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

FORM 10-Q

(Mark one)

[X] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2017

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 000-09165

STRYKER CORPORATION
(Exact name of registrant as specified in its charter)

Michigan	**38-1239739**
(State of incorporation)	(I.R.S. Employer Identification No.)
2825 Airview Boulevard, Kalamazoo, Michigan	**49002**
(Address of principal executive offices)	(Zip Code)

(269) 385-2600
(Registrant's telephone number, including area code)

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 [X] NO [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). YES [X] NO [ ]

Indicate by check mark 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	[X]		Accelerated filer	[ ]
Non-accelerated filer	[ ]	(Do not check if a smaller reporting company)		
			Small 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 check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES [ ] NO [X]

Number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 373,765,028 shares of Common Stock, $0.10 par value, on March 31, 2017.

PART I. – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Stryker Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

	Three Months	
	2017	2016
Net sales	**$ 2,955**	**$ 2,495**
Cost of sales	993	801
Gross profit	**$ 1,962**	**$ 1,694**
Research, development and engineering expenses	192	159
Selling, general and administrative expenses	1,102	944
Recall charges	26	19
Amortization of intangible assets	88	53
Total operating expenses	$ 1,408	$ 1,175
Operating income	**$ 554**	**$ 519**
Other income (expense), net	(55)	(38)
Earnings before income taxes	**$ 499**	**$ 481**
Income taxes	55	79
Net earnings	**$ 444**	**$ 402**
Net earnings per share of common stock:		
Basic net earnings per share of common stock	$ 1.19	$ 1.08
Diluted net earnings per share of common stock	$ 1.17	$ 1.07
Weighted-average shares outstanding:		
Basic	373.4	373.2
Effect of dilutive employee stock options	5.9	4.2
Diluted	**379.3**	**377.4**

Anti-dilutive shares excluded from the calculation of dilutive employee stock options were de minimis in all periods.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three Months	
	2017	2016
Net earnings	**$ 444**	**$ 402**
Other comprehensive income, net of tax:		
Marketable securities	—	—
Pension plans	(4)	(1)
Unrealized losses on designated hedges	(6)	(20)
Financial statement translation	96	38
Total other comprehensive income, net of tax	**$ 86**	**$ 17**
Comprehensive income	**$ 530**	**$ 419**

See accompanying notes to Consolidated Financial Statements.

Dollar amounts are in millions except per share amounts or as otherwise specified. 1

Stryker Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	March 31 2017 (Unaudited)	December 31 2016
Assets		
Current assets		
Cash and cash equivalents	$ 3,213	$ 3,316
Marketable securities	66	68
Accounts receivable, less allowance of $57 ($56 in 2016)	1,875	1,967
Inventories:		
Materials and supplies	476	425
Work in process	137	130
Finished goods	1,559	1,475
Total inventories	**$ 2,172**	**$ 2,030**
Prepaid expenses and other current assets	563	480
Total current assets	**$ 7,889**	**$ 7,861**
Property, plant and equipment:		
Land, buildings and improvements	857	820
Machinery and equipment	2,476	2,341
Total property, plant and equipment	$ 3,333	$ 3,161
Less allowance for depreciation	1,678	1,592
Net property, plant and equipment	**$ 1,655**	**$ 1,569**
Goodwill	6,393	6,356
Other intangibles, net	3,446	3,508
Other noncurrent assets	1,134	1,141
Total assets	**$ 20,517**	**$ 20,435**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	$ 456	$ 437
Accrued compensation	457	767
Income taxes	43	40
Dividend payable	159	159
Accrued recall expenses	521	594
Accrued expenses and other liabilities	883	923
Current maturities of debt	35	228
Total current liabilities	**$ 2,554**	**$ 3,148**
Long-term debt, excluding current maturities	7,184	6,686
Other noncurrent liabilities	1,075	1,051
Total liabilities	**$ 10,813**	**$ 10,885**
Shareholders' equity		
Common stock, $0.10 par value:		
Authorized: 1 billion shares, outstanding: 374 million shares (375 million shares in 2016)	37	37
Additional paid-in capital	1,439	1,432
Retained earnings	8,903	8,842
Accumulated other comprehensive loss	(675)	(761)
Total shareholders' equity	**$ 9,704**	**$ 9,550**
Total liabilities & shareholders' equity	**$ 20,517**	**$ 20,435**

See accompanying notes to Consolidated Financial Statements.

