking fund installment or analogous obligation with respect to that series.

Remedies If an Event of Default Occurs

The Indenture provides that if an Event of Default has occurred and has not been cured (other than an Event of Default because of certain events in bankruptcy, insolvency or reorganization), the Trustee or the holders of 25% in principal amount of the Notes of the affected series may declare the entire principal amount of all the Notes of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. If an Event of Default occurs because of certain events in bankruptcy, insolvency or reorganization, the principal amount of all the Notes will be automatically accelerated, without any action by the Trustee or any holder. A declaration of acceleration of maturity may be cancelled by the holders of at least a majority in principal amount of the Notes of the affected series if certain conditions are satisfied.

If an Event of Default with respect to any series of the Notes has occurred and is continuing, the Trustee shall exercise with respect to the Notes of that series the rights and power vested in it by the Indenture, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Trustee is not required to take any action under the Indenture at the request or direction of any holders unless the holders offer the Trustee protection from expenses and liability (called an "indemnity"). If indemnity is provided, the holders of a majority in principal amount of the Notes outstanding of the affected series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the Trustee. Subject to certain exceptions contained in the Indenture, these majority holders may also direct the Trustee in performing any other action under the Indenture.

Before a noteholder can bypass the Trustee and bring its own lawsuit or other formal legal action or take other steps to enforce its legal rights or protect its interests relating to the Notes, the following must occur:

- The noteholder must give the Trustee written notice that an Event of Default has occurred and remains uncured.
- The holders of not less than 25% in principal amount of all outstanding Notes of the affected series must make a written request that the Trustee take action because of the Event of Default, and must offer satisfactory indemnity to the Trustee against the cost, expenses and other liabilities of taking that action.
- The Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.

However, noteholders are entitled at any time to bring a lawsuit for the payment of money due on the Notes on or after the due date of that payment.

We will furnish to the Trustee every year a written statement of one of our officers certifying that to his or her knowledge we are in compliance with the Indenture and the Notes, or else specifying any default or Event of Default, its status and what action we are taking or proposing to take with respect thereto.

Book-Entry Delivery and Settlement

The Notes were issued in the form of one or more global notes in fully registered form, without coupons, and were deposited with, or on behalf of, and registered in the name of the nominee of, a common depositary for, and in respect of interests held through, Euroclear and Clearstream. Except as described herein, certificates will not be issued in exchange for beneficial interests in the global notes.

Except as set forth below, the global notes may be transferred, in whole and not in part, only to Euroclear or Clearstream or their respective nominees.

Beneficial interests in the global notes will be represented, and transfers of such beneficial interests will be effected, through accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in Euroclear or Clearstream. Those beneficial interests will be in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Investors may hold Notes directly through Euroclear or Clearstream if they are participants in such systems, or indirectly through organizations that are participants in such systems.

Owners of beneficial interests in the global notes will not be entitled to have Notes registered in their names, and, except as described herein, will not receive or be entitled to receive physical delivery of Notes in definitive form. So long as the common depositary for Euroclear and Clearstream is the registered owner of the global notes, the common depositary for all purposes will be considered the sole holder of the Notes represented by the global notes under the Indenture and the global notes. Except as provided below, beneficial owners will not be considered the owners or holders of the Notes under the Indenture, including for purposes of receiving any reports delivered by us or the Trustee pursuant to the Indenture. Accordingly, each beneficial owner must rely on the procedures of the clearing systems and, if such person is not a participant of the clearing systems, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Indenture. Under existing industry practices, if we request any action of holders or a beneficial owner desires to give or take any action which a holder is entitled to give or take under the Indenture, the clearing systems would authorize their participants holding the relevant beneficial interests to give or take action and the participants would authorize beneficial owners owning through the participants to give or take such action or would otherwise act upon the instructions of beneficial owners. Conveyance of notices and other communications by the clearing systems to their participants, by the participants to indirect participants and by the participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in certificated form. These limits and laws may impair the ability to transfer beneficial interests in the global notes.

Exchange of Global Notes for Certificated Notes

Subject to certain conditions, the Notes represented by the global notes are exchangeable for certificated notes in definitive form of like tenor in minimum denominations of €100,000 principal amount and multiples of €1,000 in excess thereof if:

(1) we have been notified that both Clearstream and Euroclear have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available;

(2) we, at our option, notify the Trustee and the London Paying Agent in writing that we elect to cause the issuance of certificated notes; or

(3) there has occurred and is continuing an Event of Default under the Indenture governing the Notes.

In all cases, certificated notes delivered in exchange for any global note or beneficial interest therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of Euroclear or Clearstream (in accordance with their customary procedures).

Information Concerning the Trustee, Paying Agent and Registrar for the Notes

Wells Fargo Bank, National Association is the Trustee under the Indenture, and it and/or its affiliates maintain normal banking relations with the Company. Elavon Financial Services DAC, UK Branch is the London Paying Agent for the Notes. U.S. Bank National Association is the transfer agent and registrar for the Notes, and it and/or its affiliates maintain normal banking relations with the Company.

ZIMMER BIOMET HOLDINGS, INC.

2009 STOCK INCENTIVE PLAN
NONQUALIFIED STOCK OPTION GRANT

Zimmer Biomet Holdings, Inc. (the "Company") grants you this option (this "Option") to purchase fully paid and non-assessable shares of the Company's common stock, par value $0.01 per share (the "Common Stock") pursuant to the Company's 2009 Stock Incentive Plan (the "Plan"), subject to the vesting requirements set forth in this agreement (this "Agreement") and all of the other restrictions, terms and conditions contained in this Agreement and in the Plan. Capitalized terms that are not defined in this Agreement have the meanings given to them in the Plan.

1. **Grant Date**: _____ __, 20__ (the "Grant Date").

2. **Expiration Date**: _____ __, 20__ (the "Expiration Date").

3. **Exercise Price per Share**: $___.__.

4. **Vesting Schedule**: No Option may be exercised hereunder for the purchase of shares unless you shall have remained in the continuous employ of the Company or one of its Affiliates for one year following the Grant Date. Thereafter, provided that you shall at the time of such exercise, except as specifically set forth herein to the contrary, have been in the employ of the Company or one of its Affiliates, and except as set forth in Sections 16 and 17 below, this Option may from time to time prior to the Expiration Date be exercised in the manner hereinafter set forth, and this Option may be exercised (i) only to the extent of 25 percent of the number of shares to which this Option applies on or after the first anniversary and prior to the second anniversary of the Grant Date; (ii) only to the extent of 50 percent of the number of shares to which this Option applies on or after the second anniversary and prior to the third anniversary of the Grant Date; (iii) only to the extent of 75 percent of the number of shares to which this Option applies on or after the third anniversary and prior to the fourth anniversary of the Grant Date; and (iv) in its entirety on or after the fourth anniversary of the Grant Date.

5. **Exercise Procedure**: This Option may be exercised, in whole or in part in accordance with the vesting schedule set forth above, by the delivery of an exercise notice to the Company or the Company's designated agent. The exercise notice will be effective upon receipt by the appropriate person at the Company or the Company's agent and upon payment of the exercise price, any fees and any other amounts due to cover Tax-Related Items as defined and described in Section 11 herein. Such exercise notice (which, in the Company's discretion, may be, or may be required to be, given by electronic, telefax or other specified means) shall specify the number of shares with respect to which this Option is being exercised and such other representations and agreements as may be required by the Company. In the event the Expiration Date or the termination date set forth under Section 8 of this Agreement falls on a day which is not a regular business day at the Company's executive office in Warsaw, Indiana, U.S.A., then such written notification must be received on or before the last regular business day prior to such Expiration Date or termination date, as applicable (and prior to the close of the New York Stock Exchange on such last regular business day); any later attempt to exercise this Option will not be honored. Payment is to be made by certified personal check, or bank draft, by payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board, in shares of Common Stock owned by you having a fair market value at the date of exercise equal to the purchase price for such shares, in any combination of the foregoing or by any other method that the Committee approves; provided, however, that payment in shares of Common Stock will not be permitted unless at least 100 shares of Common Stock are required and delivered for such purpose. Delivery of shares for exercising an option shall be made either through the physical delivery of shares or through an appropriate certification or attestation of valid ownership. No shares shall be issued until full payment for such shares has been made. At its discretion, the Committee may modify or suspend any method for the exercise of this Option. You shall have the rights of a stockholder only with respect to shares of stock that have been recorded on the Company's books on your behalf or for which certificates have been issued to you.

6. **Issuance of Shares**: The Company shall not be required to issue or deliver any certificate(s) for shares of its Common Stock purchased upon the exercise of any part of this Option prior to (i) the admission of such shares to listing on any stock exchange on which the stock may then be listed, (ii) the completion of any registration or other qualification of such shares under any local, state, federal or foreign law or rulings or regulations of any governmental regulatory body, including but not limited to the U.S. Securities and Exchange Commission ("SEC"), (iii) the obtaining of any consent or approval or other clearance from any governmental agency, which the Company shall, in its sole discretion, determine to be necessary or advisable, and (iv) the payment to the Company, upon its demand,

of any amount requested by the Company for the purpose of satisfying your obligations under Section 11 herein. You understand that the Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, you agree that the Company shall have unilateral authority to amend the Plan and the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares.

7. **Nontransferability**: This Option is not transferable by you otherwise than by will or by the laws of descent and distribution, and may be exercised, during your lifetime, only by you; provided that the Board may permit further transferability, on a general or specific basis, and may impose conditions and limitations on any permitted transferability.

8. **Termination of Employment**: Notwithstanding any other provision hereof:

(a) **Remaining Period to Exercise Option Following Termination of Employment (Other than Due to Death)**: If you retire or cease to be employed by the Company or any of its Affiliates for any reason (other than death) after you have been continuously so employed for one year from the Grant Date, you may exercise this Option only to the extent that you were otherwise entitled to exercise it at the time of such retirement or cessation of employment with the Company or any of its Affiliates, but in no event after (i) the Expiration Date, in the case of retirement or cessation of employment with the Company or any of its Affiliates on or after your 65th birthday, or on or after your 55th birthday after having completed ten years of service with the Company or any of its Affiliates, or on or after the date the sum of your attained age (expressed as a whole number) plus completed years of service (expressed as a whole number) plus one (1) equals at least 70 and you have completed ten years of service with the Company or any of its Affiliates and your employment terminates for any reason other than death, resignation, willful misconduct, or activity deemed detrimental to the interest of the Company and, where applicable, you have executed a general release, a covenant not to compete and/or a covenant not to solicit as required by the Company, or (ii) the date that is three months next succeeding retirement or cessation of employment, in the case of any other retirement or cessation of employment with the Company or any of its Affiliates.

(b) **Leave of Absence**: Whether military or government service or other bona fide leave of absence shall constitute termination of employment for the purpose of this Option shall be determined in each case by the Committee in its sole discretion.

(c) **Remaining Period to Exercise Option Following Death**: Except as provided in Section 7, in the event of your death while in the employ of the Company or of any of its Affiliates or within whichever period after retirement or cessation of your employment specified in subparagraph (a) is applicable, and after you have been continuously so employed for one year after the Grant Date, this Option shall be exercisable by the executors, administrators, legatees or distributees of your estate, as the case may be, only to the extent that you would have been entitled to exercise it if you were then living, subject to subparagraph (d) herein, but in the case of your death after retirement or cessation of employment in no event after the later of (i) the date twelve months next succeeding such death and (ii) the last day of the period after your retirement or other cessation of employment specified in subparagraphs (a)(i) or (a)(ii) and provided, in any case, not after the Expiration Date.

In the event this Option is exercised by the executors, administrators, legatees or distributees of your estate, the Company shall be under no obligation to issue stock hereunder unless and until the Company is satisfied that the person or persons exercising this Option are the duly appointed legal representatives of your estate or the proper legatees or distributees thereof.

(d) **Accelerated Vesting**: The provisions of Section 4 hereof restricting the percentage of shares of an Option grant which can be exercised prior to the fourth anniversary of the date of such grant shall not apply if (i) you have reached age 60; (ii) you die while in the employ of the Company or any of its Affiliates; (iii) you retire or cease to be employed by the Company or any of its Affiliates (1) on or after your 65th birthday, or (2) on or after your 55th birthday after having completed ten years of service with the Company or any of its Affiliates, or (3) on or after the date the sum of your attained age (expressed as a whole number) plus completed years of service (expressed as a whole number) plus one (1) equals at least 70 and you have completed ten years of service with the Company or any of its Affiliates and your employment terminates for any reason other than death, resignation, willful misconduct, or activity deemed detrimental to the interest of the Company and, where applicable, you have executed a general release and a non-solicitation and/or non-compete agreement with the Company as required by the Company; or (iv) your employment terminates for any reason other than death, resignation, willful misconduct, or activity deemed detrimental to the interest of the Company provided you execute a general release and, where applicable, a non-solicitation and/or non-compete agreement with the Company as required by the Company. For the purposes of this Option, service with Bristol-Myers Squibb Company and its affiliates before the effective

date of the Plan shall be included as service with the Company; provided that you were employed by Bristol-Myers Squibb Company on August 5, 2001 and have been continuously employed by the Company or an Affiliate of the Company since August 6, 2001.

9. **Change in Control**: Under certain circumstances, if your employment with the Company or one of its Affiliates terminates during the three year period following a change in control of the Company, this Option may become fully vested and exercisable. Please refer to the Plan for more information.

10. **Changes in Capitalization**: If prior to the Expiration Date changes occur in the outstanding Common Stock by reason of stock dividends, recapitalization, mergers, consolidations, stock splits, combinations or exchanges of shares and the like, the exercise price per share and the number and class of shares subject to this Option shall be appropriately adjusted by the Committee, whose determination shall be conclusive. If as a result of any adjustment under this paragraph you should become entitled to a fractional share of stock, you shall have the right to purchase only the adjusted number of full shares and no payment or other adjustment will be made with respect to the fractional share so disregarded.

11. **Responsibility for Taxes**: You acknowledge that, regardless of any action taken by the Company or, if different, your employer (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you or deemed by the Company or the Employer in its discretion to be an appropriate charge to you even if legally applicable to the Company or the Employer ("Tax-Related Items") is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of shares of Common Stock acquired pursuant to such exercise and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable obligations with regard to all Tax-Related Items legally payable by you by one or a combination of the following: (a) by withholding from your wages or other cash compensation paid to you by the Company and/or the Employer, within legal limits; or (b) withholding from the proceeds of the sale of shares of Common Stock acquired at exercise of the Option either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization) without further consent unless the use of such withholding method is problematic under applicable tax or securities law or has materially adverse accounting consequences, in which case, you agree that the obligation for Tax-Related Items may be satisfied by withholding in shares of Common Stock to be issued at exercise of the Option.

Depending on the withholding method, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates in your jurisdiction, including maximum rates applicable in your jurisdiction, in which case you may receive a refund of any over-withheld amount in cash (without any entitlement to the Common Stock equivalent) or, if not refunded, you may seek a refund from the local tax authorities. If the obligation for Tax-Related Items is satisfied by withholding in shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the exercised Options, notwithstanding that a number of the shares of Common Stock are held back solely for the purpose of paying the Tax-Related Items.

Finally, you agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the shares or the proceeds of the sale of shares of Common Stock, if you fail to comply with your obligations in connection with the Tax-Related Items.

12. **Nature of Grant:** In accepting the Option grant, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and may be amended, suspended or terminated by the Company at any time, consistent with the Plan's terms;

(b) the grant of the Option is exceptional, discretionary, voluntary and occasional and does not create any contractual or other right to receive future grants of options, or benefits in lieu of options, even if options have been granted in the past;

(c) all decisions with respect to future option or other grants, if any, will be at the sole discretion of the Company;

(d) the Option grant and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate, and shall not interfere with the ability of the Company, the Employer or any Affiliate, as applicable, to terminate your employment or service relationship (if any);

(e) you are voluntarily participating in the Plan;

(f) the Option, any shares of Common Stock acquired under the Plan, and the income from and value of same are not intended to replace any pension rights or compensation provided by the Employer or required under applicable law;

(g) the Option and any shares of Common Stock acquired under the Plan and the income from and value of same, are not part of normal or expected compensation for any purpose, including without limitation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments, unless otherwise determined by the Company, in its sole discretion;

(h) the future value of the shares of Common Stock underlying the Option is unknown, indeterminable, and cannot be predicted with certainty;

(i) if the underlying shares of Common Stock do not increase in value, the Option will have no value;

(j) if you exercise the Option and acquire shares of Common Stock, the value of such shares of Common Stock may increase or decrease in value, even below the exercise price;

(k) no claim or entitlement to compensation shall arise from forfeiture of the Option resulting from the termination of your employment or other service relationship (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), or resulting from a breach or violation as described in Section 16 or Section 17 below;

(l) for purposes of the Option, your employment or service relationship will be considered terminated as of the date you are no longer actively providing services to the Company or one of its Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, (i) your right to vest in the Option under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, your period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); and (ii) the period (if any) during which you may exercise the Option after such termination of your employment or service relationship will commence on the date you cease to actively provide services and will not be extended by any notice period mandated under employment laws in the jurisdiction where you are employed or terms of your employment agreement, if any; the Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the Option grant (including whether you may still be considered to be providing services while on a leave of absence); and

(m) unless otherwise provided in the Plan or by the Company in its discretion, the Option and the benefits evidenced by this Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the shares of the Company; and

(n) neither the Company, the Employer nor any other Affiliate shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Option or of any amounts due to you pursuant to the exercise of the Option or the subsequent sale of any shares of Common Stock acquired upon exercise.

13. **No Advice Regarding Grant:** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

14. **Data Privacy**: ***You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other***

Option grant materials ("Data") by and among, as applicable, the Company, the Employer and any other Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company and the Employer may hold certain personal data about you, including, but not limited to, your name, home address, telephone number, email address, date of birth, social insurance, passport or other identification number (e.g. resident registration number), salary, nationality, job title, any shares of Common Stock or directorships held in the Company, details of all Options or any other entitlement to shares of Common Stock awarded, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to Fidelity Stock Plan Services, LLC ("Fidelity") or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, Fidelity and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service with the Employer will not be affected. The only consequence of refusing or withdrawing your consent is that the Company would not be able to grant Options or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Finally, upon the request of the Company or the Employer, you agree to provide an executed data privacy consent form (or any other agreements or consents) that the Company and/or the Employer may deem necessary to obtain from you for the purpose of administering your participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the Plan if you fail to provide any such consent or agreement requested by the Company and/or the Employer.

15. **Notice**: Until you are advised otherwise by the Committee, all notices and other correspondence with respect to this Option will be effective upon receipt at the following address: Zimmer Biomet Holdings, Inc., ATTN: Employee Stock Services, 345 East Main Street, Post Office Box 708, Warsaw, Indiana 46581-0708, U.S.A.

16. **Breach of Restrictive Covenants**: As a condition of receiving the Option, you have entered into a non-disclosure non-solicitation and/or non-competition agreement with the Company. The Company may, at its discretion, require execution of a restated non-disclosure, non-solicitation and/or non-competition agreement as a condition of receiving the Option. Should you decline to sign such a restated agreement as required by the Company and, therefore, forego receiving the Option, your most recently signed non-disclosure, non-solicitation and/or non-competition agreement shall remain in full force and effect. You understand and agree that if you violate any provision of any such agreement that remains in effect at the time of the violation, the Committee may require you to forfeit your right to any unexercised portion of the Option, even if vested, and, to the extent any portion of the Option has previously been exercised, the Committee may require you to return to the Company any shares of Common Stock you received upon such exercise or any cash proceeds you received upon the sale of any such shares.

17. **Violation of Policies**: Notwithstanding any other provisions of this Agreement, you understand and agree that if you engage in conduct (which may include a failure to act) in connection with, or that results in, a violation of any of the Company's policies, procedures or standards, a violation of the Company's Code of Business Conduct and Ethics, or that is deemed detrimental to the business or reputation of the Company, the Committee may, in its discretion, require you to forfeit your right to any unvested portion of the

Award and, to the extent that any portion of the Award has previously vested, the Committee may require you to return to the Company the shares of Common Stock covered by the Award or any cash proceeds you received upon the sale of such shares of Common Stock. The Committee may exercise this discretion at any time that you are employed by the Company or any Affiliate of the Company, and at any time during the 18-month period following the termination of your employment with the Company or any Affiliate of the Company for any reason, including, without limitation, on account of Retirement or death.

18. **Consent to Electronic Delivery**: The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

19. **Insider Trading/Market Abuse Laws**: Depending on your country, Fidelity's country or the country in which shares of Common Stock are listed, you may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, your country or the country of the applicable stock plan service provider, which may affect your ability to accept, acquire, sell, attempt to sell or otherwise dispose of shares of Common Stock , rights to shares of Common Stock (*e.g.*, Options) or rights linked to the value of shares of Common Stock during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

20. **Foreign Asset/Account Reporting**: Please be aware that your country may have certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You acknowledge that it is your responsibility to be compliant with such regulations, and you should speak to your personal advisor on this matter.

21. **Addendum**: Notwithstanding any provisions in this Agreement, the Option grant shall be subject to any special terms and conditions set forth in any Addendum to this Agreement for your country. Moreover, if you relocate to one of the countries included in the Addendum, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Addendum constitutes part of this Agreement.

22. **Construction and Interpretation**: The Board and the Committee shall have full authority and discretion, subject only to the express terms of the Plan, to decide all matters relating to the administration and interpretation of the Plan and this Agreement and all such Board and Committee determinations shall be final, conclusive, and binding upon you and all interested parties. The terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, as amended from time to time, which shall be controlling. This Agreement contains the entire understanding of the parties and may not be modified or amended except in writing duly signed by the parties. The waiver of, or failure to enforce, any provision of this Agreement or the Plan by the Company will not constitute a waiver by the Company of the same provision or right at any other time or a waiver of any other provision or right. The various provisions of this Agreement are severable and any determination of invalidity or unenforceability of any provision shall have no effect on the remaining provisions. This Agreement will be binding upon and inure to the benefit of the successors, assigns, and heirs of the respective parties.

The validity and construction of this Agreement shall be governed by the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. For purposes of litigating any dispute arising under this Agreement, the parties hereby submit and consent to the jurisdiction of the State of Indiana, agree that such litigation shall be conducted in the courts of Kosciusko County Indiana, or the federal courts for the United States for the Northern District of Indiana, where this grant is made and/or to be performed.

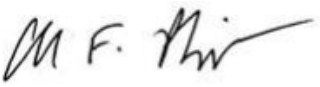
You acknowledge that you are proficient in the English language, or have consulted with an advisor who is proficient in English, so as to enable you to understand the provisions of this Agreement and the Plan. If you have received this or any other document related to the Plan translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control.

23. **Imposition of Other Requirements**: The Company reserves the right to impose other requirements on your participation in the Plan, on the Option and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

24. **Recoupment** Any benefits you may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder; (ii) similar rules under the laws of any other jurisdiction; and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to you.

25. **Electronic Acceptance** By electronically accepting or exercising the Option, you agree to the terms of this Agreement and the Plan.

ZIMMER BIOMET HOLDINGS, INC.

By 

Chad F. Phipps
Senior Vice President, General
Counsel & Secretary

Addendum
ZIMMER BIOMET HOLDINGS, INC.
SPECIAL PROVISIONS FOR OPTIONS IN CERTAIN COUNTRIES

This Addendum includes special country-specific terms that apply if you are residing and/or working in one of the countries listed below. This Addendum is part of the Agreement. Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

This Addendum also includes information of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2020 and is provided for informational purposes. Such laws are often complex and change frequently and results may be different based on the particular facts and circumstances. As a result, the Company strongly recommends that you do not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you exercise the Option or sell shares of Common Stock acquired under the Plan.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Note that if you are a citizen or resident of a country other than the country in which you are residing and/or working or transfer employment after the Option is granted to you, or are considered a resident of another country for local law purposes, the information contained in this Addendum may not be applicable to you, and the Company shall, in its discretion, determine to what extent the terms and conditions or notifications contained herein shall be applicable to you. If you transfer residency and/or employment to another country or are considered a resident of another country listed in the Addendum after the Option is granted to you, the terms and/or information contained for that new country (rather than the original country) may be applicable to you.

