

This communication is a reminder of how cost basis reporting regulations can impact your personal income tax filing. If you sold shares that you acquired through your stock awards, the cost basis for such shares reported on Form 1099 may require an adjustment to avoid potential double reporting of income.

The table below outlines the Internal Revenue Service (IRS) current cost basis reporting requirement, which became effective beginning with tax year 2014. Please note that this information is not intended to offer tax advice or provide comprehensive guidance on how to report the income from a stock option exercise or Restricted Stock Units (RSUs)/ Performance Stock Units (PSUs) vest and the capital gain/loss from the subsequent sale of these shares.

Award type	Actual cost basis	Cost basis included on Form 1099 ¹	Ordinary income reporting at stock option exercise or RSUs/PSUs vest	Capital gain/loss reporting at sale for shares acquired in 2014 or later years
Nonstatutory stock option	Fair market value (FMV) at exercise	Grant price	As required by the IRS, Stryker will report the ordinary income (difference between the grant price and FMV) from the exercise on your W-2.	In the year of sale, you must adjust your cost basis from the grant price to the FMV at exercise with a Form 8949 when completing your tax return to avoid duplicate reporting and taxation of this income.
RSU/PSU	Fair market value at vest	UBS will include FMV on the 1099, but no cost basis reported to IRS ²	As required by the IRS, Stryker will report the ordinary income (the FMV at vest) from the RSUs/PSUs vest on your W-2.	In the year of sale, you must record your cost basis as the FMV at vest with a Form 8949 when completing your tax return to avoid duplicate reporting and taxation of this income.

¹ Applies to shares acquired through nonstatutory stock option exercises and RSUs/PSUs vest after January 1, 2014.

² UBS is including the cost basis (the FMV at vest) on the 1099 for all shares sold from an RSU/PSU award for your information only, the cost basis will not be reported to the IRS for shares acquired in 2014 or later years.

Below is a hypothetical example of the double reporting of income due to the increased capital gain/loss that would be reported to the IRS if the cost basis is not adjusted as described above.

Sale of shares acquired through a stock option exercise

	Shares sold (A)	Sale price (B)	Sale Proceeds (C)	FMV at exercise ¹ (D)	Grant price (E)	Cost basis	Gain/loss	Double reported income
Form 1099 cost basis	100	\$350	\$35,000	\$325	\$200	\$20,000	\$15,000	\$12,500
			$A * B$			$A * E$	$(B - E) * A$	$(D - E) * A$
Form 8949 adjusted basis	100	\$350	\$35,000	\$325	\$200	\$32,500	\$2,500	\$0
			$A * B$			$A * D$	$(B - D) * A$	



¹ The FMV at exercise can be found in your UBS One Source account by going to Statements and running the Advices (Transaction Details) for the month and year the stock option exercise occurred.

For any questions related to your stock awards, please contact:

- UBS Wealth Advice Center between 3:00 a.m. and 11:00 p.m. U.S. Eastern Time, Monday through Friday, at 1-877-795-7857.
- UBS Greco Team of Financial Advisors between 9:30 a.m. and 5:00 p.m. U.S. Eastern Time, Monday through Friday, at 1-860-727-1515.
- UBS One Source site www.ubs.com/onesource/syk to access materials and information related to your stock awards. The 2024 UBS Tax Filing Guides are available on the UBS One Source site.

We encourage you to consider seeking advice from a tax professional when preparing your tax return.