Dollar amounts are in millions except per share amounts or as otherwise specified. 2

Stryker Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (Unaudited)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
December 31, 2016	**$ 37**	**$ 1,432**	**$ 8,842**	**$ (761)**	**$ 9,550**
Net earnings			444		444
Other comprehensive income				86	86
Issuance of 1.1 million shares of common stock under stock option and benefit plans		(18)			(18)
Repurchases of 1.9 million shares of common stock		(7)	(223)		(230)
Share-based compensation		32			32
Cash dividends declared of $0.425 per share of common stock			(160)		(160)
March 31, 2017	**$ 37**	**$ 1,439**	**$ 8,903**	**$ (675)**	**$ 9,704**

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Three Months 2017	Three Months 2016
Operating activities		
Net earnings	**$ 444**	**$ 402**
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	62	49
Amortization of intangible assets	88	53
Share-based compensation	32	28
Recall charges	26	19
Changes in operating assets and liabilities:		
Accounts receivable	112	86
Inventories	(114)	(109)
Accounts payable	23	17
Accrued expenses and other liabilities	(323)	(213)
Recall-related payments, net of insurance recovery	(94)	(55)
Income taxes	(3)	22
Other	(102)	(37)
Net cash provided by operating activities	**$ 151**	**$ 262**
Investing activities		
Acquisitions, net of cash acquired	(9)	(23)
Purchases of marketable securities	(12)	(94)
Proceeds from sales of marketable securities	14	289
Purchases of property, plant and equipment	(139)	(115)
Net cash (used in) provided by investing activities	**$ (146)**	**$ 57**
Financing activities		
Proceeds from borrowings	658	3,508
Payments on borrowings	(354)	(53)
Dividends paid	(159)	(142)
Repurchases of common stock	(230)	(13)
Cash paid for taxes from withheld shares	(52)	(41)
Net cash (used in) provided by financing activities	**$ (137)**	**$ 3,259**
Effect of exchange rate changes on cash and cash equivalents	29	19
Change in cash and cash equivalents	**$ (103)**	**$ 3,597**
Cash and cash equivalents at beginning of period	3,316	3,379
Cash and cash equivalents at end of period	**$ 3,213**	**$ 6,976**

See accompanying notes to Consolidated Financial Statements.

Dollar amounts are in millions except per share amounts or as otherwise specified. 3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1 - BASIS OF PRESENTATION

General Information

These statements should be read in conjunction with our Annual Report on Form 10-K for 2016. Management believes that the accompanying unaudited Consolidated Financial Statements contain all adjustments, including normal recurring items, considered necessary for a fair presentation of the interim periods. However, the results of operations included in these Consolidated Financial Statements may not necessarily be indicative of our annual results. Certain prior year amounts have been reclassified to conform to current year presentation in our Consolidated Statement of Cash Flows and our segment information in Note 10.

New Accounting Pronouncements Not Yet Adopted

In March 2017 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-07, Compensation - Retirement Benefits, which revises the presentation of net periodic pension cost and net periodic post-retirement benefit cost. We plan to adopt this update on January 1, 2018 and do not expect the adoption to have a material impact on our Consolidated Financial Statements.

In January 2017 the FASB issued ASU 2017-01, Business Combinations: Clarifying the Definition of a Business, which provides a more robust framework to use in determining when a set of acquired assets and activities constitutes a business.

In February 2016 the FASB issued ASU 2016-02, Leases. This update requires an entity to recognize assets and liabilities on the balance sheet for leases with terms greater than 12 months. We plan to adopt this update on January 1, 2019, and we are still evaluating the impact on our Consolidated Financial Statements.

In May 2014 the FASB issued ASU 2014-09, Revenue from Contracts with Customers. This update outlines a single, comprehensive model for accounting for revenue from contracts with customers. The guidance permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method). We plan to adopt this update on January 1, 2018 using the modified retrospective method. There may be differences in timing of revenue recognition under the revised standard compared to recognition under ASC 605 - Revenue Recognition.

Accounting Pronouncements Recently Adopted

On January 1, 2017 we adopted ASU 2016-09, Compensation-Stock Compensation: Improvements to Employee Share-Based Payment Accounting (ASU 2016-09). The impact on our Consolidated Statements of Earnings in 2017 was a tax benefit of $26. In our prior year Consolidated Statements of Cash Flow we reclassified $18 from other financing to income taxes within operating activities to conform to current year presentation.