European Union / European Economic Area / Switzerland / United Kingdom

Data Privacy Notice. This section replaces Section 10 of the Agreement for participants in the European Union ("EU"), European Economic Area ("EEA"), Switzerland and/or United Kingdom ("UK").:

Data Collection and Usage. Pursuant to applicable data protection laws, you are hereby notified that the Company collects, processes, uses, and transfers certain personally-identifiable information about you for the exclusive legitimate purposes of implementing, administering and managing the Plan and generally administering equity awards; specifically, your name, home address, email address, telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all Options or any other entitlement to Shares granted, canceled, exercised, vested, unvested or outstanding in your favor, which the Company receives from you or the Employer ("Data"). In order to facilitate your participation in the Plan, the Company will collect, process, use and transfer your Data for purposes of allocating Shares and implementing, administering and managing the Plan. The Company collects, processes, uses and transfers your personal data pursuant to the Company's legitimate business interests of managing the Plan and generally administering employee compensation and related benefits. Your refusal to provide Data may affect your ability to participate in the Plan. As such, by participating in the Plan, you voluntarily acknowledge the collection, use, processing and transfer of your Data as described herein.

Stock Plan Administration Service Providers. The Company transfers Data to Fidelity Stock Plan Services, LLC ("Fidelity"), an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with that service provider, which will serve in a similar manner. The Company's service provider will open an account for you to receive and trade Shares acquired under the Plan. The processing of Data will take place through electronic means. Data will only be accessible by those individuals requiring access to it for purposes of implementation, administration and operation of the Plan.

International Data Transfers. The Company and its service providers are based, in relevant part, in the United States, which means that it will be necessary for Data to be transferred to, and processed in, the United States. By enrolling in the Plan, you understand that the service providers will receive, possess, use, retain and transfer Data for the purposes of implementing, administering and managing your participation in the Plan. When transferring Data to these service providers, the Company provides appropriate safeguards for protecting Data, including reliance on standard contractual clauses. You may request a copy of, or information about, the safeguards used to protect Data by contacting kathryn.diller@zimmerbiomet.com.

Data Retention. The Company will use Data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company keeps the Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be for compliance with relevant laws or regulations.

Data Subject Rights. To the extent provided by law, you have the right to request (i) access to or copies of Data the Company processes, (ii) rectification of Data, (iii) erasure of Data, (iv) restrictions on processing of Data, (v) portability of Data and/or to lodge complaints with competent authorities in your country, and/or (vi) request a list with the names and addresses of any potential recipients of the Data. You understand that the only consequence of refusing to provide Data is that Company may not be able to allow you to participate in the Plan, or grant other equity awards or administer or maintain such awards. For more information on the consequences of the refusal to provide Data, you may contact kathryn.diller@zimmerbiomet.com.

All Countries

Labor Laws. This provision supplements Section 8 of the Agreement.

Notwithstanding the foregoing, if the Company receives a legal opinion or advice from its counsel that there has been a legal judgment and/or legal development in your jurisdiction that likely would result in the favorable treatment that applies to the Option as a result of you retiring or reaching a certain age being deemed unlawful and/or discriminatory, the favorable treatment shall not apply and you shall be treated as set forth in the remaining provisions of Section 8 of the Agreement.

Australia

Securities Law Information. The Option grant is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order 14/1000. Additional details are set forth in the Offer Document for the Offer of Restricted Stock Units and Stock Options to Australian Resident Employees, the Plan and the Agreement. By accepting the Options, you acknowledge and confirm that you have received these documents.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (the "Act") applies (subject to the conditions in that Act).

Austria

There are no country-specific provisions.

Belgium

Tax Information. Options granted to you must be accepted within 60 days of the offer date (*i.e.*, the date of your offer letter). If you do not accept the Option, it will be cancelled. If accepted, you can execute and return to the Employer an undertaking not to exercise any portion of the Option prior to January 1, 2023 for favorable tax treatment.

Brazil

Compliance with Law. In accepting the Option, you agree that you will comply with applicable Brazilian laws when you exercise the Option and you sell Common Stock. You also agree to report and pay any and all Tax-Related Items

associated with the exercise of the Option, the receipt of any dividends and the sale of Common Stock acquired under the Plan.

Labor Law Acknowledgement and Policy Statement. This provision supplements Section 12 of the Agreement.

In accepting the Option, you agree that (i) you are making an investment decision by accepting the Option and (ii) the value of the underlying shares of Common Stock is not fixed and may increase or decrease in value even below the exercise price over the vesting period without compensation to you.

Exchange Control Information. Remittances of your funds for the exercise of the Option and purchase of shares of Common Stock under the Plan must be made through an authorized commercial bank in Brazil.

Canada

Form of Payment. If you are a resident of Canada, you are prohibited from surrendering certificates for shares of Common Stock that you already own or from attesting to the ownership of Common Stock to pay the exercise price or any Tax-Related Items in connection with the Option.

Labor Law Information. This provision replaces Section 12(l) of the Agreement.

For purposes of the Option, and except as expressly required by applicable legislation, your employment or service relationship will be considered terminated as of the date you are no longer actively providing services to the Company or its Affiliates (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), and unless otherwise expressly provided in the Agreement or determined by the Company, your right to vest in the Option under the Plan, if any, will terminate effective as of the earliest of: (1) the date upon which your employment with the Employer is terminated; (2) the date that you are no longer actively employed by or providing services to the Company or its Affiliates; or (3) at the discretion of the Committee, the date that you receive written notice of termination of employment from the Employer, regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to statutory law, regulatory law and/or common law). In the event that the date you are no longer actively providing services cannot be reasonably determined under the terms of the Agreement or the Plan, the Committee shall have the exclusive discretion to determine when you are no longer employed for purposes of the Option (including whether you may still be considered to be providing services while on a leave of absence).

Securities Law Information. You acknowledge and agree that you will only sell shares of Common Stock acquired through participation in the Plan outside of Canada through the facilities of a stock exchange on which the Common Stock is listed. Currently, the shares of Common Stock are listed on the New York Stock Exchange.

The following provisions apply if you are a resident in Quebec:

Language Acknowledgment.

The parties acknowledge that it is their express wish that this Agreement, including this Addendum, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be provided to them in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciares, éxécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Data Privacy Consent. This provision supplements Section 14 of the Agreement:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved with the administration of the Plan. You further authorize the Company, its Affiliates, the administrator of the Plan and Fidelity to disclose and discuss the Plan with their advisors. You further authorize the Company or its Affiliates to record such information and to keep such information in your file.

Chile

Securities Law Information. The offer of the Option constitutes a private offering of securities in Chile effective as of the Grant Date. This offer of the Option is made subject to general ruling N° 336 of the Chilean Commission for the Financial Market ("CMF"). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given that the Option is not registered in Chile, the Company is not required to provide public information about the Option or the Common Stock in Chile. Unless the Option and/or the Common Stock is registered with the CMF, a public offering of such securities cannot be made in Chile.

Esta oferta de le presente Opción constituye una oferta privada de valores en Chile y se inicia en la Fecha de la Concesión. Esta oferta de Opción se acoge a las disposiciones de la Norma de Carácter General Nº 336 ("NCG 336") de la Comisión para el Mercado ("CMF"). Esta oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse la Opción no registrados en Chile, no existe obligación por parte de la Compañía de entregar en Chile información pública respecto de la Opción or sus Acciones. Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

China

The following provisions apply if you are subject to exchange control regulations in China, as determined by the Company in its sole discretion.

Cashless Exercise Restriction. Due to exchange control laws in China, you may be required to exercise the Option using the cashless sell-all exercise method whereby all shares of Common Stock subject to the exercised Option will be sold immediately upon exercise and the proceeds of sale, less the exercise price, any Tax-Related Items and broker's fees or commissions, will be remitted to you in accordance with any applicable exchange control laws and regulations. You will not be permitted to hold shares of Common Stock after exercise. The Company reserves the right to provide additional methods of exercise to you depending on the development of local law.

Without limitation to the foregoing, the Company reserves the right to require the sale of any shares of Common Stock held upon your termination of employment with the Company or any Affiliate of the Company within six months following termination (or such other period as may be required by the PRC State Administration of Foreign Exchange ("SAFE").

Post-Termination Exercise Period. Notwithstanding anything in the Plan or in Section 8 of the Agreement to the contrary, in the event of your termination of employment with the Company and its Affiliates prior to exercise, you shall be permitted to exercise the Option for the shorter of the post-termination exercise period (if any) set forth in the Agreement and six months (or such other period as may be required by SAFE) after the date of termination of your employment or service relationship. At the end of the post-termination exercise period specified by SAFE, any unexercised portion of the Option shall immediately expire.

Exchange Control Information. You understand and agree that, to comply with exchange control requirements, you will be required to immediately repatriate to China the cash proceeds from the cashless exercise of the Option or any sale of Common Stock or receipt of cash dividends. You further understand that, under local law, such repatriation of the funds will need to be effectuated through a special exchange control account established by the Company or its Affiliates, and you hereby consent and agree that the proceeds from the sale of Common Stock acquired under the Plan or cash dividends may be transferred to such special account prior to being delivered to you.

The Company may deliver the proceeds in US dollars or local currency at the Company's discretion. If the proceeds are paid in US dollars, you understand that you may be required to set up a US dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivery of the proceeds to you and, due to fluctuations in the Common Stock trading price and/or the US dollar/PRC exchange rate between the exercise/sale date and (if later) when the proceeds can be converted into local currency, the proceeds that you receive may be more or less than the market value of the Common Stock on the exercise/sale date. You agree to bear the risk of any currency fluctuation between the date the Option is exercised using the cashless sell-all exercise method, the receipt of funds and the date of conversion of any funds into local currency.

You further agree to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

Costa Rica

There are no country-specific provisions.

Czech Republic

Exchange Control Information. The Czech National Bank may require you to fulfill certain notification duties in relation to the purchase of shares of Common Stock and the opening and maintenance of a foreign account.

Because exchange control regulations change frequently and without notice, you should consult your personal legal advisor regarding your participation in the Plan to ensure compliance with current regulations. It is your responsibility to comply with Czech exchange control laws, and neither the Company nor the Employer will be liable for any resulting fines or penalties.

Denmark

Stock Option Act. You acknowledge that you have received an Employer Statement in Danish which is being provided to comply with the Danish Stock Option Act (the "Act").

You acknowledge that you understand that the Act applies to "employees" as that term is defined in Section 2 of the Act. If you are a member of the registered management of an Affiliate in Denmark or otherwise do not satisfy the definition of employee you are not subject to the Act and the Employer Statement will not apply to you.

In accepting the Option, you acknowledge the Act has been amended as of January 1, 2019. Accordingly, you are advised and agree that the provisions governing the Option in case of your termination under the Agreement and the Plan will apply for any grant of options made on or after January 1, 2019. The relevant provisions are detailed in the Agreement, the Plan and the Employer Statement.

Finland

There are no country-specific provisions.

France

Language Acknowledgment. By accepting the Agreement providing for the terms and conditions of your grant, you confirm having read and understood the documents relating to this grant (the Plan and the Agreement) which were provided in English. You accept the terms of those documents accordingly.

En acceptant le Contrat d'Attribution décrivant les termes et conditions de votre attribution, vous confirmez ainsi avoir lu et compris les documents relatifs à cette attribution (le Plan et le Contrat d'Attribution) qui ont été communiqués en anglaise. Vous acceptez les termes en connaissance de cause.

Exchange Control Information. If you transfer more than €10,000 in shares of Common Stock or cash into or out of France without the use of a financial intermediary, you must declare the transfer to the French tax and customs authorities.

Germany

Exchange Control Information. For statistical purposes, the German Federal Bank requires that you file electronic reports of any of cross-border transactions in excess of €12,500. If you make or receive a payment in excess of this amount, you are responsible for complying with applicable reporting requirements. The electronic "General Statistics Reporting Portal" (*Allgemeines Meldeportal Statistik*) can be accessed on the Germany Federal Bank's website: www.bundesbank.de.

Greece

There are no country-specific provisions.

Hong Kong

Securities Law Information. *Warning: The Option and any shares of Common Stock issued at exercise do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or its Affiliates. The Agreement, including this Addendum, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, nor have the documents been reviewed by any regulatory authority in Hong Kong. The Option is intended only for the personal use of each eligible employee of the Employer, the Company or any Affiliate and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, including this Addendum, or the Plan, or any other incidental communication materials, you should obtain independent professional advice.*

Nature of Scheme. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

Sale of Common Stock. In the event the Option vests and you exercise the Option within six months of the Grant Date and receive shares of Common Stock, you agree that you will not sell or otherwise dispose of such shares of Common Stock prior to the six-month anniversary of the Grant Date.

Iceland

There are no country-specific provisions.

India

Cashless Sell-To-Cover Exercise Prohibited. Due to the exchange controls in India, you must either exercise your Option using cash to pay the exercise price or by using the cashless sell-all method of exercise. You may not exercise your Option using the cashless sell-to-cover method of exercise, whereby you sell only enough Common Stock to cover the exercise price. The Company reserves the right to provide additional methods of exercise to you depending on the development of local law.

Exchange Control Information. Due to the exchange controls in India, you must either exercise your Options using cash or by using the cashless sell-all method of exercise. You may not exercise your Options using the cashless sell-to-cover method of exercise, whereby you sell only enough shares to cover the option price.

Regardless of what method of exercise you engage in, you must repatriate all proceeds received from your participation in the Plan to India within the period of time prescribed under applicable Indian exchange control laws, as may be amended from time to time. You will receive a foreign inward remittance certificate ("FIRC") from the bank where you deposit the proceeds. You should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation.

It is your responsibility to comply with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

Ireland

There are no country-specific provisions.

Israel

Cashless Exercise Restriction. You will be required to exercise the Option using the cashless sell-all exercise method whereby all shares of Common Stock subject to the exercised Option will be sold immediately upon exercise and the proceeds of sale, less the exercise price, any Tax-Related Items and broker's fees or commissions, will be remitted to

you in accordance with any applicable exchange control laws and regulations. You will not be permitted to hold shares of Common Stock after exercise. The Company reserves the right to provide additional methods of exercise to you depending on the development of local law.

Italy

Cashless Exercise Restriction. You will be required to exercise the Option using the cashless sell-all exercise method whereby all shares of Common Stock subject to the exercised Option will be sold immediately upon exercise and the proceeds of sale, less the exercise price, any Tax-Related Items and broker's fees or commissions, will be remitted to you in accordance with any applicable exchange control laws and regulations. You will not be permitted to hold shares of Common Stock after exercise. The Company reserves the right to provide additional methods of exercise to you depending on the development of local law.

Terms of Grant. By accepting this Option, you acknowledge that you have received a copy of the Plan, reviewed the Plan, the Agreement and this Addendum in their entirety and fully understand and accept all provisions of the Plan, the Agreement and this Addendum.

In addition, you further acknowledge that you have read and specifically and expressly approve the following Sections of the Agreement and this Addendum: Section 8 (Termination of Employment); Section 11 (Responsibility for Taxes); Section 12 (Nature of Grant); Section 13 (No Advice Regarding Grant); Section 14 (Data Privacy, as replaced by the provision applicable to participants in the European Union / European Economic Area / Switzerland / United Kingdom); Section 16 (Breach of Restrictive Covenants); Section 17 (Violation of Policies); Section 19 (Insider Trading/Market Abuse Laws); Section 21 (Addendum) and Section 23 (Imposition of Other Requirements).

Japan

Exchange Control Information. If you intend to acquire shares of Common Stock with a value exceeding ¥30,000,000 in a single transaction, you must file a Payment Report with the Ministry of Finance. If you intend to acquire shares of Common Stock with a value exceeding ¥100,000,000 in a single transaction, you must file a Securities Acquisition Report, in addition to the Payment Report, with the Ministry of Finance through the Bank of Japan within twenty days of the purchase of the shares of Common Stock.

Korea

Exchange Control Information. If you remit funds to exercise the Option and purchase shares of Common Stock, the remittance must be "confirmed" by a foreign exchange bank in Korea. To receive the confirmation, you should submit the following to the foreign exchange bank: (i) a prescribed form application, (ii) the Agreement and any other Plan documents you received, and (iii) certificate of employment with your local employer. You should check with the bank to determine whether there are any additional requirements. The Employer may remit the funds to purchase shares of Common Stock on your behalf. In this case, you have to execute a power of attorney in favor of the Employer.

Lebanon

Compliance with Law. By accepting your Option and participating in the Plan, you agree that you will comply with applicable Lebanese laws and that you will report and pay any and all tax associated with the exercise of your Option, the sale of any Common Stock and the receipt of any dividends.

Malaysia

Director Notification Obligation. If you are a director of the Company's Malaysian Affiliate, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian Affiliate in writing when you receive or dispose of an interest (*e.g.*, an Option or Common Stock) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

Mexico

Acknowledgement of the Agreement. By accepting the Option, you acknowledge that have received a copy of the Plan and the Agreement, including this Addendum, which you have reviewed. You further acknowledge that you accept all the provisions of the Plan and the Agreement, including this Addendum. You also acknowledge that you have read and specifically and expressly approve the terms and conditions set forth in Section 12 of the Agreement, which clearly provide as follows:

(1) Your participation in the Plan does not constitute an acquired right;

(2) The Plan and your participation in it are offered by the Company on a wholly discretionary basis;

(3) Your participation in the Plan is voluntary; and

(4) The Company and its Affiliates are not responsible for any decrease in the value of any shares of Common Stock acquired at exercise of the Option.

Labor Law Acknowledgement and Policy Statement. By accepting the Option, you acknowledge that Zimmer Biomet Holdings, Inc., with registered offices at 345 East Main Street, Warsaw, Indiana, 46580, United States of America, is solely responsible for the administration of the Plan. You further acknowledge your participation in the Plan, the grant of Options and any acquisition of shares of Common Stock under the Plan do not constitute an employment relationship between you and Zimmer Biomet Holdings, Inc. because you are participating in the Plan on a wholly commercial basis and your sole employer is a Mexican legal entity ("Zimmer-Mexico"). Based on the foregoing, you expressly acknowledge that the Plan and the benefits that you may derive from participation in the Plan do not establish any rights between you and your Employer, Zimmer-Mexico, and do not form part of the employment conditions and/or benefits provided by Zimmer-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

You further understand that your participation in the Plan is the result of a unilateral and discretionary decision of Zimmer Biomet Holdings, Inc., therefore, Zimmer Biomet Holdings, Inc. reserves the absolute right to amend and/or discontinue your participation in the Plan at any time, without any liability to you.

Finally, you hereby declares that you do not reserve to yourself any action or right to bring any claim against Zimmer Biomet Holdings, Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that you therefore grant a full and broad release to Zimmer Biomet Holdings, Inc., its Affiliates, branches, representation offices, shareholders, officers, agents and legal representatives, with respect to any claim that may arise.

Spanish Translation

Reconocimiento del Contrato. *Al aceptar la Opción, Usted reconoce que ha recibido una copia del Plan y del contrato, incluyendo este Apéndice, mismos que ha revisado. Usted reconoce, además, que acepta todas las disposiciones del Plan, y del contrato, incluyendo este Apéndice. También reconoce que ha leído y aprueba de forma expresa los términos y condiciones establecidos en la sección doce 12 del contrato que claramente dispone lo siguiente:*

(1) Su participación en el Plan no constituye un derecho adquirido;

(2) El Plan su participación en el mismo son ofrecidos por la Compañía de forma totalmente discrecional;

(3) Su participación en el Plan es voluntaria; y

(4) La Compañía y sus afiliados no son responsables por cualquier disminución en el valor de las Acciones adquiridas al momento de tener derecho conforme a la Opción.

Reconocimiento de Ley Laboral y Declaración de la Política. *Al aceptar el Otorgamiento de la Opciónes, Usted reconoce que Zimmer Biomet Holdings, Inc., con oficinas registradas en 345 East Main Street, Warsaw, Indiana, 46580, Estados Unidos de América, es únicamente responsable de la administración del Plan. Usted además reconoce*

que su participación en el Plan, la concesión de Opciónes y cualquier adquisición de acciones de conformidad con el Plan no constituyen una relación de trabajo entre Usted y Zimmer Biomet Holdings, Inc., ya que Usted está participando en el Plan sobre una base totalmente comercial y su único patrón es una sociedad mercantil Mexicana ("Zimmer-México"). Derivado de lo anterior, Usted expresamente reconoce que el Plan y los beneficios que pueden derivarle de la participación en el Plan no establecen ningún derecho entre Usted y su Patrón, Zimmer-México, y no forman parte de las condiciones de trabajo y/o prestaciones otorgadas por Zimmer-México, y cualquier modificación al Plan o su terminación no constituirá un cambio o perjuicio de los términos y condiciones de su trabajo.

Usted además entiende que su participación en el Plan es resultado de una decisión unilateral y discrecional de Zimmer Biomet Holdings. Inc., por lo tanto Zimmer Biomet Holdings, Inc. se reserva el derecho absoluto de modificar el Plan y/o discontinuar su participación en el Plan en cualquier momento, sin responsabilidad alguna para hacia Usted.

Finalmente, Usted declara que no se reserva acción o derecho alguno para presentar una reclamación o demanda en contra de Zimmer Biomet Holdings., Inc. por cualquier compensación o daño o perjuicio en relación con cualquier disposición del Plan o los beneficios derivados del Plan y, por lo tanto, otorga un amplio y total finiquito a Zimmer Biomet Holdings, Inc., sus afiliados, afiliadas, sucursales, oficinas de representación, accionistas, directores, funcionarios, agentes y representantes con respecto a cualquier reclamación o demanda que pudiera surgir.

Netherlands

There are no country-specific provisions.

New Zealand

Securities Law Information.

Warning

This is an offer of an Option over shares of Common Stock. Shares of Common Stock give you a stake in the ownership of the Company. You may receive a return if dividends are paid. Shares of Common Stock are quoted on the New York Stock Exchange ("NYSE"). This means you may be able to sell them on the NYSE if there are interested buyers. You may get less than you invested. The price will depend on the demand for the shares of Common Stock.

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

In compliance with applicable New Zealand securities laws, you are entitled to receive, in electronic or other form and free of cost, copies of the Company's latest annual report, relevant financial statements and the auditor's report on said financial statements (if any).

You should ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

Norway

There are no country-specific provisions.

Poland

There are no country-specific provisions.

Portugal

Language Consent. You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Agreement.

Conhecimento da Lingua. Você expressamente declara ter pleno conhecimento do idioma inglês e ter lido, entendido e totalmente aceito e concordou com os termos e condições estabelecidas no plano e no acordo.

Puerto Rico

There are no country-specific provisions.

Romania

There are no country-specific provisions.

Saudi Arabia

Securities Law Information. The Agreement and related Plan documents may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offers of Securities and Continuing Obligations issued by the Capital Market Authority ("CMA"). The CMA does not make any representation as to the accuracy or completeness of the Agreement, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Agreement. You should conduct your own due diligence on the accuracy of the information relating to the shares of Common Stock. If you do not understand the contents of the Agreement, you should consult an authorized financial adviser.

Singapore

Sale of Common Stock. You hereby agree that any shares of Common Stock received upon exercise will not be offered for sale in Singapore prior to the six (6) month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemption under Part XIII Division I Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("SFA") or pursuant to, and in accordance with the conditions of, any other applicable provision(s) of the SFA.