On January 1, 2017 we adopted ASU 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments. The adoption of this update did not have a material impact on our Consolidated Financial Statements.

No other new accounting pronouncements were issued or became effective in the period that had, or are expected to have, a material impact on our Consolidated Financial Statements.

NOTE 2 - ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME (AOCI)

Three Months 2017	Marketable Securities	Pension Plans	Hedges	Financial Statement Translation	Total
Beginning	**$ —**	**$ (132)**	**$ 24**	**$ (653)**	**$ (761)**
OCI	—	(6)	(14)	85	65
Income taxes	—	1	4	11	16
Reclassifications to:					
Cost of sales	—	2	5	—	7
Other income	—	—	—	—	—
Income taxes	—	(1)	(1)	—	(2)
Net OCI	$ —	$ (4)	$ (6)	$ 96	$ 86
Ending	**$ —**	**$ (136)**	**$ 18**	**$ (557)**	**$ (675)**

Three Months 2016	Marketable Securities	Pension Plans	Hedges	Financial Statement Translation	Total
Beginning	**$ —**	**$ (119)**	**$ 4**	**$ (524)**	**$ (639)**
OCI	2	(3)	(22)	28	5
Income taxes	(1)	—	6	10	15
Reclassifications to:					
Cost of sales	—	2	(6)	—	(4)
Other expense	(1)	—	—	—	(1)
Income taxes	—	—	2	—	2
Net OCI	$ —	$ (1)	$ (20)	$ 38	$ 17
Ending	**$ —**	**$ (120)**	**$ (16)**	**$ (486)**	**$ (622)**

NOTE 3 - FAIR VALUE MEASUREMENTS

Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1	Quoted market prices in active markets for identical assets or liabilities
Level 2	Observable market-based inputs or unobservable inputs that are corroborated by market data
Level 3	Unobservable inputs reflecting our assumptions or external inputs from active markets

When applying the fair value principles in the valuation of assets and liabilities, we are required to maximize the use of quoted market prices and minimize the use of unobservable inputs. We calculate the fair value of our Level 1 and Level 2 instruments based on the exchange traded price of identical or similar instruments, where available, or based on other observable inputs taking into account our credit risk and that of our counterparties. Foreign currency exchange contracts and interest rate hedges are included in Level 2 as we use inputs other than quoted prices that are observable for the asset or liability. The Level 2 derivative instruments are primarily valued using standard calculations and models that use readily observable market data as their basis. Our Level 3 liabilities represent milestone payments for acquisitions recorded at fair value calculated using either the Black-Scholes option pricing model or a discounted cash flow technique. Significant unobservable inputs to this technique included our probability assessments related to the occurrence of certain triggering events, appropriately discounted considering the uncertainties associated with the obligation, which we estimate to be near 100%. We remeasure the fair value of our assets and liabilities each reporting period. We record the changes in fair value within selling, general and administrative expense and the changes in the time value of money within other income (expense), net.

There were no significant transfers into or out of any level in the three months 2017.

Dollar amounts are in millions except per share amounts or as otherwise specified. 4

Assets and Liabilities Measured at Fair Value

	March 2017	December 2016
Cash and cash equivalents	$ 3,213	$ 3,316
Trading marketable securities	103	94
Level 1 - Assets	**$ 3,316**	**$ 3,410**
Available-for-sale marketable securities:		
Corporate and asset-backed debt securities	$ 23	$ 25
United States agency debt securities	10	9
United States treasury debt securities	16	16
Certificates of deposit	17	18
Total available-for-sale marketable securities	$ 66	$ 68
Foreign currency exchange forward contracts	20	45
Interest rate swap asset	55	57
Level 2 - Assets	**$ 141**	**$ 170**
Total assets measured at fair value	**$ 3,457**	**$ 3,580**
Deferred compensation arrangements	$ 103	$ 94
Level 1 - Liabilities	**$ 103**	**$ 94**
Foreign currency exchange forward contracts	$ 22	$ 18
Level 2 - Liabilities	**$ 22**	**$ 18**
Contingent consideration:		
Beginning balance	$ 86	$ 56
Additions	3	49
Change in estimate	—	(7)
Settlements	(23)	(12)
Balance at the end of the period	$ 66	$ 86
Level 3 - Liabilities	**$ 66**	**$ 86**
Total liabilities measured at fair value	**$ 191**	**$ 198**

Fair Value of Available for Sale Securities by Maturity

	March 2017	December 2016
Due in one year or less	$ 35	$ 36
Due after one year through three years	$ 31	$ 32

On March 31, 2017 the aggregate difference between the cost and fair value of available-for-sale marketable securities was nominal. Interest and marketable securities income was $11 and $5 in the three months 2017 and 2016, which was recorded in other income (expense), net.

Less than 1% of our investments in available-for-sale marketable securities had a credit quality rating of less than A2 (Moody's), A (Standard & Poor's) and A (Fitch). We do not plan to sell the investments, and it is not more likely than not that we will be required to sell the investments before recovery of their amortized cost basis, which may be maturity. We do not consider these investments to be other-than-temporarily impaired on March 31, 2017. Substantially all our investments with unrealized losses that were not deemed to be other-than-temporarily impaired were in a continuous unrealized loss position for less than twelve months, and the losses were nominal.

Securities in a Continuous Unrealized Loss Position

	Number of Investments	Fair Value
Corporate and asset-backed	2	$ 1
United States agency	10	8
United States treasury	20	16
Certificates of deposit	28	9
Total	**60**	**$ 34**

NOTE 4 - DERIVATIVE INSTRUMENTS

Foreign Currency Hedges

We use operational and economic hedges, foreign currency exchange forward contracts, net investment hedges (both long-term intercompany loans payable and forward exchange contracts) and interest rate derivative instruments to manage the impact of currency exchange and interest rate fluctuations on earnings and cash flow. We do not enter into derivative instruments for speculative purposes. We did not change our hedging strategies, accounting practices, or objectives from those disclosed in our Annual Report on Form 10-K for 2016.

March 2017	Designated	Non-Designated	Total
Gross notional amount	**$ 1,131**	**$ 2,905**	**$ 4,036**
Maximum term in days			548
Fair value:			
Other current assets	$ 11	$ 8	$ 19
Other noncurrent assets	1	—	1
Other current liabilities	(15)	(6)	(21)
Other noncurrent liabilities	(1)	—	(1)
Total	**$ (4)**	**$ 2**	**$ (2)**

December 2016	Designated	Non-Designated	Total
Gross notional amount	**$ 1,058**	**$ 2,841**	**$ 3,899**
Maximum term in days			548
Fair value:			
Other current assets	$ 24	$ 17	$ 41
Other noncurrent assets	4	—	4
Other current liabilities	(9)	(7)	(16)
Other noncurrent liabilities	(2)	—	(2)
Total	**$ 17**	**$ 10**	**$ 27**

On March 31, 2017 the total after-tax amount in AOCI related to our designated net investment hedges was $30. We evaluate the effectiveness of our net investment hedges quarterly. We did not recognize any ineffectiveness in the three months 2017.

We are exposed to credit loss in the event of nonperformance by our counterparties on our outstanding derivative instruments but do not anticipate nonperformance by any of our counterparties. Should a counterparty default, our maximum exposure to loss is the asset balance of the instrument.

Net Currency Exchange Rate (Losses) Gains

	Three Months	
Recorded in:	**2017**	**2016**
Cost of sales	$ (5)	$ 6
Other income (expense), net	—	(4)
Total	**$ (5)**	**$ 2**

On March 31, 2017 and December 31, 2016 pretax losses on derivatives designated as hedges recorded in AOCI that are expected to be reclassified to earnings during the next 12 months were $4 and less than $1. This reclassification is primarily due to the sale of inventory that includes previously hedged purchases. There were no ineffective portions of derivatives that resulted in gains or losses in any of the periods presented.

Interest Rate Risk on Future Debt Issuance

On March 31, 2017 we had interest rate swaps with notional amounts of $600 designated as forward starting interest rate swaps in anticipation of future debt issuances. The market value of outstanding interest rate swap agreements on March 31, 2017 was $47, which was recorded in other current assets with an offsetting amount recorded in AOCI. Upon the probable issuance of the debt, these amounts will be released to interest expense over the term of the debt. The cash flow effect of this hedge is recorded in cash flow from operations.