Securities Law Information. This Option grant is being made in reliance of section 273(1)(f) of the SFA and is not made to you with a view to the Option being subsequently offered for sale to any other party. The Plan has not been, and will not be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

Chief Executive Officer and Director Notification Obligation. If you are the Chief Executive Officer ("CEO") or a director (including an alternative, substitute or shadow director) of the Company's Singapore Affiliate, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company's Singapore Affiliate in writing within two (2) business days of any of the following events: (1) receiving an interest (*e.g.*, an Option or Common Stock) in the Company or any Affiliate; (2) any change in a previously-disclosed interest (*e.g.*, the sale of shares of Common Stock); or (3) becoming the CEO or a director.

Slovakia

There are no country-specific provisions.

South Africa

Securities Law Information. In compliance with South African securities law, you acknowledge that you have been notified that the documents listed below are available for your review at the addresses listed below:

(a) (a)Zimmer Biomet Holdings, Inc.'s most recent annual financial statements: http://investor.zimmerbiomet.com/financial-information/annual-reports; and

(b) (b)Zimmer Biomet Holdings, Inc.'s most recent Plan prospectus, which is viewable at: https://thecircle.zimmerbiomet.com/espp/Pages/eis.aspx.

You acknowledge that you may have a copy of the above documents sent to you, without fee, on written request to Zimmer Biomet Holdings, Inc., ATTN: Kathryn Diller, Corporate Securities Senior Administrator, 345 East Main Street, Post Office Box 708, Warsaw, Indiana 46581-0708, U.S.A. or kathryn.diller@zimmerbiomet.com.

Withholding Taxes. By accepting the Option, you agree to notify the Company and the Employer of the amount of any gain realized upon exercise of the Option. If you fail to advise the Company and the Employer of the gain realized upon exercise of the Option, you may be liable for a fine, upon conviction. You will be responsible for paying any difference between the actual tax liability and the amount withheld. If you do not inform the Employer of the sale, transfer or other disposition of the shares of Common Stock and if the Company (or the Employer or former employer, as applicable) is required to pay any taxes on your behalf due to your failure to inform it of any disposition of shares of Common Stock, the Company (or the Employer or former employer, as applicable) may recover any such amounts from you.

Exchange Control Information. Under current South African exchange control regulations, if you are a South African resident, you may invest a maximum of ZAR 11,000,000 per annum in offshore investments, including in shares of Common Stock. The first ZAR 1,000,000 annual discretionary allowance requires no prior authorization. The next ZAR 10,000,000 requires tax clearance. This limit does not apply to non-resident employees and does not apply to Options that are exercised using the cashless sell-all method of exercise. It is your responsibility to ensure that you do not exceed this limit and obtain the necessary tax clearance for remittances exceeding ZAR 1,000,000. This limit is a cumulative allowance; therefore, your ability to remit funds to exercise your Options will be reduced if your foreign investment limit is utilized to make a transfer of funds offshore that is unrelated to the Plan. If the ZAR 11,000,000 limit will be exceeded as a result of an Option exercise pursuant to the Plan, you will be required to immediately sell the shares at exercise and repatriate the proceeds to South Africa. If the ZAR 11,000,000 limit is not exceeded, you will not be required to immediately repatriate the sale proceeds to South Africa.

You are solely responsible for obtaining any necessary South African exchange control approval and neither the Company nor the Employer will be responsible for obtaining exchange control approval on your behalf. Furthermore, in the event you acquire shares of Common Stock without any necessary exchange control approval, neither the Company nor the Employer will be liable in any way for any resulting fines or penalties.

Spain

Nature of Grant. This provision supplements Section 12 of the Agreement:

By accepting the Option, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan.

You understand and agree that, as a condition of the grant of the Option, except as provided for in Section 8 of the Agreement, your termination of employment for any reason (including for the reasons listed below) will automatically result in the forfeiture of any Option that has not vested on the date of your termination.

In particular, you understand and agree that the Option will be forfeited in accordance with Section 8 of the Agreement without entitlement to the underlying shares of Common Stock or to any amount as indemnification in the event of a termination of your employment prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a "despido improcedente"), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without good cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, you understand that the Company has unilaterally, gratuitously and discretionally decided to grant Options under the Plan to individuals who may be employees of the Company or a Affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliate on an ongoing basis, other than as expressly set forth in the Agreement. Consequently,

you understand that the Options are granted on the assumption and condition that the Options and the shares of Common Stock underlying the Options shall not become a part of any employment or service contract (either with the Company, the Employer or any Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that the Options would not be granted to you but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any award of Options shall be null and void.

Securities Law Information. In connection with the grant of the Option, no "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including this Addendum) has not been nor will it be registered with the Comisión Nacional del Mercado de Valores, and does not constitute a public offering prospectus.

Sweden

Authorization to Withhold. This provision supplements Section 11 of the Agreement.

Without limitation to the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 11 of the Agreement in accepting the Option you authorize the Company and/or the Employer to withhold Shares or to sell Shares otherwise deliverable to you upon vesting/settlement to satisfy Tax-Related Items regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items.

Switzerland

Securities Law Information. Neither this document nor any other document relating to the grant (i) constitutes a prospectus according to articles 35 et. seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed or otherwise made publicly available in Switzerland to any person other than an employee of the Company or one of its Affiliates or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to Article 51 of FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority.

Taiwan

Securities Law Information. The Option and the shares of Common Stock to be issued pursuant to the Plan are available only to employees of the Company and its Affiliates. The grant of the Option does not constitute a public offer of securities.

Thailand

Exchange Control Information. Under current exchange control regulations, if you exercise your Options by paying cash, you may remit funds up to US$1,000,000 per year to invest in securities abroad through an authorized agent, *i.e.*, a commercial bank authorized by the Bank of Thailand to engage in the purchase, exchange and withdrawal of foreign currency. Thus, you may be required to execute certain documents relating to the Plan and submit them to an authorized commercial Bank. If the amount outwardly remitted is at least US$50,000 but does not exceed US$1,000,000 per year, you also must submit a Foreign Exchange Transaction Form together with certain Plan documents.

If you exercise your Options using a cashless method of exercise, you will not need to make a submission to a commercial bank.

As an individual resident in Thailand, you must repatriate any cash proceeds if the amount of the funds realized is US$50,000 or more in a single transaction. The repatriated proceeds must either be converted into Thai Baht or deposited into a foreign currency deposit account opened with any commercial bank in Thailand within 360 days of repatriation. Any such commercial bank must be duly authorized by the Bank of Thailand to engage in the purchase, exchange and withdrawal of foreign currency. Further, you must report the inward remittance of any proceeds into Thailand by submitting a completed Foreign Exchange Transaction Form.

If you do not comply with the above obligations, you may be subject to penalties assessed by the Bank of Thailand. Because exchange control regulations change frequently and without notice, you should consult your legal advisor before exercising your Option or selling shares of Common Stock to ensure compliance with current regulations. It is your responsibility to comply with exchange control laws in Thailand, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

Turkey

Securities Law Information. The Option is made available only to employees of the Company and its Affiliates, and the offer of participation in the Plan is a private offering. The grant of the Option and any issuance of shares of Common Stock at exercise takes place outside Turkey.

Exchange Control Information. In certain circumstances, Turkish residents are permitted to purchase (*i.e.*, exercise Options) and sell shares of Common Stock traded on a non-Turkish stock exchange only through a financial intermediary licensed in Turkey. Therefore, you may be required to appoint a Turkish broker to assist with the exercise and/or and sale of the shares of Common Stock acquired under the Plan. You should consult your personal legal advisor before exercising or selling any shares of Common Stock acquired under the Plan to confirm the applicability of this requirement.

United Arab Emirates

Securities Law Information. The Agreement, including this Addendum, and any other documents related to the Plan are intended for distribution only to eligible employees of the Company and any Affiliate and relate to the grant of Options in the United Arab Emirates.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the Plan. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved the documents related to the Plan or taken steps to verify the information set out therein, and have no responsibility for them.

The securities to which the grant under the Plan relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities.

Employees who do not understand the contents of the Agreement, including this Addendum, or any other documents related to the Plan, should consult an authorized financial advisor.

United Kingdom

Responsibility for Taxes. This provision supplements Section 11 of the Agreement:

Without limitation to this Section 11, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are an executive officer or director (within the meaning of Section 13(k) of the Exchange Act) and income tax that is due is not collected from or paid by you within 90 days after the end of the U.K. tax year in which the exercise of the Option, the release or assignment of the Option for consideration, or the receipt of any other benefit in connection with the Option occurs, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You understand that you will be responsible for reporting and paying any income tax due on this additional benefit directly to the HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from you by any means referred to in Section 11 of the Agreement.

ZIMMER BIOMET HOLDINGS, INC.

2009 STOCK INCENTIVE PLAN
THREE-YEAR PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD

Zimmer Biomet Holdings, Inc. (the "Company") grants you this restricted stock unit ("RSU") award ("Award") pursuant to the Company's 2009 Stock Incentive Plan ("Plan"). Each RSU represents an unfunded, unsecured promise by the Company to deliver one share of Common Stock ("Share") to you, subject to the fulfillment of the vesting requirements set forth in this agreement and in Annex A to this agreement (collectively, the "Agreement") and all other restrictions, terms and conditions contained in this Agreement and in the Plan. Except as may be required by law, you are not required to make any payment (other than payments for Tax-Related Items pursuant to Section 7 hereof) or provide any consideration other than the satisfaction of the vesting requirements. Capitalized terms that are not defined in this Agreement have the meanings given to them in the Plan.

Important Notice. If you do not wish to receive the RSUs and/or do not consent and agree to the terms and conditions on which the RSUs are offered, as set forth in this Agreement and the Plan, then you must reject the RSUs no later than 60 days following the Grant Date specified in Section 1 hereof. If you reject the Award, any right to the underlying RSUs will be cancelled. Your failure to reject the Award within this 60-day period will constitute your acceptance of the RSUs and your agreement with all terms and conditions of the Award, as set forth in this Agreement and the Plan.

1. **Grant Date** _____ __, 20__ (the "Grant Date").

2. **Number of RSUs Subject to this Award** The target number of RSUs subject to this Award was communicated to you separately and is posted to your online Zimmer Biomet long-term incentive plan account (administered as of the Grant Date by Fidelity Stock Plan Services, LLC ("Fidelity")).

3. **Vesting Schedule** This Award is based on a three-year performance period from January 1, 20__ to December 31, 20__ (the "Performance Period"). No RSUs will be earned unless and until the Committee determines the extent to which the performance criteria set forth in Annex A have been met with respect to the Performance Period. As soon as practicable following the availability of audited results of the Company for the year ended December 31, 20__, the Committee will determine whether and the extent to which the performance criteria in Annex A have been satisfied and the number of RSUs earned ("Earned RSUs"). Except as otherwise set forth in Sections 6, 15 and 16 below, provided that you have been continuously employed by the Company or its Affiliates since the Grant Date, the Earned RSUs, if any, will become vested and nonforfeitable on the third anniversary of the Grant Date (or, if later, the date the Committee makes its determination) (the "Scheduled Vest Date"). The period from the Grant Date until the Scheduled Vest Date is referred to in this Agreement as the "Restriction Period".

4. **Stockholder Rights** You will have none of the rights of a holder of Common Stock (including any voting rights, rights with respect to cash dividends paid by the Company on its Common Stock or any other rights whatsoever) until the Award is settled by the issuance of Shares to you.

5. **Conversion of Earned RSUs and Issuance of Shares** Subject to the terms and conditions of this Agreement and the Plan, the Company will issue and deliver Shares to you within 60 days after the Scheduled Vest Date for Earned RSUs. No fractional Shares will be issued under this Agreement. The Company will not be required to issue or deliver any Shares prior to (a) the admission of such Shares to listing on any stock exchange on which the stock may then be listed, (b) the completion of any registration or other qualification of such Shares under any state or federal law or rulings or regulations of any governmental regulatory body, or (c) the obtaining of any consent or approval or other clearance from any governmental agency, which the Company shall, in its sole discretion, determine to be necessary or advisable. The Company reserves the right to determine the manner in which the Shares are delivered to you, including but not limited to delivery by direct registration with the Company's transfer agent.

6. **Termination of Employment**

For all purposes of this Agreement, the term "Employment Termination Date" shall mean the earlier of (i) the date, as determined by the Company, that you are no longer actively employed by the Company or an Affiliate of the Company, and in the case of an involuntary termination, such date shall not be extended by any notice period mandated under local law (*e.g.*, active employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment

agreement, if any); or (ii) the date, as determined by the Company, that your employer is no longer an Affiliate of the Company.

. transfer of your employment from the Company to an Affiliate, or vice versa, or from one Affiliate to another, (ii) a leave of absence, duly authorized in writing by the Company, for military service or sickness or for any other purpose approved by the Company if the period of such leave does not exceed ninety (90) days, and (iii) a leave of absence in excess of ninety (90) days, duly authorized in writing by the Company, provided your right to reemployment is guaranteed either by a statute or by contract, shall not be deemed a termination of employment. However, your failure to return to the employ of the Company at the end of an approved leave of absence shall be deemed a termination. During a leave of absence as defined in (ii) or (iii), you will be considered to have been continuously employed by the Company.

:pt as set forth below, if your Employment Termination Date occurs before the Scheduled Vest Date, all RSUs subject to this Award shall be forfeited and immediately cancelled.

'ter you have been continuously employed by the Company or its Affiliates for one year or more from the Grant Date, you terminate employment on account of Retirement or death, all time-based restrictions imposed under this Award will lapse as of your Employment Termination Date, but this Award will continue to be subject to the satisfaction of the performance criteria set forth in Annex A; the number of Earned RSUs, if any, as determined by the Committee, will vest and become nonforfeitable on the Scheduled Vest Date (subject to any applicable requirements described in the definition of "Retirement" in the Plan).

e event of your death prior to the delivery of Shares issuable pursuant to Earned RSUs under this Agreement, such Shares shall be delivered to the duly appointed legal representative of your estate or to the proper legatees or distributees thereof, upon presentation of documentation satisfactory to the Committee.

7. Responsibility for Taxes

acknowledge that, regardless of any action taken by the Company or, if different, your actual employer (the "Employer"), the ultimate liability for all income tax (including federal, state and local taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you or deemed by the Company or the Employer to be an appropriate charge to you even if legally applicable to the Company or the Employer ("Tax-Related Items") is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the Award, the vesting or settlement of the RSUs, the conversion of the RSUs into Shares, the subsequent sale of any Shares acquired at vesting or the receipt of any dividends; and (ii) do not commit to, and are under no obligation to, structure the terms or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company or the Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to pay, or make adequate arrangements satisfactory to the Company or to the Employer (in their sole discretion) to satisfy all Tax-Related Items. In this regard and, if permissible under local law, you authorize the Company and/or the Employer, at their discretion, to satisfy any applicable obligations with respect to all Tax-Related Items in one or a combination of the following: (i) requiring you to pay an amount necessary to pay the Tax-Related Items directly to the Company (or the Employer) in the form of cash, check or other cash equivalent; (ii) withholding such amount from wages or other cash compensation payable to you by the Company and/or the Employer; (iii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization or such other authorization, without further consent, as you may be required to provide to the Company or Fidelity (or any other designated broker)); or (iv) withholding in Shares to be issued upon settlement of the RSUs. If you are a Section 16 officer of the Company under the Exchange Act ("Section 16 officer") who is primarily providing services in the U.S., withholding obligations for Tax-Related Items shall be satisfied by the mandatory withholding in Shares. If you are a Section 16 officer who is primarily providing services outside the U.S., any withholding in Shares to satisfy applicable withholding obligations shall be determined by the Committee prior to the applicable withholding event.

ending (c) On the withholding method, the Company and /or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates in your jurisdiction, including maximum rates applicable in your jurisdiction, in which case you may receive a refund of any over-withheld amount in cash (without any entitlement to the Shares) or, if not refunded, you may seek a refund from the local tax authorities. You agree that the amount withheld may exceed your actual liability. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

lly, you (d) agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

8. **Nature of Grant** In accepting the RSUs, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, consistent with the Plan's terms;

(b) the Award is exceptional, discretionary, voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, or benefits in lieu of RSUs even if RSUs have been awarded in the past;

(c) all decisions with respect to future RSU or other awards, if any, will be at the sole discretion of the Company;

(d) the Award and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate of the Company and shall not interfere with the ability of the Company, the Employer or any Affiliate of the Company, as applicable to terminate your employment or service relationship (if any);

(e) your participation in the Plan is voluntary;

(f) the Award, the Shares subject to the RSUs, and the income from and value of same are not intended to replace any pension rights or compensation provided by the Employer or required under applicable law;

(g) the Award and the Shares subject to the RSUs, and the income from and value of same are not part of normal or expected compensation for purposes of calculation of any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement benefits or similar mandatory payments;

(h) the future value of the Shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation arises from forfeiture of RSUs resulting from termination of your employment or other service relationship with the Company or the Employer (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), or resulting from a breach or violation as described in Section 15 or Section 16 below;

(j) unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares of the Company; and

(k) the following provisions apply only if you are providing services outside the United States: (i) the Award and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose; (ii) neither the Company, the Employer nor any other Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

9. **No Advice Regarding Grant** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the

Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

10. **Data Privacy** ***You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other RSU Award materials ("Data") by and among, as applicable, the Company, the Employer and any other Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.***

You understand that the Company and the Employer may hold certain personal data about you, including, but not limited to, your name, home address, telephone number, email address, date of birth, social insurance, passport or other identification number (e.g. resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other stock-based awards, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to Fidelity or such other stock plan service provider as may be selected by the Company to assist the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, Fidelity and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative.

Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service with the Employer will not be affected. The only consequence of refusing or withdrawing your consent is that the Company would not be able to grant RSUs or any other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Finally, upon the request of the Company or the Employer, you agree to provide an executed data privacy consent form (or any other agreements or consents) that the Company and/or the Employer may deem necessary to obtain from you for the purpose of administering your participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the Plan if you fail to provide any such consent or agreement requested by the Company and/or the Employer.

11. **Change in Control** Under certain circumstances, if your employment with the Company or its Affiliates terminates during the three year period following a Change in Control of the Company, this Award may be deemed vested. Please refer to the Plan for more information.

12. **Changes in Capitalization** If prior to the expiration of the Restriction Period changes occur in the outstanding Common Stock by reason of stock dividends, recapitalization, mergers, consolidations, stock splits, combinations or exchanges of Shares and the like, the number and class of Shares subject to this Award will be appropriately adjusted by the Committee, whose determination will be conclusive. If as a result of any adjustment under this paragraph you should become entitled to a fractional Share of stock, you will have the right only to the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Share so disregarded.

13. **Notice** Until you are advised otherwise by the Committee, all notices and other correspondence with respect to this Award will be effective upon receipt at the following address: Zimmer Biomet Holdings, Inc., ATTN: Employee Stock Services,

345 East Main Street, Post Office Box 708, Warsaw, Indiana 46581-0708, U.S.A.

14. **No Additional Rights** Except as explicitly provided in this Agreement, this Agreement will not confer any rights upon you, including any right with respect to continuation of employment by the Company or any of its Affiliates or any right to future awards under the Plan. In no event shall the value, at any time, of this Agreement, the Shares covered by this Agreement or any other benefit provided under this Agreement be included as compensation or earnings for purposes of any other compensation, retirement, or benefit plan offered to employees of the Company or its Affiliates unless otherwise specifically provided for in such plan.

15. **Breach of Restrictive Covenants** As a condition of receiving this Award, you have entered into a non-disclosure, non-solicitation and/or non-competition agreement with the Company or its Affiliates. The Company may, at its discretion, require execution of a restated non-disclosure, non-solicitation and/or non-competition agreement as a condition of receiving the Award. Should you decline to sign such a restated agreement as required by the Company and, therefore, forego receiving the Award, your most recently signed non-disclosure, non-solicitation and/or non-competition agreement shall remain in full force and effect. You understand and agree that if you violate any provision of any such agreement that remains in effect at the time of the violation, the Committee may require you to forfeit your right to any unvested portion of the Award and, to the extent that any portion of the Award has previously vested, the Committee may require you to return to the Company the Shares covered by the Award or any cash proceeds you received upon the sale of such Shares.

16. **Violation of Policies** Notwithstanding any other provisions of this Agreement, you understand and agree that if you engage in conduct (which may include a failure to act) in connection with, or that results in, a violation of any of the Company's policies, procedures or standards, a violation of the Company's Code of Business Conduct and Ethics, or that is deemed detrimental to the business or reputation of the Company, the Committee may, in its discretion, require you to forfeit your right to any unvested portion of the Award and, to the extent that any portion of the Award has previously vested, the Committee may require you to return to the Company the Shares covered by the Award or any cash proceeds you received upon the sale of such Shares. The Committee may exercise this discretion at any time that you are employed by the Company or any Affiliate of the Company, and at any time during the 18-month period following the termination of your employment with the Company or any Affiliate of the Company for any reason, including, without limitation, on account of Retirement or death.

17. **Consent to Electronic Delivery** The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. **Code Section 409A Compliance** To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. The RSUs granted in this Award are intended to be short-term deferrals exempt from Section 409A, but in the event that any portion of this Award constitutes deferred compensation within the meaning of Section 409A, then the issuance of Shares covered by an RSU award shall conform to the Section 409A standards, including, without limitation, the requirement that no payment on account of separation from service will be made to any specified employee (within the meaning of Section 409A) until six months after the separation from service occurs, and the prohibition against acceleration of payment, which means that the Committee does not have the authority to accelerate settlement of this Award in the event that any portion of it constitutes deferred compensation within the meaning of Section 409A. Any provision of the Plan or this Agreement that would cause this Award to fail to satisfy any applicable requirement of Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.

19. **Construction and Interpretation** The Board of Directors of the Company (the "Board") and the Committee shall have full authority and discretion, subject only to the express terms of the Plan, to decide all matters relating to the administration and interpretation of the Plan and this Agreement and all such Board and Committee determinations shall be final, conclusive, and binding upon you and all interested parties. The terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, as amended from time to time, which shall be controlling. This Agreement and the Plan contain the

entire understanding of the parties and this Agreement may not be modified or amended except in writing duly signed by the parties. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other party to this Agreement. The various provisions of this Agreement are severable and in the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. This Agreement will be binding upon and inure to the benefit of the successors, assigns, and heirs of the respective parties.

The validity and construction of this Agreement shall be governed by the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. For purposes of litigating any dispute arising under this Agreement, the parties hereby submit and consent to the jurisdiction of the State of Indiana, agree that such litigation shall be conducted in the courts of Kosciusko County Indiana, or the federal courts for the United States for the Northern District of Indiana, where this grant is made and/or to be performed.

You acknowledge that you are proficient in the English language, or have consulted with an advisor who is proficient in English, so as to enable you to understand the provisions of this Agreement and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if meaning of the translated version is different from the English version, the English version will control.

20. **Insider Trading/Market Abuse Laws** Depending on your country, Fidelity's country or the country in which Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States; your country or the country of the applicable stock plan service provider, which may affect your ability to accept, acquire, sell, attempt to sell or otherwise dispose of Shares, rights to Shares (*e.g.*, RSUs) or rights linked to the value of Shares during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

21. **Foreign Asset/Account Reporting** Please be aware that your country may have certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You acknowledge that it is your responsibility to be compliant with such regulations, and you should speak to your personal advisor on this matter.