On March 31, 2017 we had interest rate swaps with gross notional amounts of $500 designated as fair value hedges of underlying fixed rate obligations representing a portion of our $600 senior unsecured notes due in 2024. In the three months 2017 there was no hedge ineffectiveness recorded as a result of these fair value hedges.

Dollar amounts are in millions except per share amounts or as otherwise specified. 5

Fair Value Interest Rate Hedge Instruments

	March 2017	December 2016
Gross notional amount	$ 500	$ 500
Fair value:		
Other noncurrent assets	$ 7	$ 9
Long-term debt	(7)	(9)
Total	$ —	$ —

NOTE 5 - ACQUISITIONS

In April 2016 we completed the acquisition of Sage Products, LLC (Sage) for total consideration of approximately $2,875. Sage develops, manufactures and distributes intensive care disposable products. This acquisition enhanced our product offerings within our MedSurg segment. The finalization of our purchase price allocation resulted in a $30 increase in goodwill from our preliminary allocation in 2016.

In April 2016 we completed the acquisition of Physio-Control International, Inc. (Physio) for total net consideration of approximately $1,299. Physio develops, manufactures and markets monitors/defibrillators, AEDs and CPR-assist devices along with data management and support services. This acquisition enhanced our product offerings within our MedSurg segment. The finalization of our purchase price allocation resulted in a $19 decrease in goodwill from our preliminary allocation in 2016.

The Other acquisitions in 2016 include the acquisition of Synergetics' neuro portfolio (Synergetics). The Synergetics acquisition enhanced our product offerings within our MedSurg segment. The finalization of our purchase price allocation resulted in an $11 increase in goodwill from our preliminary allocation in 2016.

Purchase price allocations for additional Other acquisitions in 2017 and 2016 were based on preliminary valuations. Our estimates and assumptions are subject to change within the measurement period.

Goodwill acquired with the Sage and Synergetics acquisitions is deductible for tax purposes.

Purchase Price Allocation of Acquired Net Assets

	2017	2016		
	Other	Sage	Physio	Other
Purchase price paid	$ 9	$ 2,870	$ 1,299	$ 348
Contingent consideration	3	5	—	27
Loss on settlement of pre-existing contract	—	—	—	(19)
Total consideration	**$ 12**	**$ 2,875**	**$ 1,299**	**$ 356**
Tangible assets:				
Cash	$ —	$ 91	$ 32	$ 1
Accounts receivable	—	29	107	17
Inventory	—	63	61	5
Other assets	—	80	103	21
Liabilities	—	(83)	(364)	(29)
Intangible assets:				
Customer relationship	—	930	344	12
Trade name	—	70	160	10
Developed technology and patents	12	173	226	119
Non-compete	—	—	—	2
IPR&D	—	—	7	7
Goodwill	—	1,522	623	191
	$ 12	**$ 2,875**	**$ 1,299**	**$ 356**
Weighted-average life of intangible assets	15	15	14	12

Estimated Amortization Expense

Remainder of 2017	2018	2019	2020	2021
$ 258	$ 340	$ 330	$ 312	$ 299

NOTE 6 - DEBT AND CREDIT FACILITIES

In January 2017 we sold $500 of senior unsecured notes with an interest rate of 1.800% due on January 15, 2019. Our commercial paper program allows us to have a maximum of $1,500 in commercial paper outstanding with maturities up to 397 days from the date of issuance. On March 31, 2017 there were no amounts outstanding under our commercial paper program.

We have lines of credit issued by various financial institutions that are available to fund our day-to-day operating needs. Certain of our credit facilities require us to comply with financial and other covenants. We were in compliance with all covenants on March 31, 2017.

Summary of Total Debt

Senior unsecured notes:		March 2017	December 2016
Rate	Due		
1.300%	04/01/2018	$ 599	$ 598
1.800%	01/15/2019	498	—
2.000%	03/08/2019	747	746
4.375%	01/15/2020	497	497
2.625%	03/15/2021	745	745
3.375%	05/15/2024	600	602
3.375%	11/01/2025	745	744
3.500%	03/15/2026	987	987
4.100%	04/01/2043	391	391
4.375%	05/15/2044	394	395
4.625%	03/15/2046	980	979
Commercial paper		—	200
Other		36	30
Total debt		**$ 7,219**	**$ 6,914**
Less current maturities		35	228
Total long-term debt		**$ 7,184**	**$ 6,686**
Unamortized debt issuance costs		$ 45	$ 45
Available borrowing capacity		$ 1,532	$ 1,551
Fair value of debt		$ 7,304	$ 6,762

The fair value of debt (excluding the interest rate hedge) was based on the quoted interest rates for similar types and amounts of borrowings. Substantially all of our debt was classified within Level 2 of the fair value hierarchy. The fair value of the debt was estimated using rates with identical terms and maturities based on quoted active market prices and yields that took into account the underlying terms of the debt instruments.

NOTE 7 - CONTINGENCIES AND COMMITMENTS

Dollar amounts are in millions except per share amounts or as otherwise specified. 6

We are involved in various ongoing proceedings, legal actions and claims arising in the normal course of business, including proceedings related to product, labor, intellectual property and other matters that are more fully described below. The outcomes of these matters will generally not be known for prolonged periods of time. In certain of the legal proceedings, the claimants seek damages as well as other compensatory and equitable relief that could result in the payment of significant claims and settlements and/or the imposition of injunctions or other equitable relief. For legal matters for which management had sufficient information to reasonably estimate our future obligations, a liability representing management's best estimate of the probable loss, or the minimum of the range of probable losses when a best estimate within the range is not known, is recorded. The estimates are based on consultation with legal counsel, previous settlement experience and settlement strategies. If actual outcomes are less favorable than those estimated by management, additional expense may be incurred, which could unfavorably affect future operating results. We are self-insured for product liability claims and expenses. The ultimate cost to us with respect to product liability claims could be materially different than the amount of the current estimates and accruals and could have a material adverse effect on our financial position, results of operations and cash flows.

In June 2012 we voluntarily recalled our Rejuvenate and ABG II Modular-Neck hip stems and terminated global distribution of these hip products. Product liability lawsuits relating to this voluntary recall have been filed against us. On November 3, 2014 we announced that we had entered into a settlement agreement to compensate eligible United States patients who had revision surgery to replace their Rejuvenate and/or ABG II Modular-Neck hip stem prior to that date and in December 2016 the settlement program was extended to patients who had revision surgery prior to December 19, 2016. We continue to offer support for recall-related care and reimburse patients who are not eligible to enroll in the settlement program for testing and treatment services, including any necessary revision surgeries. In addition, some lawsuits remain and we will continue to defend against them. Based on the information that has been received, the actuarially determined range of probable loss to resolve this matter globally is currently estimated to be approximately $1,989 to $ 2,244 ($2,221 to $2,476 before $232 of third-party insurance recoveries.) In the three months 2017 we recognized additional charges to earnings of $21, representing the excess of the minimum of the range over the previously recorded reserves. The final outcome of this matter is dependent on many factors that are difficult to predict including the number of enrollees in the settlement program and the total awards to them, the number and costs of patients not eligible for the settlement program who seek testing and treatment services and require revision surgery and the number and actual costs to resolve the remaining lawsuits. Accordingly, the ultimate cost to resolve this entire matter globally may be materially different than the amount of the current estimate and accruals and could have a material adverse effect on our financial position, results of operations and cash flows.

In 2010 we filed a lawsuit in federal court against Zimmer Biomet Holdings, Inc. (Zimmer), alleging that a Zimmer product infringed on three of our patents. In 2013 following a jury trial favorable to us, the trial judge entered a final judgment that, among other things, awarded us damages of $76 and ordered Zimmer to pay us enhanced damages. Zimmer appealed this ruling. In December 2014 the Federal Circuit affirmed the damages awarded to us, reversed the order for enhanced damages and remanded the issue of attorney fees to the trial court. In May 2015 the trial court entered a stipulated judgment that, among other things, required Zimmer to pay us the base amount of damages and interest, while the issues of enhanced damages and attorney fees continue to be pursued. In June 2015 we recorded a $54 gain, net of legal costs, which was recorded within selling, general and administrative expenses. On June 13, 2016 the United States Supreme Court vacated the decision of the Federal Circuit that reversed our judgment for enhanced damages and remanded the case to the Federal Circuit to reconsider the issue. On September 12, 2016 the Federal Circuit issued an opinion that, among other things, remanded the issue of enhanced damages to the trial court.