22. **Compliance with Laws and Regulations** Notwithstanding any other provisions of this Agreement, you understand that the Company will not be obligated to issue any Shares pursuant to the vesting of the RSUs if the issuance of such Shares shall constitute a violation by you or the Company of any provision of law or regulation of any governmental authority. Any determination by the Company in this regard shall be final, binding and conclusive.

23. **Addendum** Your Award shall be subject to any special provisions set forth in the Addendum to this Agreement for your country, if any. If you relocate to one of the countries included in the Addendum during the Restriction Period, the special provisions for such country shall apply to you, to the extent the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. The Addendum, if any, constitutes part of this Agreement.

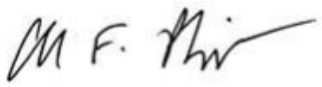
24. **Imposition of Other Requirements** The Company reserves the right to impose other requirements on your participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to

require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. **Recoupment** Any benefits you may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder; (ii) similar rules under the laws of any other jurisdiction; and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to you.

26. **Acceptance** If you do not agree with the terms of this Agreement and the Plan, you must reject the Award no later than 60 days following the Grant Date; non-rejection of the Award will constitute your acceptance of the Award on the terms on which they are offered, as set forth in this Agreement and the Plan.

ZIMMER BIOMET HOLDINGS, INC.

By: 

Chad F. Phipps
Senior Vice President,
General Counsel and Secretary

ZIMMER BIOMET HOLDINGS, INC.

2009 STOCK INCENTIVE PLAN
THREE-YEAR PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD

20__ GRANT

PERFORMANCE CRITERIA

Performance will be measured 50% on revenue growth and 50% on relative total shareholder return (TSR), as described further below

- Performance on each metric will be measured over a three-year (20__-20__) period relative to 20__
- The revenue and TSR component payouts will be determined independently and then added together for the total payout for the three-year performance period, subject to the maximum defined in the payout range below

Possible Payout as a Percentage of Target Award	
	20__-20__
Payout Range*	0% - 200%
Scheduled Vest Date**	_____ __, 20__

*Payout as a percentage of target number of RSUs subject to this award
** Scheduled Vest Date is later of date indicated or the date the Committee determines whether and the extent to which the performance criteria have been satisfied and the number of RSUs earned, if any

Revenue Growth Component (50%)

- Constant currency, compound annual growth rate (CAGR)
- Material acquisitions, divestitures and accounting changes may result in restating the base year (i.e., 20__), while the threshold, target and stretch CAGRs would not change

Revenue CAGR Over 20__

	20__-20__	**Payout***
Stretch	>=___%	200%
Target	**___%**	**100%**
Threshold	___%	50%
Below Threshold	<___%	0%

*Payout as a percentage of target number of RSUs subject to this award; linear interpolation between goals

Relative Total Shareholder Return (TSR) Component (50%)

- TSR measured against the S&P 500 Health Care Index constituents
- TSR will be measured as the 20-trading-day average stock price prior to the end of the performance period over the 20-trading-day average stock price prior to the beginning of the performance period (adjusted for any dividends)
- Payout under this component will be capped at target if Zimmer Biomet's TSR is negative

Relative TSR (%ile)

	20__-20__	**Payout***
Stretch	>=___th	200%
Above Target	___th	150%
Target	**___th**	**100%**
Threshold	___th	50%
Below Threshold	<___th	0%

*Payout as a percentage of target number of RSUs subject to this award; linear interpolation between goals

Addendum
ZIMMER BIOMET HOLDINGS, INC.
SPECIAL PROVISIONS FOR RESTRICTED STOCK UNITS IN CERTAIN COUNTRIES

This Addendum includes special country-specific terms that apply if you are residing and/or working in one of the countries listed below. This Addendum is part of the Agreement. Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

This Addendum also includes information of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 20__ and is provided for informational purposes. Such laws are often complex and change frequently and results may be different based on the particular facts and circumstances. As a result, the Company strongly recommends that you do not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time the RSUs vest or you sell Shares acquired under the Plan.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Note that if you are a citizen or resident of a country other than the country in which you are residing and/or working, or transfer employment after the RSUs are granted to you, or are considered a resident of another country for local law purposes, the information contained in this Addendum may not be applicable to you, and the Company shall, in its discretion, determine to what extent the terms and conditions or notifications contained herein shall be applicable to you. If you transfer residency and/or employment to another country or are considered a resident of another country listed in the Addendum after the RSUs are granted to you, the terms and/or information contained for that new country (rather than the original grant country) may be applicable to you.

European Union / European Economic Area / Switzerland / United Kingdom

Data Privacy Notice. This section replaces Section 10 of the Agreement for participants in the European Union ("EU"), European Economic Area ("EEA"), Switzerland and/or United Kingdom ("UK"):

Data Collection and Usage. Pursuant to applicable data protection laws, you are hereby notified that the Company collects, processes, uses, and transfers certain personally-identifiable information about you for the exclusive legitimate purposes of implementing, administering and managing the Plan and generally administering equity awards; specifically, your name, home address, email address, telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all RSUs or any other entitlement to Shares granted, canceled, exercised, vested, unvested or outstanding in your favor, which the Company receives from you or the Employer ("Data"). In order to facilitate your participation in the Plan, the Company will collect, process, use and transfer your Data for purposes of allocating Shares and implementing, administering and managing the Plan. The Company collects, processes, uses and transfers your personal data pursuant to the Company's legitimate business interests of managing the Plan and generally administering employee compensation and related benefits. Your refusal to provide Data may affect your ability to participate in the Plan. As such, by participating in the Plan, you voluntarily acknowledge the collection, use, processing and transfer of your Data as described herein.

Stock Plan Administration Service Providers. The Company transfers Data to Fidelity, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with that service provider, which will serve in a similar manner. The Company's service provider will open an account for you to receive and trade Shares acquired under the Plan. The processing of Data will take place through electronic means. Data will only be accessible by those individuals requiring access to it for purposes of implementation, administration and operation of the Plan.

International Data Transfers. The Company and its service providers are based, in relevant part, in the United States, which means that it will be necessary for Data to be transferred to, and processed in, the United States. By enrolling

in the Plan, you understand that the service providers will receive, possess, use, retain and transfer Data for the purposes of implementing, administering and managing your participation in the Plan. When transferring Data to these service providers, the Company provides appropriate safeguards for protecting Data, including reliance on standard contractual clauses. You may request a copy of, or information about, the safeguards used to protect Data by contacting kathryn.diller@zimmerbiomet.com.

Data Retention. The Company will use Data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company keeps the Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be for compliance with relevant laws or regulations.

Data Subject Rights. To the extent provided by law, you have the right to request (i) access to or copies of Data the Company processes, (ii) rectification of Data, (iii) erasure of Data, (iv) restrictions on processing of Data, (v) portability of Data and/or to lodge complaints with competent authorities in your country, and/or (vi) request a list with the names and addresses of any potential recipients of the Data. You understand that the only consequence of refusing to provide Data is that Company may not be able to allow you to participate in the Plan, or grant other equity awards or administer or maintain such awards. For more information on the consequences of the refusal to provide Data, you may contact kathryn.diller@zimmerbiomet.com.

All Countries

Labor Laws. This provision supplements Section 6(d) of the Agreement.

Notwithstanding the foregoing, if the Company receives a legal opinion that there has been a legal judgment and/or legal development in your jurisdiction that likely would result in the favorable treatment that applies to the RSUs as a result of you retiring or reaching a certain age being deemed unlawful and/or discriminatory, the favorable treatment shall not apply and you shall be treated as set forth in the remaining provisions of Section 6(d) of the Agreement.

Argentina

Labor Law Acknowledgement and Policy Statement. This provision supplements Section 8 of the Agreement.

In accepting the RSUs, you acknowledge and agree that the grant of RSUs is made by the Company (not the Employer) in its sole discretion and that the value of the RSUs or any Shares acquired under the Plan shall not constitute salary or wages for any purpose under Argentine labor law, including, but not limited to, the calculation of (i) any labor benefits including, but not limited to, vacation pay, thirteenth salary, compensation in lieu of notice, annual bonus, disability, and leave of absence payments, etc., or (ii) any termination or severance indemnities or similar payments.

If, notwithstanding the foregoing, any benefits under the Plan are considered for any purpose under Argentine labor law, you acknowledge and agree that such benefits shall not accrue more frequently than on each vesting date.

Securities Law Information. Neither the RSUs nor the underlying Shares are publicly offered or listed on any stock exchange in Argentina and, as a result, have not been and will not be registered with the Argentine Securities Commission (*Comisión Nacionale de Valores*). The offer is private and not subject to the supervision of any Argentine governmental authority. Neither this nor any other document relating to the Plan or the Shares underlying the RSUs may be utilized in connection with any general offering to the public in Argentina. Argentine residents who acquire RSUs under the Plan do so according to the terms of a private offering made from outside Argentina.

Australia

Securities Law Information. The RSU grant is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order 14/1000. Additional details are set forth in the Offer Document for the Offer of Restricted Stock Units and Stock Options to Australian Resident Employees, the Plan and the Agreement. By accepting the RSUs, you acknowledge and confirm that you have received these documents.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (the "Act") applies (subject to the conditions in that Act).

Austria

There are no country-specific provisions.

Belgium

There are no country-specific provisions.

Brazil

Compliance with Law. In accepting the RSUs, you agree that you will comply with applicable Brazilian laws when the RSUs vest and you sell Shares. You also agree to report and pay any and all Tax-Related Items associated with the vesting of the RSUs, the receipt of any dividends and the sale of Shares acquired under the Plan.

Labor Law Acknowledgement and Policy Statement. This provision supplements Section 8 of the Agreement.

In accepting the RSUs, you agree that (i) you are making an investment decision by accepting the RSUs and (ii) the value of the underlying Shares is not fixed an may increase or decrease in value over the vesting period without compensation to you.

Canada

Settlement of RSUs. RSUs will be settled in Shares only, not cash.

Labor Law Information. This provision replaces Section 6(a) of the Agreement.

For all purposes of this Agreement, and except as expressly required by applicable legislation, the term "Employment Termination Date" shall mean the earliest of: (1) the date upon which your employment with the Employer is terminated; (2) the date you are no longer employed by or providing services to the Company or its Affiliates; or (3) at the discretion of the Committee, the date you receive written notice of termination of employment from the Employer, regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to statutory law, regulatory law and/or common law). In the event that the date you are no longer actively providing services cannot be reasonably determined under the terms of the Agreement or the Plan, the Committee shall have the exclusive discretion to determine when you are no longer employed for purposes of the RSUs (including whether you still may be considered to be providing services while on a leave of absence).

Securities Law Information. You acknowledge and agree that you will only sell Shares acquired through participation in the Plan outside of Canada through the facilities of a stock exchange on which the Shares are listed. Currently, the Shares are listed on the New York Stock Exchange.

The following provisions apply if you are a resident in Quebec:

Language Acknowledgment.

The parties acknowledge that it is their express wish that this Agreement, including this Addendum, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be provided to them in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciares, éxécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Data Privacy Consent. This provision supplements Section 10 of the Agreement:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved with the administration of the Plan. You further authorize the Company, any Affiliates, the administrator of the Plan and Fidelity to disclose and discuss the Plan with their advisors. You further authorize the Company or any Affiliates to record such information and to keep such information in your file.

Chile

Securities Law Information. The offer of RSUs constitutes a private offering of securities in Chile effective as of the Grant Date. This offer of RSUs is made subject to general ruling N° 336 of the Chilean Commission for the Financial Market ("CMF"). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given that the RSUs are not registered in Chile, the Company is not required to provide public information about the RSUs or the Shares in Chile. Unless the RSUs and/or the Shares are registered with the CMF, a public offering of such securities cannot be made in Chile.

Esta oferta de Unidades de Acciones Restringidas ("RSU") constituye una oferta privada de valores en Chile y se inicia en la Fecha de la Concesión. Esta oferta de RSU se acoge a las disposiciones de la Norma de Carácter General Nº 336 ("NCG 336") de la Comisión para el Mercado Financiero ("CMF"). Esta oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse los RSU de valores no registrados en Chile, no existe obligación por parte de la Compañía de entregar en Chile información pública respecto de los RSU or sus Acciones. Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

China

The following provisions apply if you are subject to exchange control regulations in China, as determined by the Company in its sole discretion.

Settlement of RSUs and Sale of Shares. Due to local regulatory requirements, you acknowledge, understand and agree that the Company reserves the right to require the sale of any Shares to be issued to you upon vesting and settlement of the RSUs. Any such sale may occur (i) immediately upon vesting and settlement of the RSUs, (ii) within six months following your termination of employment with the Company or any Affiliate of the Company or (iii) within any such other time frame as may be required by local regulatory requirements. You further agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization and without further consent) and you expressly authorize the Company's designated broker to complete the sale of such Shares. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. You acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

Exchange Control Information. You understand and agree that, to comply with exchange control requirements, you will be required to immediately repatriate to China the cash proceeds from the sale of the Shares issued upon the vesting of the RSUs or any cash dividends paid on such Shares. You further understand that, under local law, such repatriation of funds will be effectuated through a special exchange control account established by the Company or one of its Affiliates, and you hereby consent and agree that the proceeds from the sale of Shares acquired under the Plan or cash dividends may be transferred to such special account prior to being delivered to you.

The Company may deliver the proceeds to you in US dollars or local currency at the Company's discretion. If the proceeds are paid in US dollars, you understand that you may be required to set up a US dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to you and, due to fluctuations in the Share trading price and/or the US

dollar/PRC exchange rate between the vesting/sale date and (if later) when the proceeds can be converted into local currency, the proceeds that you receive may be more or less than the market value of the Shares on the vesting/sale date. You agree to bear the risk of any currency fluctuation between the date the RSUs vest, the receipt of funds and the date of conversion of any funds into local currency.

You further agree to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

Costa Rica

There are no country-specific provisions.

Czech Republic

Exchange Control Information. The Czech National Bank may require you to fulfill certain notification duties in relation to the opening and maintenance of a foreign account.

Because exchange control regulations change frequently and without notice, you should consult your personal legal advisor regarding your participation in the Plan to ensure compliance with current regulations. It is your responsibility to comply with Czech exchange control laws, and neither the Company nor the Employer will be liable for any resulting fines or penalties.

Denmark

Stock Option Act. You acknowledge that you have received an Employer Statement in Danish which is being provided to comply with the Danish Stock Option Act (the "Act").

You acknowledge that you understand that the Act applies to "employees" as that term is defined in Section 2 of the Act. If you are a member of the registered management of an Affiliate in Denmark or otherwise do not satisfy the definition of employee, you are not subject to the Act and the Employer Statement will not apply to you.

In accepting the RSUs, you acknowledge the Act has been amended as of January 1, 2019. Accordingly, you are advised and agree that the provisions governing the RSUs in case of your termination under the Agreement and the Plan will apply for any grant of RSUs made on or after January 1, 2019. The relevant provisions are detailed in the Agreement, the Plan and the Employer Statement.

Finland

There are no country-specific provisions.

France

Language Acknowledgement

By accepting the Agreement providing for the terms and conditions of your grant, you confirm having read and understood the documents relating to this grant (the Plan and the Agreement) which were provided in English. You accept the terms of those documents accordingly.

En acceptant le Contrat d'Attribution décrivant les termes et conditions de votre attribution, vous confirmez ainsi avoir lu et compris les documents relatifs á cette attribution (le Plan et le Contrat d'Attribution) qui ont été communiqués en langue anglaise. Vous acceptez les termes en connaissance de cause.

Exchange Control Information. If you transfer more than €10,000 in Shares or cash into or out of France without the use of a financial intermediary, you must declare the transfer to the French tax and customs authorities.

Germany

Exchange Control Information. For statistical purposes, the German Federal Bank requires that you file electronic reports of any cross-border transactions in excess of €12,500. If you make or receive a payment in excess of this amount, you are responsible for complying with applicable reporting requirements. The electronic "General Statistics Reporting Portal" (*Allgemeines Meldeportal Statistik*) can be accessed on the Germany Federal Bank's website: www.bundesbank.de.

Greece

There are no country-specific provisions.

Hong Kong

Settlement of RSUs. RSUs will be settled in Shares only, not cash.

Securities Law Information. *Warning: The RSUs and any Shares issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or its Affiliates. The Agreement, including this Addendum, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, nor have the documents been reviewed by any regulatory authority in Hong Kong. The RSUs are intended only for the personal use of each eligible employee of the Employer, the Company or any Affiliate and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, including this Addendum, or the Plan, or any other incidental communication materials, you should obtain independent professional advice.*

Nature of Scheme. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

Sale of Shares. In the event the RSUs vest and you are issued Shares within six months of the Grant Date, you agree that you will not sell or otherwise dispose of such Shares prior to the six-month anniversary of the Grant Date.

Iceland

There are no country-specific provisions.

India

Exchange Control Information. You must repatriate all proceeds received from your participation in the Plan to India within the period of time prescribed under applicable Indian exchange control laws, as may be amended from time to time. You will receive a foreign inward remittance certificate ("FIRC") from the bank where you deposit the proceeds. You should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation.

It is your responsibility to comply with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

Ireland

There are no country-specific provisions.

Israel

Settlement of RSUs and Sale of Shares. Due to local regulatory requirements, you agree to the immediate sale of any Shares to be issued to you upon vesting and settlement of the RSUs. You further agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant

to this authorization) and you expressly authorize the Company's designated broker to complete the sale of such Shares. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. You acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

Italy

Plan Document Acknowledgment. By accepting the RSUs, you acknowledge that you have received a copy of the Plan, reviewed the Plan, the Agreement and this Addendum in their entirety and fully understand and accept all provisions of the Plan, the Agreement and this Addendum.

In addition, you further acknowledge that you have read and specifically and expressly approve without limitation the following clauses in the Agreement: Section 7 (Responsibility for Taxes); Section 8 (Nature of Grant); Section 9 (No Advice Regarding Grant); Section 10 (Data Privacy, as replaced by the provision applicable to participants in the European Union / European Economic Area / Switzerland / United Kingdom); Section 14 (No Additional Rights); Section 16 (Violation of Policies); Section 17 (Consent to Electronic Delivery); Section 19 (Construction and Interpretation); Section 20 (Insider Trading/Market Abuse Laws) Section 21 (Foreign Asset/Account Reporting); Section 22 (Compliance with Laws and Regulations); Section 23 (Addendum); Section 24 (Imposition of Other Requirements) and Section 26 (Acceptance).

Japan

There are no country-specific provisions.

Korea

There are no country-specific provisions.

Lebanon

Compliance with Law. By accepting your RSUs and participating in the Plan, you agree that you will comply with applicable Lebanese laws and that you will report and pay any and all tax associated with the vesting of your RSUs, the sale of any Shares and the receipt of any dividends.

Malaysia

Director Notification Obligation. If you are a director of the Company's Malaysian Affiliate, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian Affiliate in writing when you receive or dispose of an interest (*e.g.*, RSUs or Shares) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

Mexico

Acknowledgement of the Agreement. By accepting the RSUs, you acknowledge that you have received a copy of the Plan and the Agreement, including this Addendum, which you have reviewed. You further acknowledge that you accept all the provisions of the Plan and the Agreement, including this Addendum. You also acknowledge that you have read and specifically and expressly approve the terms and conditions set forth in the "Nature of Grant" section of the Agreement, which clearly provide as follows:

(1) Your participation in the Plan does not constitute an acquired right;

(2) The Plan and your participation in it are offered by the Company on a wholly discretionary basis;

(3) Your participation in the Plan is voluntary; and

(4) The Company and its Affiliates are not responsible for any decrease in the value of any Shares acquired at vesting of the RSUs.

Labor Law Acknowledgement and Policy Statement. By accepting the RSUs, you acknowledge that Zimmer Biomet Holdings, Inc., with registered offices at 345 East Main Street, Warsaw, Indiana, 46580, United States of America, is solely responsible for the administration of the Plan. You further acknowledge that your participation in the Plan, the grant of RSUs and any acquisition of Shares under the Plan do not constitute an employment relationship between you and Zimmer Biomet Holdings, Inc. because you are participating in the Plan on a wholly commercial basis and your sole employer is a Mexican legal entity ("Zimmer-Mexico"). Based on the foregoing, you expressly acknowledge that the Plan and the benefits that you may derive from participation in the Plan do not establish any rights between you and the Employer, Zimmer-Mexico, and do not form part of the employment conditions and/or benefits provided by Zimmer-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

You further understand that your participation in the Plan is the result of a unilateral and discretionary decision of Zimmer Biomet Holdings, Inc., therefore, Zimmer Biomet Holdings, Inc. reserves the absolute right to amend and/or discontinue your participation in the Plan at any time, without any liability to you.

Finally, you hereby declare that you do not reserve to you any action or right to bring any claim against Zimmer Biomet Holdings, Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that you therefore grant a full and broad release to Zimmer Biomet Holdings, Inc., its Affiliates, branches, representation offices, shareholders, officers, agents and legal representatives, with respect to any claim that may arise.

Spanish Translation

Reconocimiento del Contrato. *Al aceptar las RSUs, usted reconoce que ha recibido una copia del Plan y del Contrato con inclusión de este Apéndice, que le ha examinado. Usted reconoce, además, que usted acepta todas las disposiciones del Plan y del Contrato. Usted también reconoce que ha leído y, concretamente, y aprobar de forma expresa los términos y condiciones establecidos en la "Naturaleza del Otorgamiento" que claramente dispone lo siguiente:*

(1) Su participación en el Plan no constituye un derecho adquirido;

(2) El Plan y su participación en el Plan se ofrecen por Zimmer Biomet Holdings, Inc. en su totalidad sobre una base discrecional;

(3) Su participación en el Plan es voluntaria; y

(4) Zimmer Biomet Holdings, Inc. y sus afiliadas no son responsables de ninguna disminución en el valor de las acciones adquiridas en la adquisición de RSUs.

Reconocimiento de Ausencia de Relación Laboral y Declaración de la Política. *Al aceptar la RSUs, usted reconoce que Zimmer Biomet Holdings, Inc., con oficinas registradas en 345 East Main Street, Warsaw, Indiana, 46580, Estados Unidos de América, es el único responsable de la administración del Plan. Además, usted acepta que su participación en el Plan, la concesión de RSUs y cualquier adquisición de acciones en el marco del Plan no constituyen una relación laboral entre usted y Zimmer Biomet Holdings, Inc. porque usted está participando en el Plan en su totalidad sobre una base comercial y su único empleador es una sociedad mercantil Mexicana ("Zimmer-Mexico"). Derivado de lo anterior, usted expresamente reconoce que el Plan y los beneficios que pueden derivarse de la participación en el Plan no establece ningún derecho entre usted y su Empleador, Zimmer-Mexico, y que no forman parte de las condiciones de empleo y / o prestaciones previstas por Zimmer-Mexico, y cualquier modificación del Plan o la terminación de su contrato no constituirá un cambio o deterioro de los términos y condiciones de su empleo.*

Además, usted entiende que su participación en el Plan es causada por una decisión discrecional y unilateral de Zimmer Biomet Holdings, Inc., por lo que Zimmer Biomet Holdings, Inc. se reserva el derecho absoluto a modificar y/o suspender su participación en el Plan en cualquier momento, sin responsabilidad alguna para con usted.

Finalmente, usted manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de Zimmer Biomet Holdings, Inc., por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia usted otorga un amplio y total finiquito a Zimmer Biomet Holdings, Inc., sus afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales con respecto a cualquier demanda que pudiera surgir

Netherlands

There are no country-specific provisions.

New Zealand

Securities Law Information.

Warning

This is an offer of RSUs over Shares. Shares give you a stake in the ownership of the Company. You may receive a return if dividends are paid. Shares are quoted on the New York Stock Exchange ("NYSE"). This means you may be able to sell them on the NYSE if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

In compliance with applicable New Zealand securities laws, you are entitled to receive, in electronic or other form and free of cost, copies of the Company's latest annual report, relevant financial statements and the auditor's report on said financial statements (if any).