In April 2011 Hill-Rom Company, Inc. and affiliated entities (Hill-Rom) brought a lawsuit against us alleging infringement under United States patent laws with respect to nine patents related to electrical network communications for hospital beds. On March 31, 2015 the court granted the parties' joint motion to dismiss with prejudice the claims and counterclaims associated with three of these patents. The case has been stayed with respect to the remaining six patents, which currently are under reexamination by the United States Patent Office. The ultimate resolution of this matter cannot be predicted, and it is not possible at this time for us to estimate any probable loss or range of probable losses. The ultimate result could have a material adverse effect on our financial position, results of operations and cash flows.

NOTE 8 - CAPITAL STOCK

In February 2017 we declared a quarterly dividend of $0.425 per share payable on April 28, 2017 to shareholders of record at the close of business on March 31, 2017.

In March 2015 we announced that our Board of Directors had authorized us to purchase up to $2,000 of our common stock. In 2017 we repurchased 1.9 million shares at a cost of $230 under our authorized repurchase program. The manner, timing and amount of repurchases are determined by management based on an evaluation of market conditions, stock price and other factors and is subject to regulatory considerations. Purchases are made from time-to-time in the open market, in privately negotiated transactions or otherwise. On March 31, 2017 the total dollar value of shares that could be acquired under our authorized repurchase programs was $1,640.

NOTE 9 - INCOME TAXES

Our effective tax rates were 11.1% and 16.4% in the three months 2017 and 2016. The decrease in the effective income tax rate in the three months 2017 was primarily due to the income tax effect of the adoption of ASU 2016-09. Refer to Note 1 for further information.

NOTE 10 - SEGMENT INFORMATION

	Three Months	
	2017	2016
Orthopaedics	$ 1,135	$ 1,057
MedSurg	1,305	958
Neurotechnology and Spine	515	480
Net sales	**$ 2,955**	**$ 2,495**
Orthopaedics	$ 392	$ 378
MedSurg	284	190
Neurotechnology and Spine	138	129
Segment operating income	**$ 814**	**$ 697**
Items not allocated to segments:		
Corporate and other	(99)	(93)
Acquisition and integration-related charges	(9)	(5)
Amortization of intangible assets	(88)	(53)
Restructuring-related charges	(38)	(20)
Rejuvenate and ABG II and other recalls	(26)	(19)
Legal matters	—	12
Consolidated operating income	**$ 554**	**$ 519**

There were no significant changes to total assets by segment from information provided in our Annual Report on Form 10-K for 2016.

Dollar amounts are in millions except per share amounts or as otherwise specified. 7

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ABOUT STRYKER

Stryker Corporation is a global leader in medical technology with net sales of $11,325 and net earnings of $1,647 in 2016. We offer a diverse array of innovative medical technologies including orthopaedic, medical and surgical, and neurotechnology and spine products to help people lead more active and satisfying lives.

We segregate our operations into three reportable business segments: Orthopaedics, MedSurg, and Neurotechnology and Spine. Orthopaedics products consist primarily of implants used in hip and knee joint replacements and trauma and extremities surgeries. MedSurg products include surgical equipment and surgical navigation systems (Instruments), endoscopic and communications systems (Endoscopy), patient handling and emergency medical equipment, and intensive care disposable products (Medical), and reprocessed and remanufactured medical devices (Sustainability) and other medical device products used in a variety of medical specialties. Neurotechnology and Spine products include both neurosurgical and neurovascular devices.

Overview of the Three Months

In the three months 2017 we achieved sales growth of 18.4%. Excluding the impact of acquisitions, sales grew 8.2% in constant currency, in line with our ongoing goal to grow organic sales at the high-end of the medical technology industry. We reported net earnings of $444 in the three months and achieved 9.3% growth in net earnings per diluted share. Excluding the impact of certain items, we achieved adjusted net earnings of $560 and growth of 19.4% in adjusted net earnings per diluted share[(1)].

Recent Developments

In January 2017 we sold $500 of senior unsecured notes. Refer to Note 6 in the notes to our Consolidated Financial Statements for further information.