You should ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

Norway

There are no country-specific provisions.

Poland

There are no country-specific provisions.

Portugal

Language Consent. You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Agreement.

Conhecimento da Lingua. Por meio do presente, eu declaro expressamente que tem pleno conhecimento da língua inglesa e que li, compreendi e livremente aceitei e concordei com os termos e condições estabelecidas no Plano e no acordo.

Puerto Rico

There are no country-specific provisions.

Romania

There are no country-specific provisions.

Russia

Securities Law Information. The Employer is not in any way involved in the offer of RSUs or administration of the Plan. These materials do not constitute advertising or an offering of securities in Russia nor do they constitute placement of the Shares in Russia. The issuance of Shares pursuant to the RSUs described herein has not and will not be registered in Russia and hence, the Shares described herein may not be admitted or used for offering, placement or public circulation in Russia.

Data Privacy Notice. This section replaces Section 10 of the Agreement.

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement by and among, as applicable, the Employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company, any Affiliate and/or the Employer may hold certain personal data about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in your favor ("Data"), for the purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to Fidelity or such other stock plan service provider as may be selected by the Company in the future, which is assisting in the implementation, administration and management of the Plan, that the recipients of the Data may be located in your country, or elsewhere, and that the recipients' country (*e.g.*, the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting the US human resources representative or stock plan services. You authorize the Company, Fidelity and other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of the RSUs may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan.

You understand that you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case and without cost, by contacting in writing the US human resources representative. You understand that refusal or withdrawal, rescission or termination of consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact the US human resources representative or stock plan services.

US Transaction. Any Shares issued pursuant to the RSUs shall be delivered to you through a brokerage account in the US You may hold Shares in your brokerage account in the US; however, in no event will Shares issued to you and/or Share certificates or other instruments be delivered to you in Russia. You are not permitted to make any public advertising or announcements regarding the RSUs or Shares in Russia, or promote these Shares to other Russian legal entities or individuals, and you are not permitted to sell or otherwise dispose of Shares directly to other Russian legal entities or individuals. You are permitted to sell Shares only on the New York Stock Exchange and only through a US broker.

Settlement of RSUs and Sale of Shares. Due to local regulatory requirements, the Company reserves the right to require the immediate sale of any Shares to be issued to you upon vesting of the RSUs. You agree that the Company is authorized to instruct its designated broker to assist with any such mandatory sale of the Shares (on your behalf pursuant to this authorization) and you expressly authorize the Company's designated broker to complete the sale of such Shares, if so instructed by the Company. In such case, you acknowledge that the Company's designated broker

is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. You may hold the cash proceeds in the brokerage account in the US for an indefinite period of time (*e.g.*, for subsequent reinvestment). You acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

Anti-Corruption Notification. Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (*e.g.*, Shares of foreign companies such as the Company). Accordingly, please inform the Company if you are covered by these laws because you should not hold Shares acquired under the Plan.

Saudi Arabia

Securities Law Information. The Agreement and related Plan documents may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offers of Securities and Continuing Obligations issued by the Capital Market Authority ("CMA"). The CMA does not make any representation as to the accuracy or completeness of the Agreement, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Agreement. You should conduct your own due diligence on the accuracy of the information relating to the Shares. If you do not understand the contents of the Agreement, you should consult an authorized financial adviser.

Singapore

Sale of Common Stock. You hereby agree that any Shares received at settlement will not be offered for sale in Singapore prior to the six (6) month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemption under Part XIII Division I Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("SFA") or pursuant to, and in accordance with the conditions of, any other applicable provision(s) of the SFA.

Securities Law Information. The Award is being made in reliance of section 273(1)(f) of the SFA and is not made to you with a view to the RSUs being subsequently offered for sale to any other party. The Plan has not been, and will not be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

Chief Executive Officer and Director Notification Obligation. If you are the Chief Executive Officer ("CEO") or a director (including an alternative, substitute or shadow director) of the Company's Singapore Affiliate, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company's Singapore Affiliate in writing within two (2) business days of any of the following events: (1) receiving an interest (*e.g.*, RSUs or Shares) in the Company or any Affiliate; (2) any change in a previously-disclosed interest (*e.g.*, the sale of Shares); or (3) becoming the CEO or a director.

Slovakia

There are no country-specific provisions.

South Africa

Securities Law Information. In compliance with South African securities law, you acknowledge that you have been notified that the documents listed below are available for your review at the addresses listed below:

(a) Zimmer Biomet Holdings, Inc.'s most recent annual financial statements: http://investor.zimmerbiomet.com/financial-information/annual-reports; and

(b) Zimmer Biomet Holdings, Inc.'s most recent Plan prospectus, which is viewable at: https://thecircle.zimmerbiomet.com/espp/Pages/eis.aspx.

You acknowledge that you may have a copy of the above documents sent to you, without fee, on written request to Zimmer Biomet Holdings, Inc., ATTN: Kathryn Diller, Corporate Securities Senior Administrator, 345 East Main Street, Post Office Box 708, Warsaw, Indiana 46581-0708, U.S.A. or kathryn.diller@zimmerbiomet.com.

Withholding Taxes. By accepting the RSUs, you agree to notify the Employer of the amount of any gain realized upon vesting of the RSUs. If you fail to advise the Employer of the gain realized upon vesting of the RSUs, you may be liable for a fine, upon conviction. You will be responsible for paying any difference between the actual tax liability and the amount withheld by the Employer. If you do not inform the Employer of the sale, transfer or other disposition of the Shares and if the Company (or the Employer or former employer, as applicable) is required to pay any taxes on your behalf due to your failure to inform it of any disposition of Shares, the Company (or the Employer or former employer, as applicable) may recover any such amounts from you.

Spain

Nature of Grant. This provision supplements Section 8 of the Agreement:

By accepting the RSU, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan document.

You understand and agree that, as a condition of the grant of the RSU, except as provided for in Section 6 of the Agreement, your termination of employment for any reason (including for the reasons listed below) will automatically result in the forfeiture of any RSU that has not vested on your Employment Termination Date.

In particular, you understand and agree that the RSU will be forfeited in accordance with Section 6 of the Agreement without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination of your employment prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a "despido improcedente"), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without good cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, you understand that the Company has unilaterally, gratuitously and discretionally decided to grant RSUs under the Plan to individuals who may be employees of the Company or an Affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliate on an ongoing basis, other than as expressly set forth in the Agreement. Consequently, you understand that the RSUs are granted on the assumption and condition that the RSUs and the Shares underlying the RSUs shall not become a part of any employment or service contract (either with the Company, the Employer or any Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that the RSUs would not be granted to you but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any award of RSUs shall be null and void.

Securities Law Information. In connection with this grant of RSUs, no "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including this Addendum) has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Sweden

Authorization to Withhold. This provision supplements Section 7 of the Agreement.

Without limitation to the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 7 of the Agreement in accepting the grant of RSUs, you authorize the Company and/or the Employer to withhold Shares or to sell Shares otherwise deliverable to you upon vesting/settlement to

satisfy Tax-Related Items regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items.

Switzerland

Securities Law Information. Neither this document nor any other document relating to the grant (i) constitutes a prospectus according to articles 35 et. seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or one of its Affiliates or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to Article 51 of FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority.

Taiwan

Securities Law Information. The RSUs and the Shares to be issued pursuant to the Plan are available only to employees of the Company and its Affiliates. The grant of the RSUs does not constitute a public offer of securities.

Thailand

Exchange Control Information. As an individual resident in Thailand, you must repatriate any cash proceeds if the amount of the funds realized is US$50,000 or more in a single transaction. The repatriated proceeds must either be converted into Thai Baht or deposited into a foreign currency deposit account opened with any commercial bank in Thailand within 360 days of repatriation. Any such commercial bank must be duly authorized by the Bank of Thailand to engage in the purchase, exchange and withdrawal of foreign currency. Further, you must complete and submit and report the inward remittance of any proceeds into Thailand using a Foreign Exchange Transaction.

If you do not comply with the above obligations, you may be subject to penalties assessed by the Bank of Thailand. Because exchange control regulations change frequently and without notice, you should consult your legal advisor to ensure compliance with current regulations. It is your responsibility to comply with exchange control laws in Thailand, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

Turkey

Securities Law Information. The RSUs are made available only to employees of the Company and its Affiliates, and the offer of participation in the Plan is a private offering. The grant of the RSUs and any issuance of Shares at vesting takes place outside Turkey.

Exchange Control Information. In certain circumstances, Turkish residents are permitted to sell Shares traded on a non-Turkish stock exchange only through a financial intermediary licensed in Turkey. Therefore, you may be required to appoint a Turkish broker to assist with the sale of any Shares acquired under the Plan. You should consult your personal legal advisor before exercising or selling any Shares acquired under the Plan to confirm the applicability of this requirement.

United Arab Emirates

Securities Law Information. The Agreement, including this Addendum, and any other documents related to the Plan are intended for distribution only to eligible employees of the Company and any Affiliate and relate to the grant of RSUs in the United Arab Emirates.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the Plan. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved the documents related to the Plan or taken steps to verify the information set out therein, and have no responsibility for them.

The securities to which the grant under the Plan relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities.

Employees who do not understand the contents of the Agreement, including this Addendum, or any other documents related to the Plan, should consult an authorized financial advisor.

United Kingdom

Responsibility for Taxes. This provision supplements Section 7 of the Agreement:

Without limitation to this Section 7, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are an executive officer or director (within the meaning of Section 13(k) of the Exchange Act) and income tax that is due is not collected from or paid by you within 90 days after the end of the U.K. tax year in which the vesting of the RSUs, release or assignment of the RSUs for consideration, or the receipt of any other benefit in connection with the RSUs occurs, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You understand that you will be responsible for reporting and paying any income tax due on this additional benefit directly to the HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from you by any means referred to in Section 7 of the Agreement.

ZIMMER BIOMET HOLDINGS, INC.

2009 STOCK INCENTIVE PLAN
FOUR-YEAR RESTRICTED STOCK UNIT AWARD

Zimmer Biomet Holdings, Inc. (the "Company") granted you this restricted stock unit ("RSU") award ("Award") pursuant to the Company's 2009 Stock Incentive Plan ("Plan"). Each RSU represents an unfunded, unsecured promise by the Company to deliver one share of Common Stock ("Share") to you, subject to the fulfillment of the vesting requirements set forth in this agreement ("Agreement") and all other restrictions, terms and conditions contained in this Agreement and in the Plan. Except as may be required by law, you are not required to make any payment (other than payments for Tax-Related Items pursuant to Section 7 hereof) or provide any consideration other than the satisfaction of the vesting requirements. Capitalized terms that are not defined in this Agreement have the meanings given to them in the Plan.

Important Notice. If you do not wish to receive the RSUs and/or do not consent and agree to the terms and conditions on which the RSUs are offered, as set forth in this Agreement and the Plan, then you must reject the RSUs no later than 60 days following the Grant Date specified in Section 1 hereof. If you reject the Award, any right to the underlying RSUs will be cancelled. Your failure to reject the Award within this 60-day period will constitute your acceptance of the RSUs and your agreement with all terms and conditions of the Award, as set forth in this Agreement and the Plan.

1. **Grant Date** _____ __, 20__ (the "Grant Date").

2. **Number of RSUs Subject to this Award** The number of RSUs subject to this Award was communicated to you separately and is posted to your online Zimmer Biomet – Fidelity account.

3. **Vesting Schedule** RSUs granted in connection with this Award shall be subject to the restrictions and conditions set forth herein during the period from the Grant Date until such RSUs become vested and nonforfeitable (the "Restriction Period"). Except as otherwise set forth in Section 6 below, 25% of the RSUs granted in this Award shall become vested and nonforfeitable on the first anniversary of the Grant Date provided that you have been continuously employed by the Company or an Affiliate since the Grant Date; an additional 25% of the RSUs granted in this Award shall become vested and nonforfeitable on the second anniversary of the Grant Date provided that you have been continuously employed by the Company or an Affiliate since the Grant Date; an additional 25% of the RSUs granted in this Award shall become vested and nonforfeitable on the third anniversary of the Grant Date provided that you have been continuously employed by the Company or an Affiliate since the Grant Date; and the final 25% of the RSUs granted in this Award shall become vested and nonforfeitable on the fourth anniversary of the Grant Date provided that you have been continuously employed by the Company or an Affiliate since the Grant Date.

4. **Stockholder Rights** You will have none of the rights of a holder of Common Stock (including any voting rights, rights with respect to cash dividends paid by the Company on its Common Stock or any other rights whatsoever) until the Award is settled by the issuance of Shares to you.

5. **Conversion of RSUs and Issuance of Shares** Subject to the terms and conditions of this Agreement and the Plan, the Company will issue and deliver Shares to you within 60 days after the lapse of the Restriction Period for those RSUs. No fractional Shares will be issued under this Agreement. The Company will not be required to issue or deliver any Shares prior to (a) the admission of such Shares to listing on any stock exchange on which the stock may then be listed, (b) the completion of any registration or other qualification of such Shares under any state or federal law or rulings or regulations of any governmental regulatory body, or (c) the obtaining of any consent or approval or other clearance from any governmental agency, which the Company shall, in its sole discretion, determine to be necessary or advisable. The Company reserves the right to determine the manner in which the Shares are delivered to you, including but not limited to delivery by direct registration with the Company's transfer agent.

6. **Termination of Employment**

For all purposes of this Agreement, the term "Employment Termination Date" shall mean the earlier of (i) the date, as determined by the Company, that you are no longer actively employed by the Company or an Affiliate of the Company, and in the case of an involuntary termination, such date shall not be extended by any notice period mandated under local law (*e.g.*, active employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); or (ii) the date, as determined by the Company, that your employer is no longer an Affiliate of the Company.

transfer of your employment from the Company to an Affiliate, or vice versa, or from one Affiliate to another, (ii) a leave of absence, duly authorized in writing by the Company, for military service or sickness or for any other purpose approved by the Company if the period of such leave does not exceed ninety (90) days, and (iii) a leave of absence in excess of ninety (90) days, duly authorized in writing by the Company, provided your right to reemployment is guaranteed either by a statute or by contract, shall not be deemed a termination of employment. However, your failure to return to the employ of the Company at the end of an approved leave of absence shall be deemed a termination. During a leave of absence as defined in (ii) or (iii), you will be considered to have been continuously employed by the Company.

pt as set forth below, if your Employment Termination Date occurs before all of the RSUs have become vested, the RSUs that are not already vested as of your Employment Termination Date shall be forfeited and immediately cancelled.

er you have been continuously employed by the Company or its Affiliates for one year or more from the Grant Date, you terminate employment on account of Retirement or death, the restrictions with respect to all unvested RSUs granted in this Award shall be waived and the RSUs will be deemed fully vested as of your Employment Termination Date (subject to any applicable requirements described in the definition of "Retirement" in the Plan).

e event of your death prior to the delivery of Shares issuable pursuant to RSUs under this Agreement, such Shares shall be delivered to the duly appointed legal representative of your estate or to the proper legatees or distributees thereof, upon presentation of documentation satisfactory to the Committee.

7. Responsibility for Taxes

acknowledge that, regardless of any action taken by the Company or, if different, your actual employer (the "Employer"), the ultimate liability for all income tax (including federal, state and local taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you or deemed by the Company or the Employer to be an appropriate charge to you even if legally applicable to the Company or the Employer ("Tax-Related Items") is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the Award, the vesting or settlement of the RSUs, the conversion of the RSUs into Shares, the subsequent sale of any Shares acquired at vesting or the receipt of any dividends; and (ii) do not commit to, and are under no obligation to, structure the terms or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company or the Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you agree to pay, or make adequate arrangements satisfactory to the Company or to the Employer (in their sole discretion) to satisfy all Tax-Related Items. In this regard and, if permissible under local law, you authorize the Company and/or the Employer, at their discretion, to satisfy any applicable obligations with respect to all Tax-Related Items in one or a combination of the following: (i) requiring you to pay an amount necessary to pay the Tax-Related Items directly to the Company (or the Employer) in the form of cash, check or other cash equivalent; (ii) withholding such amount from wages or other cash compensation payable to you by the Company and/or the Employer; (iii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization or such other authorization, without further consent, as you may be required to provide to the Company or Fidelity Stock Plan Services, LLC ("Fidelity") (or any other designated broker)); or (iv) withholding in Shares to be issued upon settlement of the RSUs.

Depending on the withholding method, the Company and/or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates in your jurisdiction, including maximum rates applicable in your jurisdiction, in which case you may receive a refund of any over-withheld amount in cash (without any entitlement to the Shares) or, if not refunded, you may seek a refund from the local tax authorities. You agree that the amount withheld may exceed your actual liability. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

lly, you (d) agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

8. **Nature of Grant** In accepting the RSUs, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, consistent with the Plan's terms;

(b) the Award is exceptional, discretionary, voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, or benefits in lieu of RSUs even if RSUs have been awarded in the past;

(c) all decisions with respect to future RSU or other awards, if any, will be at the sole discretion of the Company;

(d) the Award and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate of the Company and shall not interfere with the ability of the Company, the Employer or any Affiliate of the Company, as applicable to terminate your employment or service relationship (if any);

(e) your participation in the Plan is voluntary;

(f) the Award, the Shares subject to the RSUs, and the income from and value of same are not intended to replace any pension rights or compensation provided by the Employer or required under applicable law;

(g) the Award and the Shares subject to the RSUs, and the income from and value of same are not part of normal or expected compensation for purposes of calculation of any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement benefits or similar mandatory payments;

(h) the future value of the Shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation arises from forfeiture of RSUs resulting from termination of your employment or other service relationship with the Company or the Employer (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), or resulting from a breach or violation as described in Section 15 or Section 16 below;

(j) unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares of the Company; and

(k) the following provisions apply only if you are providing services outside the United States: (i) the Award and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose; and (ii) you acknowledge and agree that neither the Company, the Employer nor any other Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

9. **No Advice Regarding Grant** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

10. **Data Privacy** ***You hereby explicitly and unambiguously consent to collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other RSU Award materials ("Data") by and among, as applicable, the Company, the Employer and any other Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.***

You understand that the Company and the Employer may hold certain personal data about you, including, but not limited to, your name, home address, telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other stock-based awards, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to Fidelity or such other stock plan service provider as may be selected by the Company to assist the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, Fidelity and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative.

Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service with the Employer will not be affected. The only consequence of refusing or withdrawing your consent is that the Company would not be able to grant RSUs or any other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Finally, upon the request of the Company or the Employer, you agree to provide an executed data privacy consent form (or any other agreements or consents) that the Company and/or the Employer may deem necessary to obtain from you for the purpose of administering your participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the Plan if you fail to provide any such consent or agreement requested by the Company and/or the Employer.

11. **Change in Control** Under certain circumstances, if your employment with the Company or its Affiliates terminates during the three year period following a Change in Control of the Company, this Award may be deemed vested. Please refer to the Plan for more information.

12. **Changes in Capitalization** If prior to the expiration of the Restriction Period changes occur in the outstanding Common Stock by reason of stock dividends, recapitalization, mergers, consolidations, stock splits, combinations or exchanges of Shares and the like, the number and class of Shares subject to this Award will be appropriately adjusted by the Committee, whose determination will be conclusive. If as a result of any adjustment under this paragraph you should become entitled to a fractional Share of stock, you will have the right only to the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Share so disregarded.

13. **Notice** Until you are advised otherwise by the Committee, all notices and other correspondence with respect to this Award will be effective upon receipt at the following address: Zimmer Biomet Holdings, Inc., ATTN: Kathryn Diller, Corporate Securities Senior Administrator, 345 East Main Street, Post Office Box 708, Warsaw, Indiana 46581-0708, U.S.A.

14. **No Additional Rights** Except as explicitly provided in this Agreement, this Agreement will not confer any rights upon you, including any right with respect to continuation of employment by the Company or any of its Affiliates or any right to future awards under the Plan. In no event shall the value, at any time, of this Agreement, the Shares covered by this Agreement or any other benefit provided under this Agreement be included as compensation or earnings for purposes of any other compensation, retirement, or benefit plan offered to employees of the Company or its Affiliates unless otherwise specifically provided for in such plan.

15. **Breach of Restrictive Covenants** As a condition of receiving this Award, you have entered into a non-disclosure, non-solicitation and/or non-competition agreement with the Company or its Affiliates. The Company may, at its discretion, require execution of a restated non-disclosure, non-solicitation and/or non-competition agreement as a condition of receiving the Award. Should you decline to sign such a restated agreement as required by the Company and, therefore, forego receiving the Award, your most recently signed non-disclosure, non-solicitation and/or non-competition agreement shall remain in full force and effect. You understand and agree that if you violate any provision of any such agreement that remains in effect at the time of the violation, the Committee may require you to forfeit your right to any

unvested portion of the Award and, to the extent that any portion of the Award has previously vested, the Committee may require you to return to the Company the Shares covered by the Award or any cash proceeds you received upon the sale of such Shares.

16. **Violation of Policies** Notwithstanding any other provisions of this Agreement, you understand and agree that if you engage in conduct (which may include a failure to act) in connection with, or that results in, a violation of any of the Company's policies, procedures or standards, a violation of the Company's Code of Business Conduct and Ethics, or that is deemed detrimental to the business or reputation of the Company, the Committee may, in its discretion, require you to forfeit your right to any unvested portion of the Award and, to the extent that any portion of the Award has previously vested, the Committee may require you to return to the Company the Shares covered by the Award or any cash proceeds you received upon the sale of such Shares. The Committee may exercise this discretion at any time that you are employed by the Company or any Affiliate of the Company, and at any time during the 18-month period following the termination of your employment with the Company or any Affiliate of the Company for any reason, including, without limitation, on account of Retirement or death.

17. **Consent to Electronic Delivery** The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. **Code Section 409A Compliance** To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. The RSUs granted in this Award are intended to be short-term deferrals exempt from Section 409A, but in the event that any portion of this Award constitutes deferred compensation within the meaning of Section 409A, then the issuance of Shares covered by an RSU award shall conform to the Section 409A standards, including, without limitation, the requirement that no payment on account of separation from service will be made to any specified employee (within the meaning of Section 409A) until six months after the separation from service occurs, and the prohibition against acceleration of payment, which means that the Committee does not have the authority to accelerate settlement of this Award in the event that any portion of it constitutes deferred compensation within the meaning of Section 409A. Any provision of the Plan or this Agreement that would cause this Award to fail to satisfy any applicable requirement of Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.

19. **Construction and Interpretation** The Board of Directors of the Company (the "Board") and the Committee shall have full authority and discretion, subject only to the express terms of the Plan, to decide all matters relating to the administration and interpretation of the Plan and this Agreement and all such Board and Committee determinations shall be final, conclusive, and binding upon you and all interested parties. The terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, as amended from time to time, which shall be controlling. This Agreement and the Plan contain the entire understanding of the parties and this Agreement may not be modified or amended except in writing duly signed by the parties. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other party to this Agreement. The various provisions of this Agreement are severable and in the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. This Agreement will be binding upon and inure to the benefit of the successors, assigns, and heirs of the respective parties.

The validity and construction of this Agreement shall be governed by the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. For purposes of litigating any dispute arising under this Agreement, the parties hereby submit and consent to the jurisdiction of the State of Indiana, agree that such litigation shall be conducted in the courts of Kosciusko County Indiana, or the federal courts for the United States for the Northern District of Indiana, where this grant is made and/or to be performed.

You acknowledge that you are proficient in the English language, or have consulted with an advisor who is proficient in English, so as to enable you to understand the provisions of this Agreement and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if meaning of the translated version is

different from the English version, the English version will control.

20. **Insider Trading/Market Abuse Laws**: Depending on your country, Fidelity's country or the country in which Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States, your country or the country of the applicable stock plan service provider, which may affect your ability to accept, acquire, sell, attempt to sell or otherwise dispose of Shares, rights to Shares (*e.g.*, RSUs) or rights linked to the value of Shares during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

21. **Foreign Asset/Account Reporting**: Please be aware that your country may have certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You acknowledge that it is your responsibility to be compliant with such regulations, and you should speak to your personal advisor on this matter.

22. **Compliance with Laws and Regulations** Notwithstanding any other provisions of this Agreement, you understand that the Company will not be obligated to issue any Shares pursuant to the vesting of the RSUs if the issuance of such Shares shall constitute a violation by you or the Company of any provision of law or regulation of any governmental authority. Any determination by the Company in this regard shall be final, binding and conclusive.

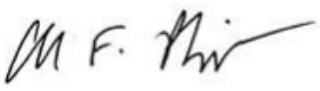
23. **Addendum** Your Award shall be subject to any special provisions set forth in the Addendum to this Agreement for your country, if any. If you relocate to one of the countries included in the Addendum during the Restriction Period, the special provisions for such country shall apply to you, to the extent the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. The Addendum, if any, constitutes part of this Agreement.

24. **Imposition of Other Requirements** The Company reserves the right to impose other requirements on your participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to accept any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. **Recoupment** Any benefits you may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder; (ii) similar rules under the laws of any other jurisdiction; and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to you.

26. **Acceptance** If you do not agree with the terms of this Agreement and the Plan, you must reject the Award no later than 60 days following the Grant Date; non-rejection of the Award will constitute your acceptance of the Award on the terms on which they are offered, as set forth in this Agreement and the Plan.

ZIMMER BIOMET HOLDINGS, INC.

By: 

Chad F. Phipps
Senior Vice President,
General Counsel and Secretary

Addendum
ZIMMER BIOMET HOLDINGS, INC.
SPECIAL PROVISIONS FOR RESTRICTED STOCK UNITS IN CERTAIN COUNTRIES

This Addendum includes special country-specific terms that apply if you are residing and/or working in one of the countries listed below. This Addendum is part of the Agreement. Unless otherwise provided below, capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Agreement.

This Addendum also includes information of which you should be aware with respect to your participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2020 and is provided for informational purposes. Such laws are often complex and change frequently and results may be different based on the particular facts and circumstances. As a result, the Company strongly recommends that you do not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time the RSUs vest or you sell Shares acquired under the Plan.

In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Note that if you are a citizen or resident of a country other than the country in which you are residing and/or working, or transfer employment after the RSUs are granted to you, or are considered a resident of another country for local law purposes, the information contained in this Addendum may not be applicable to you, and the Company shall, in its discretion, determine to what extent the terms and conditions or notifications contained herein shall be applicable to you. If you transfer residency and/or employment to another country or are considered a resident of another country listed in the Addendum after the RSUs are granted to you, the terms and/or information contained for that new country (rather than the original grant country) may be applicable to you.

European Union / European Economic Area / Switzerland / United Kingdom

Data Privacy Notice. This section replaces Section 10 of the Agreement for participants in the European Union ("EU"), European Economic Area ("EEA"), Switzerland and/or United Kingdom ("UK").

Data Collection and Usage. Pursuant to applicable data protection laws, you are hereby notified that the Company collects, processes, uses, and transfers certain personally-identifiable information about you for the exclusive legitimate purposes of implementing, administering and managing the Plan and generally administering equity awards; specifically, your name, home address, email address, telephone number, date of birth, social insurance, passport or other identification number, salary, citizenship, job title, any Shares or directorships held in the Company, and details of all RSUs or any other entitlement to Shares granted, canceled, exercised, vested, unvested or outstanding in your favor, which the Company receives from you or the Employer ("Data"). In order to facilitate your participation in the Plan, the Company will collect, process, use and transfer your Data for purposes of allocating Shares and implementing, administering and managing the Plan. The Company collects, processes, uses and transfers your personal data pursuant to the Company's legitimate business interests of managing the Plan and generally administering employee compensation and related benefits. Your refusal to provide Data may affect your ability to participate in the Plan. As such, by participating in the Plan, you voluntarily acknowledge the collection, use, processing and transfer of your Data as described herein.

Stock Plan Administration Service Providers. The Company transfers Data to Fidelity, an independent service provider based in the United States, which assists the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with that service provider, which will serve in a similar manner. The Company's service provider will open an account for you to receive and trade Shares acquired under the Plan. The processing of Data will take place through electronic means. Data will only be accessible by those individuals requiring access to it for purposes of implementation, administration and operation of the Plan.

International Data Transfers. The Company and its service providers are based, in relevant part, in the United States, which means that it will be necessary for Data to be transferred to, and processed in, the United States. By enrolling in

the Plan, you understand that the service providers will receive, possess, use, retain and transfer Data for the purposes of implementing, administering and managing your participation in the Plan. When transferring Data to these service providers, the Company provides appropriate safeguards for protecting Data, including reliance on standard contractual clauses. You may request a copy of, or information about, the safeguards used to protect Data by contacting kathryn.diller@zimmerbiomet.com.

Data Retention. The Company will use Data only as long as is necessary to implement, administer and manage your participation in the Plan or as required to comply with legal or regulatory obligations, including under tax and securities laws. When the Company no longer needs the Data, the Company will remove it from its systems. If the Company keeps the Data longer, it would be to satisfy legal or regulatory obligations and the Company's legal basis would be for compliance with relevant laws or regulations.

Data Subject Rights. To the extent provided by law, you have the right to request (i) access to or copies of Data the Company processes, (ii) rectification of Data, (iii) erasure of Data, (iv) restrictions on processing of Data, (v) portability of Data and/or to lodge complaints with competent authorities in your country, and/or (vi) request a list with the names and addresses of any potential recipients of the Data. You understand that the only consequence of refusing to provide Data is that Company may not be able to allow you to participate in the Plan, or grant other equity awards or administer or maintain such awards. For more information on the consequences of the refusal to provide Data, you may contact kathryn.diller@zimmerbiomet.com.

All Countries

Labor Laws. This provision supplements Section 6(d) of the Agreement.

Notwithstanding the foregoing, if the Company receives a legal opinion that there has been a legal judgment and/or legal development in your jurisdiction that likely would result in the favorable treatment that applies to the RSUs as a result of you retiring or reaching a certain age being deemed unlawful and/or discriminatory, the favorable treatment shall not apply and you shall be treated as set forth in the remaining provisions of Section 6(d) of the Agreement.

Argentina

Labor Law Acknowledgement and Policy Statement. This provision supplements Section 8 of the Agreement.

In accepting the RSUs, you acknowledge and agree that the grant of RSUs is made by the Company (not the Employer) in its sole discretion and that the value of the RSUs or any Shares acquired under the Plan shall not constitute salary or wages for any purpose under Argentine labor law, including, but not limited to, the calculation of (i) any labor benefits including, but not limited to, vacation pay, thirteenth salary, compensation in lieu of notice, annual bonus, disability, and leave of absence payments, etc., or (ii) any termination or severance indemnities or similar payments.

If, notwithstanding the foregoing, any benefits under the Plan are considered for any purpose under Argentine labor law, you acknowledge and agree that such benefits shall not accrue more frequently than on each vesting date.

Securities Law Information. Neither the RSUs nor the underlying Shares are publicly offered or listed on any stock exchange in Argentina and, as a result, have not been and will not be registered with the Argentine Securities Commission (*Comisión Nacionale de Valores*). The offer is private and not subject to the supervision of any Argentine governmental authority. Neither this nor any other document relating to the Plan or the Shares underlying the RSUs may be utilized in connection with any general offering to the public in Argentina. Argentine residents who acquire RSUs under the Plan do so according to the terms of a private offering made from outside Argentina.

Australia

Securities Law Information. The RSU grant is intended to comply with the provisions of the Corporations Act 2001, ASIC Regulatory Guide 49 and ASIC Class Order 14/1000. Additional details are set forth in the Offer Document for the Offer of Restricted Stock Units and Stock Options to Australian Resident Employees, the Plan and the Agreement. By accepting the RSUs, you acknowledge and confirm that you have received these documents.

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (the "Act") applies (subject to the conditions in that Act).

Austria

There are no country-specific provisions.

Belgium

There are no country-specific provisions.

Brazil

Compliance with Law. In accepting the RSUs, you agree that you will comply with applicable Brazilian laws when the RSUs vest and you sell Shares. You also agree to report and pay any and all Tax-Related Items associated with the vesting of the RSUs, the receipt of any dividends and the sale of Shares acquired under the Plan.

Labor Law Acknowledgement and Policy Statement. This provision supplements Section 8 of the Agreement.

In accepting the RSUs, you agree that (i) you are making an investment decision by accepting the RSUs and (ii) the value of the underlying Shares is not fixed an may increase or decrease in value over the vesting period without compensation to you.

Canada

Settlement of RSUs. RSUs will be settled in Shares only, not cash.

Labor Law Information. This provision replaces Section 6(a) of the Agreement.

For all purposes of this Agreement, and except as expressly required by applicable legislation, the term "Employment Termination Date" shall mean the earliest of: (1) the date upon which your employment with the Employer is terminated; (2) the date you are no longer employed by or providing services to the Company or its Affiliates; or (3) at the discretion of the Committee, the date you receive written notice of termination of employment from the Employer, regardless of any notice period or period of pay in lieu of such notice required under local law (including, but not limited to statutory law, regulatory law and/or common law). In the event that the date you are no longer actively providing services cannot be reasonably determined under the terms of the Agreement or the Plan, the Committee shall have the exclusive discretion to determine when you are no longer employed for purposes of the RSUs (including whether you still may be considered to be providing services while on a leave of absence).

Securities Law Information. You acknowledge and agree that you will only sell Shares acquired through participation in the Plan outside of Canada through the facilities of a stock exchange on which the Shares are listed. Currently, the Shares are listed on the New York Stock Exchange.

The following provisions apply if you are a resident in Quebec:

Language Acknowledgment.

The parties acknowledge that it is their express wish that this Agreement, including this Addendum, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be provided to them in English.

Consentement relatif à la langue utilisée. Les parties reconnaissent avoir expressément souhaité que la convention («Agreement») ainsi que cette Annexe, ainsi que tous les documents, avis et procédures judiciares, éxécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.

Data Privacy Consent. This provision supplements Section 10 of the Agreement:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or non-professional, involved with the administration of the Plan. You further authorize the Company, any Affiliates, the administrator of the Plan and Fidelity to disclose and discuss the Plan with their advisors. You further authorize the Company or any Affiliates to record such information and to keep such information in your file.

Chile

Securities Law Information. The offer of RSUs constitutes a private offering of securities in Chile effective as of the Grant Date. This offer of RSUs is made subject to general ruling N° 336 of the Chilean Commission for the Financial Market ("CMF"). The offer refers to securities not registered at the securities registry or at the foreign securities registry of the CMF, and, therefore, such securities are not subject to oversight of the CMF. Given that the RSUs are not registered in Chile, the Company is not required to provide public information about the RSUs or the Shares in Chile. Unless the RSUs and/or the Shares are registered with the CMF, a public offering of such securities cannot be made in Chile.

Esta oferta de Unidades de Acciones Restringidas ("RSU") constituye una oferta privada de valores en Chile y se inicia en la Fecha de la Concesión. Esta oferta de RSU se acoge a las disposiciones de la Norma de Carácter General Nº 336 ("NCG 336") de la Comisión para el Mercado Financiero ("CMF"). Esta oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse los RSU de valores no registrados en Chile, no existe obligación por parte de la Compañía de entregar en Chile información pública respecto de los RSU or sus Acciones. Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

China

The following provisions apply if you are subject to exchange control regulations in China, as determined by the Company in its sole discretion.

Settlement of RSUs and Sale of Shares. Due to local regulatory requirements, you acknowledge, understand and agree that the Company reserves the right to require the sale of any Shares to be issued to you upon vesting and settlement of the RSUs. Any such sale may occur (i) immediately upon vesting and settlement of the RSUs, (ii) within six months following your termination of employment with the Company or any Affiliate of the Company or (iii) within any such other time frame as may be required by local regulatory requirements. You further agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization and without further consent) and you expressly authorize the Company's designated broker to complete the sale of such Shares. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. You acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

Exchange Control Information. You understand and agree that, to comply with exchange control requirements, you will be required to immediately repatriate to China the cash proceeds from the sale of the Shares issued upon the vesting of the RSUs or any cash dividends paid on such Shares. You further understand that, under local law, such repatriation of funds will be effectuated through a special exchange control account established by the Company or one of its Affiliates, and you hereby consent and agree that the proceeds from the sale of Shares acquired under the Plan or cash dividends may be transferred to such special account prior to being delivered to you.

The Company may deliver the proceeds to you in US dollars or local currency at the Company's discretion. If the proceeds are paid in US dollars, you understand that you may be required to set up a US dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be

delays in delivering the proceeds to you and, due to fluctuations in the Share trading price and/or the US dollar/PRC exchange rate between the vesting/sale date and (if later) when the proceeds can be converted into local currency, the proceeds that you receive may be more or less than the market value of the Shares on the vesting/sale date. You agree to bear the risk of any currency fluctuation between the date the RSUs vest, the receipt of funds and the date of conversion of any funds into local currency.

You further agree to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

Costa Rica

There are no country-specific provisions.

Czech Republic

Exchange Control Information. The Czech National Bank may require you to fulfill certain notification duties in relation to the opening and maintenance of a foreign account.

Because exchange control regulations change frequently and without notice, you should consult your personal legal advisor regarding your participation in the Plan to ensure compliance with current regulations. It is your responsibility to comply with Czech exchange control laws, and neither the Company nor the Employer will be liable for any resulting fines or penalties.

Denmark

Stock Option Act. You acknowledge that you have received an Employer Statement in Danish which is being provided to comply with the Danish Stock Option Act (the "Act").

You acknowledge that you understand that the Act applies to "employees" as that term is defined in Section 2 of the Act. If you are a member of the registered management of an Affiliate in Denmark or otherwise do not satisfy the definition of employee, you are not subject to the Act and the Employer Statement will not apply to you.

In accepting the RSUs, you acknowledge the Act has been amended as of January 1, 2019. Accordingly, you are advised and agree that the provisions governing the RSUs in case of your termination under the Agreement and the Plan will apply for any grant of RSUs made on or after January 1, 2019. The relevant provisions are detailed in the Agreement, the Plan and the Employer Statement.

Finland

There are no country-specific provisions.

France

Language Acknowledgement

By accepting the Agreement providing for the terms and conditions of your grant, you confirm having read and understood the documents relating to this grant (the Plan and the Agreement) which were provided in English. You accept the terms of those documents accordingly.

En acceptant le Contrat d'Attribution décrivant les termes et conditions de votre attribution, vous confirmez ainsi avoir lu et compris les documents relatifs á cette attribution (le Plan et le Contrat d'Attribution) qui ont été communiqués en langue anglaise. Vous acceptez les termes en connaissance de cause.

Exchange Control Information. If you transfer more than €10,000 in Shares or cash into or out of France without the use of a financial intermediary, you must declare the transfer to the French tax and customs authorities.

Germany

Exchange Control Information. For statistical purposes, the German Federal Bank requires that you file electronic reports of any cross-border transactions in excess of €12,500. If you make or receive a payment in excess of this amount, you are responsible for complying with applicable reporting requirements. The electronic "General Statistics Reporting Portal" (*Allgemeines Meldeportal Statistik*) can be accessed on the Germany Federal Bank's website: www.bundesbank.de.

Greece

There are no country-specific provisions.

Hong Kong

Settlement of RSUs. RSUs will be settled in Shares only, not cash.

Securities Law Information. *Warning: The RSUs and any Shares issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company or its Affiliates. The Agreement, including this Addendum, the Plan and other incidental communication materials have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, nor have the documents been reviewed by any regulatory authority in Hong Kong. The RSUs are intended only for the personal use of each eligible employee of the Employer, the Company or any Affiliate and may not be distributed to any other person. If you are in any doubt about any of the contents of the Agreement, including this Addendum, or the Plan, or any other incidental communication materials, you should obtain independent professional advice.*

Nature of Scheme. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

Sale of Shares. In the event the RSUs vest and you are issued Shares within six months of the Grant Date, you agree that you will not sell or otherwise dispose of such Shares prior to the six-month anniversary of the Grant Date.

Iceland

There are no country-specific provisions.

India

Exchange Control Information. You must repatriate all proceeds received from your participation in the Plan to India within the period of time prescribed under applicable Indian exchange control laws, as may be amended from time to time. You will receive a foreign inward remittance certificate ("FIRC") from the bank where you deposit the proceeds. You should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation.

It is your responsibility to comply with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

Ireland

There are no country-specific provisions.

Israel

Settlement of RSUs and Sale of Shares. Due to local regulatory requirements, you agree to the immediate sale of any Shares to be issued to you upon vesting and settlement of the RSUs. You further agree that the Company is authorized to instruct its designated broker to assist with the mandatory sale of such Shares (on your behalf pursuant to this authorization) and you expressly authorize the Company's designated broker to complete the sale of such Shares. You acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. You acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

Italy

Plan Document Acknowledgment. By accepting the RSUs, you acknowledge that you have received a copy of the Plan, reviewed the Plan, the Agreement and this Addendum in their entirety and fully understand and accept all provisions of the Plan, the Agreement and this Addendum.

In addition, you further acknowledge that you have read and specifically and expressly approve without limitation the following clauses in the Agreement: Section 7 (Responsibility for Taxes); Section 8 (Nature of Grant); Section 9 (No Advice Regarding Grant); Section 10 (Data Privacy, as replaced by the provision applicable to participants in the European Union / European Economic Area / Switzerland / United Kingdom); Section 14 (No Additional Rights); Section 16 (Violation of Policies); Section 17 (Consent to Electronic Delivery); Section 19 (Construction and Interpretation); Section 20 (Insider Trading/Market Abuse Laws) Section 21 (Foreign Asset/Account Reporting); Section 22 (Compliance with Laws and Regulations); Section 23 (Addendum); Section 24 (Imposition of Other Requirements) and Section 25 (Acceptance).

Japan

There are no country-specific provisions.

Korea

There are no country-specific provisions.

Lebanon

Compliance with Law. By accepting your RSUs and participating in the Plan, you agree that you will comply with applicable Lebanese laws and that you will report and pay any and all tax associated with the vesting of your RSUs, the sale of any Shares and the receipt of any dividends.

Malaysia

Director Notification Obligation. If you are a director of the Company's Malaysian Affiliate, you are subject to certain notification requirements under the Malaysian Companies Act. Among these requirements is an obligation to notify the Malaysian Affiliate in writing when you receive or dispose of an interest (*e.g.*, RSUs or Shares) in the Company or any related company. Such notifications must be made within 14 days of receiving or disposing of any interest in the Company or any related company.

Mexico

Acknowledgement of the Agreement. By accepting the RSUs, you acknowledge that you have received a copy of the Plan and the Agreement, including this Addendum, which you have reviewed. You further acknowledge that you accept all the provisions of the Plan and the Agreement, including this Addendum. You also acknowledge that you have read and specifically and expressly approve the terms and conditions set forth in the "Nature of Grant" section of the Agreement, which clearly provide as follows:

(1) Your participation in the Plan does not constitute an acquired right;

(2) The Plan and your participation in it are offered by the Company on a wholly discretionary basis;

(3) Your participation in the Plan is voluntary; and

(4) The Company and its Affiliates are not responsible for any decrease in the value of any Shares acquired at vesting of the RSUs.

Labor Law Acknowledgement and Policy Statement. By accepting the RSUs, you acknowledge that Zimmer Biomet Holdings, Inc., with registered offices at 345 East Main Street, Warsaw, Indiana, 46580, United States of America, is solely responsible for the administration of the Plan. You further acknowledge that your participation in the Plan, the grant of RSUs and any acquisition of Shares under the Plan do not constitute an employment relationship between you and Zimmer Biomet Holdings, Inc. because you are participating in the Plan on a wholly commercial basis and your sole employer is a Mexican legal entity ("Zimmer-Mexico"). Based on the foregoing, you expressly acknowledge that the Plan and the benefits that you may derive from participation in the Plan do not establish any rights between you and the Employer, Zimmer-Mexico, and do not form part of the employment conditions and/or benefits provided by Zimmer-Mexico, and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of your employment.

You further understand that your participation in the Plan is the result of a unilateral and discretionary decision of Zimmer Biomet Holdings, Inc., therefore, Zimmer Biomet Holdings, Inc. reserves the absolute right to amend and/or discontinue your participation in the Plan at any time, without any liability to you.

Finally, you hereby declare that you do not reserve to you any action or right to bring any claim against Zimmer Biomet Holdings, Inc. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and that you therefore grant a full and broad release to Zimmer Biomet Holdings, Inc., its Affiliates, branches, representation offices, shareholders, officers, agents and legal representatives, with respect to any claim that may arise.

Spanish Translation

Reconocimiento del Contrato. *Al aceptar las RSUs, usted reconoce que ha recibido una copia del Plan y del Contrato con inclusión de este Apéndice, que le ha examinado. Usted reconoce, además, que usted acepta todas las disposiciones del Plan y del Contrato. Usted también reconoce que ha leído y, concretamente, y aprobar de forma expresa los términos y condiciones establecidos en la "Naturaleza del Otorgamiento" que claramente dispone lo siguiente:*

(1) Su participación en el Plan no constituye un derecho adquirido;

(2) El Plan y su participación en el Plan se ofrecen por Zimmer Biomet Holdings, Inc. en su totalidad sobre una base discrecional;

(3) Su participación en el Plan es voluntaria; y

(4) Zimmer Biomet Holdings, Inc. y sus afiliadas no son responsables de ninguna disminución en el valor de las acciones adquiridas en la adquisición de RSUs.

Reconocimiento de Ausencia de Relación Laboral y Declaración de la Política. *Al aceptar la RSUs, usted reconoce que Zimmer Biomet Holdings, Inc., con oficinas registradas en 345 East Main Street, Warsaw, Indiana, 46580, Estados Unidos de América, es el único responsable de la administración del Plan. Además, usted acepta que su participación en el Plan, la concesión de RSUs y cualquier adquisición de acciones en el marco del Plan no constituyen una relación laboral entre usted y Zimmer Biomet Holdings, Inc. porque usted está participando en el Plan en su totalidad sobre una base comercial y su único empleador es una sociedad mercantil Mexicana ("Zimmer-Mexico"). Derivado de lo anterior, usted expresamente reconoce que el Plan y los beneficios que pueden derivarse de la participación en el Plan no establece ningún derecho entre usted y su Empleador, Zimmer-Mexico, y que no forman parte de las condiciones de empleo y / o prestaciones previstas por Zimmer-Mexico, y cualquier modificación del Plan o la terminación de su contrato no constituirá un cambio o deterioro de los términos y condiciones de su empleo.*

Además, usted entiende que su participación en el Plan es causada por una decisión discrecional y unilateral de Zimmer Biomet Holdings, Inc., por lo que Zimmer Biomet Holdings, Inc. se reserva el derecho absoluto a modificar y/o suspender su participación en el Plan en cualquier momento, sin responsabilidad alguna para con usted.

Finalmente, usted manifiesta que no se reserva ninguna acción o derecho que origine una demanda en contra de Zimmer Biomet Holdings, Inc., por cualquier compensación o daño en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia usted otorga un amplio y total finiquito a Zimmer Biomet Holdings, Inc., sus afiliadas, sucursales, oficinas de representación, sus accionistas, directores, agentes y representantes legales con respecto a cualquier demanda que pudiera surgir

Netherlands

There are no country-specific provisions.

New Zealand

Securities Law Information.

Warning

This is an offer of RSUs over Shares. Shares give you a stake in the ownership of the Company. You may receive a return if dividends are paid. Shares are quoted on the New York Stock Exchange ("NYSE"). This means you may be able to sell them on the NYSE if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

If the Company runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all your investment.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This information is designed to help investors to make an informed decision. The usual rules do not apply to this offer because it is made under an employee share scheme. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

In compliance with applicable New Zealand securities laws, you are entitled to receive, in electronic or other form and free of cost, copies of the Company's latest annual report, relevant financial statements and the auditor's report on said financial statements (if any).

You should ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

Norway

There are no country-specific provisions.

Poland

There are no country-specific provisions.

Portugal

Language Consent. You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and the Agreement.

Conhecimento da Lingua. Por meio do presente, eu declaro expressamente que tem pleno conhecimento da língua inglesa e que li, compreendi e livremente aceitei e concordei com os termos e condições estabelecidas no Plano e no acordo.

Puerto Rico

There are no country-specific provisions.

Romania

There are no country-specific provisions.

Russia

Securities Law Information. The Employer is not in any way involved in the offer of RSUs or administration of the Plan. These materials do not constitute advertising or an offering of securities in Russia nor do they constitute placement of the Shares in Russia. The issuance of Shares pursuant to the RSUs described herein has not and will not be registered in Russia and hence, the Shares described herein may not be admitted or used for offering, placement or public circulation in Russia.

Data Privacy Notice. This section replaces Section 10 of the Agreement.

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement by and among, as applicable, the Employer, the Company and its Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company, any Affiliate and/or the Employer may hold certain personal data about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in your favor ("Data"), for the purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to Fidelity or such other stock plan service provider as may be selected by the Company in the future, which is assisting in the implementation, administration and management of the Plan, that the recipients of the Data may be located in your country, or elsewhere, and that the recipients' country (*e.g.*, the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting the US human resources representative or stock plan services. You authorize the Company, Fidelity and other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom the Shares received upon vesting of the RSUs may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan.

You understand that you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case and without cost, by contacting in writing the US human resources representative. You understand that refusal or withdrawal, rescission or termination of consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact the US human resources representative or stock plan services.

US Transaction. Any Shares issued pursuant to the RSUs shall be delivered to you through a brokerage account in the US You may hold Shares in your brokerage account in the US; however, in no event will Shares issued to you and/or Share certificates or other instruments be delivered to you in Russia. You are not permitted to make any public advertising or announcements regarding the RSUs or Shares in Russia, or promote these Shares to other Russian legal entities or individuals, and you are not permitted to sell or otherwise dispose of Shares directly to other Russian legal entities or individuals. You are permitted to sell Shares only on the New York Stock Exchange and only through a US broker.

Settlement of RSUs and Sale of Shares. Due to local regulatory requirements, the Company reserves the right to require the immediate sale of any Shares to be issued to you upon vesting of the RSUs. You agree that the Company is authorized to instruct its designated broker to assist with any such mandatory sale of the Shares (on your behalf pursuant to this authorization) and you expressly authorize the Company's designated broker to complete the sale of such Shares, if so instructed by the Company. In such case, you acknowledge that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price. Upon the sale of the Shares, the Company agrees to pay you the cash proceeds from the sale of the Shares, less any brokerage fees or commissions and subject to any obligation to satisfy Tax-Related Items. You may hold the cash proceeds in the brokerage account in the US for an indefinite period of time (*e.g.*, for subsequent reinvestment). You acknowledge that you are not aware of any material nonpublic information with respect to the Company or any securities of the Company as of the date of this Agreement.

Anti-Corruption Notification. Anti-corruption laws prohibit certain public servants, their spouses and their dependent children from owning any foreign source financial instruments (*e.g.*, Shares of foreign companies such as the Company). Accordingly, please inform the Company if you are covered by these laws because you should not hold Shares acquired under the Plan.

Saudi Arabia

Securities Law Information. The Agreement and related Plan documents may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offers of Securities and Continuing Obligations issued by the Capital Market Authority ("CMA"). The CMA does not make any representation as to the accuracy or completeness of the Agreement, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of the Agreement. You should conduct your own due diligence on the accuracy of the information relating to the Shares. If you do not understand the contents of the Agreement, you should consult an authorized financial adviser.

Singapore

Sale of Common Stock. You hereby agree that any Shares received at settlement will not be offered for sale in Singapore prior to the six (6) month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemption under Part XIII Division I Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("SFA") or pursuant to, and in accordance with the conditions of, any other applicable provision(s) of the SFA.

Securities Law Information. The Award is being made in reliance of section 273(1)(f) of the SFA and is not made to you with a view to the RSUs being subsequently offered for sale to any other party. The Plan has not been, and will not be, lodged or registered as a prospectus with the Monetary Authority of Singapore.

Chief Executive Officer and Director Notification Obligation. If you are the Chief Executive Officer ("CEO") or a director (including an alternative, substitute or shadow director) of the Company's Singapore Affiliate, you are subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Company's Singapore Affiliate in writing within two (2) business days of any of the following events: (1) receiving an interest (*e.g.*, RSUs or Shares) in the Company or any Affiliate; (2) any change in a previously-disclosed interest (*e.g.*, the sale of Shares); or (3) becoming the CEO or a director.

Slovakia

There are no country-specific provisions.

South Africa

Securities Law Information. In compliance with South African securities law, you acknowledge that you have been notified that the documents listed below are available for your review at the addresses listed below:

(a) Zimmer Biomet Holdings, Inc.'s most recent annual financial statements: http://investor.zimmerbiomet.com/financial-information/annual-reports; and

(b) Zimmer Biomet Holdings, Inc.'s most recent Plan prospectus, which is viewable at: https://thecircle.zimmerbiomet.com/espp/Pages/eis.aspx.

You acknowledge that you may have a copy of the above documents sent to you, without fee, on written request to Zimmer Biomet Holdings, Inc., ATTN: Kathryn Diller, Corporate Securities Senior Administrator, 345 East Main Street, Post Office Box 708, Warsaw, Indiana 46581-0708, U.S.A. or kathryn.diller@zimmerbiomet.com.

Withholding Taxes. By accepting the RSUs, you agree to notify the Employer of the amount of any gain realized upon vesting of the RSUs. If you fail to advise the Employer of the gain realized upon vesting of the RSUs, you may be liable for a fine, upon conviction. You will be responsible for paying any difference between the actual tax liability and the amount withheld by the Employer. If you do not inform the Employer of the sale, transfer or other disposition of the Shares and if the Company (or the Employer or former employer, as applicable) is required to pay any taxes on your behalf due to your failure to inform it of any disposition of Shares, the Company (or the Employer or former employer, as applicable) may recover any such amounts from you.

Spain

Nature of Grant. This provision supplements Section 8 of the Agreement:

By accepting the RSU, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan document.

You understand and agree that, as a condition of the grant of the RSU, except as provided for in Section 6 of the Agreement, your termination of employment for any reason (including for the reasons listed below) will automatically result in the forfeiture of any RSU that has not vested on your Employment Termination Date.

In particular, you understand and agree that the RSU will be forfeited in accordance with Section 6 of the Agreement without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination of your employment prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a "despido improcedente"), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without good cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, you understand that the Company has unilaterally, gratuitously and discretionally decided to grant RSUs under the Plan to individuals who may be employees of the Company or an Affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Affiliate on an ongoing basis, other than as expressly set forth in the Agreement. Consequently, you understand that the RSUs are granted on the assumption and condition that the RSUs and the Shares underlying the RSUs shall not become a part of any employment or service contract (either with the Company, the Employer or any Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, you understand that the RSUs would not be granted to you but for the assumptions and conditions referred to above; thus, you acknowledge and freely accept that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any award of RSUs shall be null and void.

Securities Law Information. In connection with this grant of RSUs, no "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory. The Agreement (including this Addendum) has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Sweden

Authorization to Withhold. This provision supplements Section 7 of the Agreement.

Without limitation to the Company's and the Employer's authority to satisfy their withholding obligations for Tax-Related Items as set forth in Section 7 of the Agreement in accepting the grant of RSUs, you authorize the Company and/or the Employer to withhold Shares or to sell Shares otherwise deliverable to you upon vesting/settlement to satisfy Tax-Related Items regardless of whether the Company and/or the Employer have an obligation to withhold such Tax-Related Items.

Switzerland

Securities Law Information. Neither this document nor any other document relating to the grant (i) constitutes a prospectus according to articles 35 et. seq. of the Swiss Federal Act on Financial Services ("FinSA"), (ii) may be publicly distributed nor otherwise made publicly available in Switzerland to any person other than an employee of the Company or one of its Affiliates or (iii) has been or will be filed with, approved or supervised by any Swiss reviewing body according to Article 51 of FinSA or any Swiss regulatory authority, including the Swiss Financial Market Supervisory Authority.

Taiwan

Securities Law Information. The RSUs and the Shares to be issued pursuant to the Plan are available only to employees of the Company and its Affiliates. The grant of the RSUs does not constitute a public offer of securities.

Thailand

Exchange Control Information. As an individual resident in Thailand, you must repatriate any cash proceeds if the amount of the funds realized is US$50,000 or more in a single transaction. The repatriated proceeds must either be converted into Thai Baht or deposited into a foreign currency deposit account opened with any commercial bank in Thailand within 360 days of repatriation. Any such commercial bank must be duly authorized by the Bank of Thailand to engage in the purchase, exchange and withdrawal of foreign currency. Further, you must complete and submit and report the inward remittance of any proceeds into Thailand using a Foreign Exchange Transaction.

If you do not comply with the above obligations, you may be subject to penalties assessed by the Bank of Thailand. Because exchange control regulations change frequently and without notice, you should consult your legal advisor to ensure compliance with current regulations. It is your responsibility to comply with exchange control laws in Thailand, and neither the Company nor the Employer will be liable for any fines or penalties resulting from failure to comply with applicable laws.

Turkey

Securities Law Information. The RSUs are made available only to employees of the Company and its Affiliates, and the offer of participation in the Plan is a private offering. The grant of the RSUs and any issuance of Shares at vesting takes place outside Turkey.

Exchange Control Information. In certain circumstances, Turkish residents are permitted to sell Shares traded on a non-Turkish stock exchange only through a financial intermediary licensed in Turkey. Therefore, you may be required to appoint a Turkish broker to assist with the sale of any Shares acquired under the Plan. You should consult your personal legal advisor before exercising or selling any Shares acquired under the Plan to confirm the applicability of this requirement.

United Arab Emirates

Securities Law Information. The Agreement, including this Addendum, and any other documents related to the Plan are intended for distribution only to eligible employees of the Company and any Affiliate and relate to the grant of RSUs in the United Arab Emirates.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with the Plan. Neither the Ministry of Economy nor the Dubai Department of Economic Development have approved the documents related to the Plan or taken steps to verify the information set out therein, and have no responsibility for them.

The securities to which the grant under the Plan relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities.

Employees who do not understand the contents of the Agreement, including this Addendum, or any other documents related to the Plan, should consult an authorized financial advisor.

United Kingdom

Responsibility for Taxes. This provision supplements Section 7 of the Agreement:

Without limitation to this Section 7, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are an executive officer or director (within the meaning of Section 13(k) of the Exchange Act) and income tax that is due is not collected from or paid by you within 90 days after the end of the U.K. tax year in which the vesting of the RSUs, release or assignment of the RSUs for consideration, or the receipt of any other benefit in connection with the RSUs occurs, the amount of any uncollected income tax may constitute a benefit to you on which additional income tax and national insurance contributions may be payable. You understand that you will be responsible for reporting and paying any income tax due on this additional benefit directly to the HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from you by any means referred to in Section 7 of the Agreement.

ZIMMER BIOMET HOLDINGS, INC.

2009 STOCK INCENTIVE PLAN
THREE-YEAR PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD
CFO ONE-TIME AWARD

Zimmer Biomet Holdings, Inc. (the "Company") grants you this restricted stock unit ("RSU") award ("Award") pursuant to the Company's 2009 Stock Incentive Plan ("Plan"). Each RSU represents an unfunded, unsecured promise by the Company to deliver one share of Common Stock ("Share") to you, subject to the fulfillment of the vesting requirements set forth in this agreement and in Annex A to this agreement (collectively, the "Agreement") and all other restrictions, terms and conditions contained in this Agreement and in the Plan. Except as may be required by law, you are not required to make any payment (other than payments for Tax-Related Items pursuant to Section 7 hereof) or provide any consideration other than the satisfaction of the vesting requirements. Capitalized terms that are not defined in this Agreement have the meanings given to them in the Plan.

Important Notice. If you do not wish to receive the RSUs and/or do not consent and agree to the terms and conditions on which the RSUs are offered, as set forth in this Agreement and the Plan, then you must reject the RSUs no later than 60 days following the Grant Date specified in Section 1 hereof. If you reject the Award, any right to the underlying RSUs will be cancelled. Your failure to reject the Award within this 60-day period will constitute your acceptance of the RSUs and your agreement with all terms and conditions of the Award, as set forth in this Agreement and the Plan.

1. **Grant Date** July 1, 2019 the "Grant Date").

2. **Number of RSUs Subject to this Award** The target number of RSUs subject to this Award was communicated to you separately and is posted to your online Zimmer Biomet long-term incentive plan account (administered as of the Grant Date by Fidelity Stock Plan Services, LLC ("Fidelity")).

3. **Vesting Schedule** No RSUs will be earned unless and until the Committee determines the extent to which the performance criteria set forth in Annex A have been met with respect to the three-year period beginning July 1, 2019 and ending June 30, 2022 (the "Performance Period"). As soon as practicable after completion of the Performance Period, the Committee will determine whether and the extent to which the performance criteria in Annex A have been satisfied and the number of RSUs earned ("Earned RSUs"). The date on which the Committee makes its determination is referred to in this Agreement as the "Determination Date". Except as otherwise set forth in Sections 6, 15 and 16 below, the Earned RSUs will become vested and nonforfeitable on the Determination Date (the "Scheduled Vest Date") provided that you have been continuously employed by the Company or its Affiliates since the Grant Date. The period from the Grant Date until the Scheduled Vest Date is referred to in this Agreement as the "Restriction Period".

4. **Stockholder Rights** You will have none of the rights of a holder of Common Stock (including any voting rights, rights with respect to cash dividends paid by the Company on its Common Stock or any other rights whatsoever) until the Award is settled by the issuance of Shares to you.

5. **Conversion of Earned RSUs and Issuance of Shares** Subject to the terms and conditions of this Agreement and the Plan, the Company will issue and deliver Shares to you within 60 days after the lapse of the Restriction Period for Earned RSUs. No fractional Shares will be issued under this Agreement. The Company will not be required to issue or deliver any Shares prior to (a) the admission of such Shares to listing on any stock exchange on which the stock may then be listed, (b) the completion of any registration or other qualification of such Shares under any state or federal law or rulings or regulations of any governmental regulatory body, or (c) the obtaining of any consent or approval or other clearance from any governmental agency, which the Company shall, in its sole discretion, determine to be necessary or advisable. The Company reserves the right to determine the manner in which the Shares are delivered to you, including but not limited to delivery by direct registration with the Company's transfer agent.

6. **Termination of Employment**

(a) For all purposes of this Agreement, the term "Employment Termination Date" shall mean the earlier of (i) the date, as determined by the Company, that you are no longer actively employed by the Company or an Affiliate of the Company, and in the case of an involuntary termination, such date shall not be extended by any notice period mandated under local law (*e.g.*, active employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any); or (ii) the date, as determined by

the Company, that your employer is no longer an Affiliate of the Company.

(b) (i) A transfer of your employment from the Company to an Affiliate, or vice versa, or from one Affiliate to another, (ii) a leave of absence, duly authorized in writing by the Company, for military service or sickness or for any other purpose approved by the Company if the period of such leave does not exceed ninety (90) days, and (iii) a leave of absence in excess of ninety (90) days, duly authorized in writing by the Company, provided your right to reemployment is guaranteed either by a statute or by contract, shall not be deemed a termination of employment. However, your failure to return to the employ of the Company at the end of an approved leave of absence shall be deemed a termination. During a leave of absence as defined in (ii) or (iii), you will be considered to have been continuously employed by the Company.

(c) Except as set forth below, if your Employment Termination Date occurs before the Scheduled Vest Date, the entire Award as of your Employment Termination Date shall be forfeited and immediately cancelled.

(d) If after you have been continuously employed by the Company or its Affiliates for one year or more from the Grant Date, you terminate employment on account of Retirement or death, all time-based restrictions imposed under this Award will lapse as of your Employment Termination Date, but this Award will continue to be subject to the satisfaction of the performance criteria set forth in Annex A; the number of Earned RSUs, if any, as determined by the Committee, will vest and become nonforfeitable on the Scheduled Vest Date (subject to any applicable requirements described in the definition of "Retirement" in the Plan).

(e) In the event of your death prior to the delivery of Shares issuable pursuant to Earned RSUs under this Agreement, such Shares shall be delivered to the duly appointed legal representative of your estate or to the proper legatees or distributees thereof, upon presentation of documentation satisfactory to the Committee.

7. Responsibility for Taxes

(a) You acknowledge that, regardless of any action taken by the Company or, if different, your actual employer (the "Employer"), the ultimate liability for all income tax (including federal, state and local taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you or deemed by the Company or the Employer to be an appropriate charge to you even if legally applicable to the Company or the Employer ("Tax-Related Items") is and remains your responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant of the Award, the vesting or settlement of the RSUs, the conversion of the RSUs into Shares, the subsequent sale of any Shares acquired at vesting or the receipt of any dividends; and (ii) do not commit to, and are under no obligation to, structure the terms or any aspect of the Award to reduce or eliminate your liability for Tax-Related Items or achieve any particular result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Company or the Employer (or former Employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to pay, or make adequate arrangements satisfactory to the Company or to the Employer (in their sole discretion) to satisfy all Tax-Related Items. In this regard and, if permissible under local law, you authorize the Company and/or the Employer, at their discretion, to satisfy any applicable obligations with respect to all Tax-Related Items in one or a combination of the following: (i) requiring you to pay an amount necessary to pay the Tax-Related Items directly to the Company (or the Employer) in the form of cash, check or other cash equivalent; (ii) withholding such amount from wages or other cash compensation payable to you by the Company and/or the Employer; (iii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization or such other authorization, without further consent, as you may be required to provide to the Company or Fidelity (or any other designated broker)); or (iv) withholding in Shares to be issued upon settlement of the RSUs. If you are a Section 16 officer of the Company under the Exchange Act ("Section 16 officer") who is primarily providing services in the U.S., withholding obligations for Tax-Related Items shall be satisfied by the mandatory withholding in Shares. If you are a Section 16 officer who is primarily providing services outside the U.S., any withholding in Shares to satisfy applicable withholding obligations shall be determined by the Committee prior to the applicable withholding event.

(c) Depending on the withholding method, the Company and /or the Employer may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates in your jurisdiction, including maximum applicable rates, in which case you may receive a refund of any over-withheld amount in cash (without any entitlement to the Shares) or, if not refunded, you may seek a refund from the local tax authorities. You agree that the amount withheld may exceed your actual liability. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

(d) Finally, you agree to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if you fail to comply with your obligations in connection with the Tax-Related Items.

8. **Nature of Grant** In accepting the RSUs, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, consistent with the Plan's terms;

(b) the Award is exceptional, discretionary, voluntary and occasional and does not create any contractual or other right to receive future awards of RSUs, or benefits in lieu of RSUs even if RSUs have been awarded in the past;

(c) all decisions with respect to future RSU or other awards, if any, will be at the sole discretion of the Company;

(d) the Award and your participation in the Plan shall not create a right to employment or be interpreted as forming or amending an employment or service contract with the Company, the Employer or any Affiliate of the Company and shall not interfere with the ability of the Company, the Employer or any Affiliate of the Company, as applicable to terminate your employment or service relationship (if any);

(e) your participation in the Plan is voluntary;

(f) the Award, the Shares subject to the RSUs, and the income from and value of same are not intended to replace any pension rights or compensation provided by the Employer or required under applicable law;

(g) the Award and the Shares subject to the RSUs, and the income from and value of same are not part of normal or expected compensation for purposes of calculation of any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, pension or retirement benefits or similar mandatory payments;

(h) the future value of the Shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation arises from forfeiture of RSUs resulting from termination of your employment or other service relationship with the Company or the Employer (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), or resulting from a breach or violation as described in Section 15 or Section 16 below;

(j) unless otherwise provided in the Plan or by the Company in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares of the Company; and

(k) the following provisions apply only if you are providing services outside the United States: (i) the Award and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose; (ii) neither the Company, the Employer nor any other Affiliate of the Company shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to you pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

9. **No Advice Regarding Grant** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the

Plan, or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

10. **Data Privacy** ***You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other RSU Award materials ("Data") by and among, as applicable, the Company, the Employer and any other Affiliates for the exclusive purpose of implementing, administering and managing your participation in the Plan.***

You understand that the Company and the Employer may hold certain personal data about you, including, but not limited to, your name, home address, telephone number, email address, date of birth, social insurance, passport or other identification number (e.g. resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all RSUs or any other stock-based awards, canceled, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to Fidelity or such other stock plan service provider as may be selected by the Company to assist the Company with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than your country. You understand that if you reside outside the United States, you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Company, Fidelity and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States, you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative.

Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service with the Employer will not be affected. The only consequence of refusing or withdrawing your consent is that the Company would not be able to grant RSUs or any other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Finally, upon the request of the Company or the Employer, you agree to provide an executed data privacy consent form (or any other agreements or consents) that the Company and/or the Employer may deem necessary to obtain from you for the purpose of administering your participation in the Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the Plan if you fail to provide any such consent or agreement requested by the Company and/or the Employer.

11. **Change in Control** Under certain circumstances, if your employment with the Company or its Affiliates terminates during the three year period following a Change in Control of the Company, this Award may be deemed vested. Please refer to the Plan for more information.

12. **Changes in Capitalization** If prior to the expiration of the Restriction Period changes occur in the outstanding Common Stock by reason of stock dividends, recapitalization, mergers, consolidations, stock splits, combinations or exchanges of Shares and the like, the number and class of Shares subject to this Award will be appropriately adjusted by the Committee, whose determination will be conclusive. If as a result of any adjustment under this paragraph you should become entitled to a fractional Share of stock, you will have the right only to the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Share so disregarded.

13. **Notice** Until you are advised otherwise by the Committee, all notices and other correspondence with respect to this Award will be effective upon receipt at the following address: Zimmer Biomet Holdings, Inc., ATTN: Employee Stock Services,

345 East Main Street, Post Office Box 708, Warsaw, Indiana 46581-0708, U.S.A.

14. **No Additional Rights** Except as explicitly provided in this Agreement, this Agreement will not confer any rights upon you, including any right with respect to continuation of employment by the Company or any of its Affiliates or any right to future awards under the Plan. In no event shall the value, at any time, of this Agreement, the Shares covered by this Agreement or any other benefit provided under this Agreement be included as compensation or earnings for purposes of any other compensation, retirement, or benefit plan offered to employees of the Company or its Affiliates unless otherwise specifically provided for in such plan.

15. **Breach of Restrictive Covenants** As a condition of receiving this Award, you have entered into a non-disclosure, non-solicitation and/or non-competition agreement with the Company or its Affiliates. The Company may, at its discretion, require execution of a restated non-disclosure, non-solicitation and/or non-competition agreement as a condition of receiving the Award. Should you decline to sign such a restated agreement as required by the Company and, therefore, forego receiving the Award, your most recently signed non-disclosure, non-solicitation and/or non-competition agreement shall remain in full force and effect. You understand and agree that if you violate any provision of any such agreement that remains in effect at the time of the violation, the Committee may require you to forfeit your right to any unvested portion of the Award and, to the extent that any portion of the Award has previously vested, the Committee may require you to return to the Company the Shares covered by the Award or any cash proceeds you received upon the sale of such Shares.

16. **Violation of Policies** Notwithstanding any other provisions of this Agreement, you understand and agree that if you engage in conduct (which may include a failure to act) in connection with, or that results in, a violation of any of the Company's policies, procedures or standards, a violation of the Company's Code of Business Conduct and Ethics, or that is deemed detrimental to the business or reputation of the Company, the Committee may, in its discretion, require you to forfeit your right to any unvested portion of the Award and, to the extent that any portion of the Award has previously vested, the Committee may require you to return to the Company the Shares covered by the Award or any cash proceeds you received upon the sale of such Shares. The Committee may exercise this discretion at any time that you are employed by the Company or any Affiliate of the Company, and at any time during the 18-month period following the termination of your employment with the Company or any Affiliate of the Company for any reason, including, without limitation, on account of Retirement or death.

17. **Consent to Electronic Delivery** The Company may, in its sole discretion, deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. **Code Section 409A Compliance** To the extent applicable, it is intended that the Plan and this Agreement comply with the requirements of Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and any related regulations or other guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. The RSUs granted in this Award are intended to be short-term deferrals exempt from Section 409A, but in the event that any portion of this Award constitutes deferred compensation within the meaning of Section 409A, then the issuance of Shares covered by an RSU award shall conform to the Section 409A standards, including, without limitation, the requirement that no payment on account of separation from service will be made to any specified employee (within the meaning of Section 409A) until six months after the separation from service occurs, and the prohibition against acceleration of payment, which means that the Committee does not have the authority to accelerate settlement of this Award in the event that any portion of it constitutes deferred compensation within the meaning of Section 409A. Any provision of the Plan or this Agreement that would cause this Award to fail to satisfy any applicable requirement of Section 409A shall have no force or effect until amended to comply with Section 409A, which amendment may be retroactive to the extent permitted by Section 409A.

19. **Construction and Interpretation** The Board of Directors of the Company (the "Board") and the Committee shall have full authority and discretion, subject only to the express terms of the Plan, to decide all matters relating to the administration and interpretation of the Plan and this Agreement and all such Board and Committee determinations shall be final, conclusive, and binding upon you and all interested parties. The terms and conditions set forth in this Agreement are subject in all respects to the terms and conditions of the Plan, as amended from time to time, which shall be controlling. This Agreement and the Plan contain the

entire understanding of the parties and this Agreement may not be modified or amended except in writing duly signed by the parties. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other party to this Agreement. The various provisions of this Agreement are severable and in the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been included. This Agreement will be binding upon and inure to the benefit of the successors, assigns, and heirs of the respective parties.

The validity and construction of this Agreement shall be governed by the laws of the State of Indiana, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. For purposes of litigating any dispute arising under this Agreement, the parties hereby submit and consent to the jurisdiction of the State of Indiana, agree that such litigation shall be conducted in the courts of Kosciusko County Indiana, or the federal courts for the United States for the Northern District of Indiana, where this grant is made and/or to be performed.

You acknowledge that you are proficient in the English language, or have consulted with an advisor who is proficient in English, so as to enable you to understand the provisions of this Agreement and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if meaning of the translated version is different from the English version, the English version will control.

20. **Insider Trading/Market Abuse Laws** Depending on your country, Fidelity's country or the country in which Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions, including the United States; your country or the country of the applicable stock plan service provider, which may affect your ability to accept, acquire, sell, attempt to sell or otherwise dispose of Shares, rights to Shares (*e.g.*, RSUs) or rights linked to the value of Shares during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party, including fellow employees (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

21. **Foreign Asset/Account Reporting** Please be aware that your country may have certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You acknowledge that it is your responsibility to be compliant with such regulations, and you should speak to your personal advisor on this matter.

22. **Compliance with Laws and Regulations** Notwithstanding any other provisions of this Agreement, you understand that the Company will not be obligated to issue any Shares pursuant to the vesting of the RSUs if the issuance of such Shares shall constitute a violation by you or the Company of any provision of law or regulation of any governmental authority. Any determination by the Company in this regard shall be final, binding and conclusive.

23. **Addendum** Your Award shall be subject to any special provisions set forth in any Addendum to this Agreement for your country. If you relocate to one of the countries included in any such Addendum during the Restriction Period, the special provisions for such country, if any, shall apply to you, to the extent the Company determines that the application of such provisions is necessary or advisable for legal or administrative reasons. The Addendum, if any, constitutes part of this Agreement.

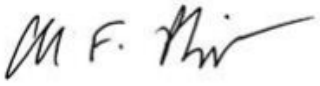
24. **Imposition of Other Requirements** The Company reserves the right to impose other requirements on your participation in the Plan, on the Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to

require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. **Recoupment** Any benefits you may receive hereunder shall be subject to repayment or forfeiture as may be required to comply with (i) any applicable listing standards of a national securities exchange adopted in accordance with Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations of the U.S. Securities and Exchange Commission adopted thereunder; (ii) similar rules under the laws of any other jurisdiction; and (iii) any policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to you.

26. **Acceptance** If you do not agree with the terms of this Agreement and the Plan, you must reject the Award no later than 60 days following the Grant Date; non-rejection of the Award will constitute your acceptance of the Award on the terms on which they are offered, as set forth in this Agreement and the Plan.

ZIMMER BIOMET HOLDINGS, INC.

By: 

Chad F. Phipps
Senior Vice President,
General Counsel and Secretary

PERFORMANCE CRITERIA

The number of RSUs that may be earned with respect to the Award shall be determined based upon Zimmer Biomet's total shareholder return ("TSR") for the Performance Period relative to the S&P 500 Healthcare Index constituents. The number of Earned RSUs expressed as a percentage of the target number of RSUs shall be determined by reference to the following payout matrix:

Relative Total Shareholder Return (TSR) For the Three-Year Performance Period July 1, 2019-June 30, 2022		
•TSR measured against the S&P 500 Health Care Index constituents (constituents as of July 1, 2019)		
•Payout will be capped at target if Zimmer Biomet's TSR is negative		
•TSR calculation for Zimmer Biomet and S&P 500 Health Care Index constituents uses a 20-consecutive-trading-day average at the beginning and end of the performance period		
Performance Level	**Relative TSR Percentile Rank *(S&P 500 Health Care Index)***	**Payout as a Percentage of Target Award***
Stretch	__th Percentile	200%
	__th Percentile	150%
Target	**__th Percentile**	**100%**
Threshold	__th Percentile	50%
Below Threshold	Below __th Percentile	0%

* Linear interpolations between specified percentages

Exhibit 10.49

FIRST AMENDMENT (the "First Amendment"), dated as of April 23, 2018, between ZIMMER BIOMET G.K. (the "Borrower") and SUMITOMO MITSUI BANKING CORPORATION (the "Bank"), to the AMENDED AND RESTATED TERM LOAN AGREEMENT dated as of September 22, 2017 (the "Agreement") between the Borrower and the Bank.

WITNESSETH

The Borrower and the Bank wish to amend the Agreement in certain respects. Unless otherwise defined in this First Amendment, capitalized terms used herein shall have the meanings ascribed to such terms in the Agreement.

Accordingly, in consideration of the premises contained herein and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. **Amendment.** In Section 1.01 of the Agreement (captioned, "Defined Terms"), the term "Interest Payment Date" is hereby amended and restated in its entirety to read as follows:

> ***"Interest Payment Date" means the 15th day of each month (subject to the provisions of Section 2.06 with respect to payments on non-Business Days), commencing on November 15, 2017 and ending on the Maturity Date.***

Section 2. **Effectiveness.** Conditioned on the truth and accuracy of the representations made in Section 3 hereof, this First Amendment shall become effective as of the date hereof when the Bank shall have received a copy of this First Amendment, duly executed by Borrower.

Section 3. **Representations.** The Borrower reaffirms the representations and warranties in the Agreement as made as of the date hereof and confirms that both before and after giving effect to this First Amendment there is and will be no Event of Default under the Agreement. The Borrower makes the representations and warranties in the Agreement with respect to its execution and delivery as to the execution and delivery of this First Amendment.

Section 4. **Ratification.** The Agreement shall remain in full force and effect in its original form, without novation, when this First Amendment shall become effective, except as the Agreement is specifically amended by the terms of this First Amendment.

Section 5. **Cross-references.** Upon the effectiveness of this First Amendment, any reference to the Agreement shall mean the Agreement as amended hereby.

Section 6. **Governing Law.** This First Amendment shall be considered an agreement under the laws in effect in the State of New York and for all purposes shall be construed in accordance with such laws without giving effect to the conflict of laws provisions contained therein.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered by their respective duly authorized officers as of the date first written above.

ZIMMER BIOMET G.K.

By: /s/ Daniel P. Florin
Name:
Title:

SUMITOMO MITSUI BANKING CORPORATION

By: /s/ James D. Weinstein
Name: James D. Weinstein
Title: Managing Director

Subsidiaries of Zimmer Biomet Holdings, Inc.
As of December 31, 2019

Name of Subsidiary[1]	**Jurisdiction of Formation**
Domestic subsidiaries:	
Biomet 3i, LLC	Florida
dba Zimmer Biomet Dental	
Biomet Biologics, LLC	Indiana
Biomet CV Holdings, LLC	Delaware
Biomet Fair Lawn LLC	Indiana
Biomet Finance US, LLC	Delaware
Biomet International Orthopedics, LLC	Delaware
Biomet International, Inc.	Delaware
Biomet Leasing, Inc.	Indiana
Biomet Manufacturing, LLC	Indiana
Biomet Orthopedics, LLC	Indiana
Biomet Sports Medicine, LLC	Indiana
dba Biomet Sports Medicine Limited Liability Company *(Forced)*	
Biomet Trauma, LLC	Indiana
Biomet U.S. Reconstruction, LLC	Indiana
Biomet, Inc.	Indiana
dba Zimmer Biomet	
Cayenne Medical, Inc.	Delaware
CD Diagnostics, Inc.	Delaware
CD Laboratories, Inc.	Maryland
CelgenTek Innovations Corporation	Delaware
Citra Labs, LLC	Indiana
dba Biomet Citra Labs, LLC (*Forced*)	
Compression Therapy Concepts, Inc.	New Jersey
Dornoch Medical Systems, Inc.	Illinois
EBI Holdings, LLC	Delaware
EBI Medical Systems, LLC	Delaware
EBI, LLC	Indiana
dba Zimmer Biomet Bone Healing Technologies	
dba Biomet Bone Healing Technologies	
dba Biomet Bracing	
dba Biomet Healing Technologies (*Forced*)	
dba Biomet Osteobiologics	
dba Biomet Spine (*Forced*)	
dba Biomet Spine & Bone Healing Technologies	
dba Biomet Spine & Bone Healing Technologies, LLC (*Forced*)	
dba Biomet Spine & Bone Healing Technologies, Biomet Bracing and Biomet Osteobiologics, LLC (*Forced*)	
dba Biomet Trauma, Biomet Spine (*Forced*)	
dba Biomet Trauma, Biomet Spine, Biomet Bracing and Biomet Osteobiologics, LLC (*Forced*)	
dba EBI, LLC (IN) (*Forced*)	
dba EBI, LLC of Indiana (*Forced*)	
Electro-Biology, LLC	Delaware
ETEX Corporation	Massachusetts
dba Zimmer ETEX	
dba Zimmer Biomet ETEX	
ETEX Holdings, Inc.	Delaware
dba Zimmer ETEX	
dba Zimmer Biomet ETEX	

Name of Subsidiary[1]	Jurisdiction of Formation
Implant Concierge, LLC	Texas
Implant Innovations Holdings, LLC	Indiana
InnoVision, Inc.	Delaware
Interpore Cross International, LLC	California
dba Zimmer Biomet Irvine	
Kirschner Medical Corporation	Delaware
LVB Acquisition, Inc.	Delaware
Medical Compression Systems, Inc.	Delaware
Medtech Surgical, Inc.	Delaware
Orthopaedic Advantage, LLC	Indiana
Synvasive Technology, Inc.	California
ZB COOP LLC	Delaware
ZB EMEA US UK LLC	Delaware
ZB Manufacturing, LLC	Delaware
Zimmer Biomet CMF and Thoracic, LLC	Florida
dba Biomet Microfixation	
Zimmer Biomet Distribution LLC	Delaware
Zimmer Biomet Finance US Holding, Inc.	Delaware
Zimmer Biomet Spine, Inc.	Delaware
dba Lanx	
dba Zimmer Spine	
Zimmer Biomet US 2 Holding, Inc.	Delaware
Zimmer Caribe, LLC	Delaware
Zimmer CBT I Holding, Inc.	Delaware
Zimmer CBT II Holding, Inc.	Delaware
Zimmer CEP USA Holding Co.	Delaware
Zimmer CEP USA, Inc.	Delaware
Zimmer Co-op Holdings, LLC	Delaware
Zimmer CV, Inc.	Delaware
Zimmer Dental Inc.	Delaware
Zimmer Investments, LLC	Delaware
Zimmer Knee Creations, Inc.	Delaware
Zimmer Orthobiologics, Inc.	New Jersey
Zimmer Production, Inc.	Delaware
Zimmer Southeast Florida, LLC	Delaware
Zimmer Spine Next, Inc.	Delaware
Zimmer Surgical, Inc.	Delaware
Zimmer Trabecular Metal Technology, Inc.	New Jersey
Zimmer US, Inc.	Delaware
dba Zimmer Biomet	
dba Zimmer Biomet Bay Area	
dba Zimmer Biomet Mid-Atlantic	
dba Zimmer Biomet North Texas	
dba Zimmer Biomet Southern California	
dba Zimmer US Cooperative	
dba Compression Therapy Concepts	
dba CTC Inc.	
Zimmer, Inc.	Delaware
dba Zimmer Biomet	
dba Zimmer Biomet Corporate Services (*Forced*)	
dba Z Hotel	
dba CD Diagnostics	
dba CD Laboratories	

Name of Subsidiary[1]	Jurisdiction of Formation
Foreign subsidiaries:	
Biomet Argentina SA	Argentina
Biomet 3i Australia Pty. Ltd.	Australia
Biomet Australia Pty. Ltd.	Australia
Zimmer Australia Holding Pty. Ltd.	Australia
Zimmer Biomet Pty. Ltd.	Australia
Zimmer Biomet Austria GmbH	Austria
ZH2LX Barbados Branch (branch)	Barbados
Zimmer Biomet Finance Srl	Barbados
Biomet 3i Belgium N.V.	Belgium
Biomet 3i Benelux Holdings N.V.	Belgium
Zimmer Biomet BVBA	Belgium
Biomet Insurance Ltd.	Bermuda
Biomet 3i do Brasil Comercio de Aparelhos Medicos Ltda.	Brazil
Biomet Brazil Medical Device Ltda.	Brazil
LDR Brasil Comercio, Importacao e Exportacao Ltda.	Brazil
Ospol Participacoes Ltda.	Brazil
Zimmer do Brasil Comercio Ltda.	Brazil
ORTHOsoft ULC dba Zimmer CAS	Canada
Zimmer Biomet Canada, Inc.	Canada
Zimmer Biomet Dental Canada Inc.	Canada
ZB Cayman (Asia) Holding Ltd.	Cayman Islands
ZB Cayman Island CBT 2 Ltd.	Cayman Islands
Zimmer Cayman Islands Holding Co. Ltd.	Cayman Islands
Biomet Chile SA	Chile
Zimmer Dental Chile Spa	Chile
Beijing Montagne Medical Device Co. Ltd.	China
Biomet China Co., Ltd.	China
Changzhou Biomet Medical Devices Co. Ltd.	China
Shanghai Biomet Business Consulting Co. Ltd.	China
Zhejiang Biomet Medical Products Co. Ltd.	China
Zimmer Biomet CBT	China
Zimmer Biomet CBT 2	China
Zimmer Dental (Shanghai) Medical Device Co. Ltd.	China
Zimmer (Shanghai) Medical International Trading Co., Ltd.	China
Zimmer Colombia SAS	Colombia
IC Guided Surgery, SRL	Costa Rica
Zimmer Biomet Centroamerica SA	Costa Rica
Zimmer Czech sro	Czech Republic
Zimmer Biomet Denmark ApS	Denmark
Zimmer Biomet Finland Oy	Finland
Biomet France Sarl	France
LDR Médical S.A.S.	France
Medtech SA	France
Zimmer Dental SAS	France
Zimmer France Manufacturing Sarl	France
Zimmer Biomet France SAS	France
Zimmer Biomet France Holdings SAS	France
Zimmer Spine SAS	France
Biomet Deutschland GmbH	Germany
Biomet Deutschland Holding GmbH	Germany

Name of Subsidiary[1]	Jurisdiction of Formation
Biomet Healthcare Management GmbH	Germany
Medtech Surgical GmbH	Germany
Zimmer Dental GmbH	Germany
Zimmer Biomet Deutschland GmbH	Germany
Zimmer Germany Holdings GmbH	Germany
Zimmer International Logistics GmbH	Germany
Zfx GmbH	Germany
Zimmer Biomet Hellas SA	Greece
SM Re Ltd.	Guernsey
Biomet Hong Kong CBT Ltd.	Hong Kong
Biomet Hong Kong Holding Ltd.	Hong Kong
Biomet Hong Kong No. 1 Ltd.	Hong Kong
LDR Medical Hong Kong (branch)	Hong Kong
ZB Hong Kong CBT 2 Ltd.	Hong Kong
ZB Hong Kong Holding Ltd.	Hong Kong
ZB Hong Kong Ltd.	Hong Kong
Zimmer Asia (HK) Ltd.	Hong Kong
ZB Dental India Private Limited	India
Zimmer India Private Ltd.	India
Zimmer Finance Ireland	Ireland
Zimmer Biomet Ireland Limited	Ireland
Zimmer Orthopedics Manufacturing Limited	Ireland
D.S. Comp Ltd.	Israel
Zimmer Biomet Comp Ltd.	Israel
Zimmer Dental Ltd.	Israel
Lanx Srl	Italy
Zimmer Dental Italy Srl	Italy
Zimmer Biomet Italia Srl	Italy
Zfx Innovation GmbH	Italy
Hakuho Company, Ltd.	Japan
Zimmer Biomet Dental K.K.	Japan
Zimmer Biomet GK	Japan
Zimmer Biomet Korea Ltd.	Korea
Zimmer Biomet OUS Holdings AG	Liechtenstein
JERDS Luxembourg Holding Sarl	Luxembourg
Zimmer Luxembourg Sarl	Luxembourg
Zimmer Luxembourg II Sarl	Luxembourg
Zimmer Medical Malaysia SDN BHD	Malaysia
Biomet 3i Mexico S.A. de C.V.	Mexico
Biomet Mexico S.A. de C.V.	Mexico
Representaciones Zimmer Inc., S. de R.L. de C.V.	Mexico
Biomet 3i Netherlands B.V.	Netherlands
Biomet C.V.	Netherlands
Biomet Global Supply Chain Center B.V.	Netherlands
Biomet Holdings B.V.	Netherlands
Biomet Microfixation B.V.	Netherlands
ZB COOP C.V.	Netherlands
Zimmer Biomet Asia Holding B.V.	Netherlands
Zimmer Manufacturing B.V.	Netherlands
Zimmer Biomet Nederland B.V.	Netherlands
Zimmer Netherlands Cooperatief U.A.	Netherlands
Zimmer Biomet New Zealand Company	New Zealand
Zimmer Biomet Norway AS	Norway

Name of Subsidiary[1]	Jurisdiction of Formation
Zimmer Biomet Polska Sp. z.o.o	Poland
Biomet 3i Portugal Lda	Portugal
Zimmer Biomet Portugal Unipessoal, Lda	Portugal
Biomet Orthopedics Puerto Rico, Inc.	Puerto Rico
EBI Patient Care, Inc.	Puerto Rico
Lanx Puerto Rico, LLC	Puerto Rico
Zimmer Manufacturing B.V. (branch)	Puerto Rico
Zimmer Biomet Romania S.R.L.	Romania
Zimmer CIS Ltd.	Russia
Zimmer Biomet Asel Alarabiya Limited Company	Saudi Arabia
Zimmer Biomet Asia Holdings Pte. Ltd.	Singapore
Zimmer Pte. Ltd.	Singapore
Zimmer Slovakia sro	Slovakia
Zimmer Biomet South Africa (Pty) Ltd.	South Africa
Biomet 3i Dental Iberica SL	Spain
Biomet Spain Orthopaedics S.L.	Spain
Espanormed S.L.	Spain
Zimmer Biomet Spain S.L.	Spain
Biomet 3i Nordic AB	Sweden
Biomet Cementing Technologies AB	Sweden
Scandimed Holding AB	Sweden
Zimmer Biomet Sweden AB	Sweden
Biomet 3i Switzerland GmbH	Switzerland
Zimmer Biomet Global Holdings Switzerland GmbH	Switzerland
Zimmer GmbH	Switzerland
Zimmer GmbH Euro IP Branch (branch)	Switzerland
Zimmer GmbH, Winterthur Branch (branch)	Switzerland
Zimmer Surgical SA	Switzerland
Zimmer Switzerland Holdings LLC	Switzerland
Zimmer Switzerland Manufacturing GmbH	Switzerland
Zimmer Biomet Taiwan Co., Ltd.	Taiwan
Zimmer Biomet (Thailand) Co., Ltd.	Thailand
Biomet 3i Turkey	Turkey
Zimmer Tibbi Cihazlar Sanayi ve Ticaret AS	Turkey
Zimmer Gulf FZ LLC	United Arab Emirates
Biomet 3i UK Ltd.	United Kingdom
Biomet Acquisitions (Unlimited)	United Kingdom
Biomet UK Ltd.	United Kingdom
Biomet UK Healthcare Ltd.	United Kingdom
ZB EMEA 1 LP	United Kingdom
ZB EMEA Finance UK 1 Ltd.	United Kingdom
ZB EMEA Finance UK 2 Ltd.	United Kingdom
ZB EMEA Finance UK 3 Ltd.	United Kingdom
ZB UK Group Holdings Limited	United Kingdom
Zimmer Biomet UK Ltd.	United Kingdom
Zimmer Trustee Ltd.	United Kingdom
Zimmer UK Limited	United Kingdom

[1] Excludes certain entities that have de minimis activity or are in the process of being liquidated or dissolved and that, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-65934, 333-65936, 333-65938, 333-101243, 333-101265, 333-125667, 333-131164, 333-140939, 333-155757, 333-165078, 333-172463, 333-179700, 333-186951, 333-194269, and 333-216367) and Form S-3 (No. 333-229882) of Zimmer Biomet Holdings, Inc. of our report dated February 21, 2020 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 21, 2020

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bryan Hanson, certify that:

1. I have reviewed this Annual Report on Form 10-K of Zimmer Biomet Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2020

/s/ Bryan Hanson

Bryan Hanson

President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Suketu Upadhyay certify that:

1. I have reviewed this Annual Report on Form 10-K of Zimmer Biomet Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors:

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2020

/s/ Suketu Upadhyay

Suketu Upadhyay

Executive Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Zimmer Biomet Holdings, Inc. (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bryan Hanson
Bryan Hanson
President and Chief Executive Officer
February 21, 2020

/s/ Suketu Upadhyay
Suketu Upadhyay
Executive Vice President and Chief Financial Officer
February 21, 2020