RESULTS OF OPERATIONS

	Three Months				
			Percent Net Sales		Percentage
	2017	2016	2017	2016	Change
Net sales	**$ 2,955**	**$ 2,495**	**100.0 %**	**100.0 %**	**18.4 %**
Gross profit	1,962	1,694	66.4	67.9	15.8
Research, development and engineering expenses	192	159	6.5	6.4	20.8
Selling, general and administrative expenses	1,102	944	37.3	37.8	16.7
Recall charges	26	19	0.9	0.8	36.8
Amortization of intangible assets	88	53	3.0	2.1	66.0
Other income (expense), net	(55)	(38)	(1.9)	(1.5)	44.7
Income taxes	55	79			(30.4)
Net earnings	**$ 444**	**$ 402**	**15.0 %**	**16.1 %**	**10.4 %**
Net earnings per diluted share	**$ 1.17**	**$ 1.07**			**9.3 %**
Adjusted net earnings per diluted share[(1)]	**$ 1.48**	**$ 1.24**			**19.4 %**

(1) Refer to "Non-GAAP Financial Measures" for a discussion of non-GAAP financial measures used in this report and a reconciliation to the most directly comparable GAAP financial measure.

Geographic and Segment Net Sales

	Three Months			
			Percentage Change	
	2017	2016	As Reported	Constant Currency
Geographic:				
United States	$ 2,166	$ 1,822	18.9%	18.9%
International	789	673	17.2	18.5
Total	**$ 2,955**	**$ 2,495**	**18.4%**	**18.8%**
Segment:				
Orthopaedics	$ 1,135	$ 1,057	7.4%	7.8%
MedSurg	1,305	958	36.2	36.6
Neurotechnology and Spine	515	480	7.3	7.7
Total	**$ 2,955**	**$ 2,495**	**18.4%**	**18.8%**

Dollar amounts are in millions except per share amounts or as otherwise specified. 8

Supplemental Net Sales Growth Information

	Three Months						
			Percentage Change				
					United States	International	
	2017	2016	As Reported	Constant Currency	As Reported	As Reported	Constant Currency
Orthopaedics:							
Knees	$ 391	$ 361	8.5%	8.7%	7.4%	11.6 %	12.3%
Hips	320	316	1.2	2.0	2.0	(0.1)	2.0
Trauma and Extremities	352	327	7.6	8.3	10.0	3.6	5.5
Other	72	53	34.2	34.0	25.7	79.3	76.0
Total Orthopaedics	**$ 1,135**	**$ 1,057**	**7.4%**	**7.8%**	**7.8%**	**6.4 %**	**7.9%**
MedSurg:							
Instruments	$ 394	$ 365	7.8%	8.2%	7.8%	8.1 %	9.8%
Endoscopy	373	328	13.6	13.8	14.6	10.5	11.1
Medical	475	207	130.4	131.7	118.6	186.4	193.5
Sustainability	63	58	7.5	7.5	7.4	52.6	47.8
Total MedSurg	**$ 1,305**	**$ 958**	**36.2%**	**36.6%**	**34.6%**	**42.9 %**	**44.7%**
Neurotechnology and Spine:							
Neurotechnology	$ 331	$ 301	9.8%	10.1%	9.7%	9.8 %	10.7%
Spine	184	179	3.2	3.5	2.3	5.9	7.5
Total Neurotechnology and Spine	**$ 515**	**$ 480**	**7.3%**	**7.7%**	**6.7%**	**8.8 %**	**9.8%**
Total	**$ 2,955**	**$ 2,495**	**18.4%**	**18.8%**	**18.9%**	**17.2 %**	**18.5%**

Consolidated Net Sales

Consolidated net sales increased 18.4% in the three months 2017 as reported and 18.8% in constant currency, as foreign currency exchange rates negatively impacted net sales by 0.4%. Excluding the 10.6% impact of acquisitions, net sales in constant currency increased by 9.2% from increased unit volume partially offset by 1.0% due to lower prices. The unit volume increase was primarily due to higher shipments of endoscopy, knee, instrument, medical and trauma and extremities products.

Orthopaedics Net Sales

Orthopaedics net sales increased 7.4% in the three months 2017 as reported and 7.8% in constant currency, as foreign currency exchange rates negatively impacted net sales by 0.4%. Excluding the 0.6% impact of acquisitions, net sales in constant currency increased by 9.9% from increased unit volume partially offset by 2.7% due to lower prices. The unit volume increase was primarily due to higher shipments of knee and trauma and extremities products.

MedSurg Net Sales

MedSurg net sales increased 36.2% in the three months 2017 as reported and 36.6% in constant currency, as foreign currency exchange rates negatively impacted net sales by 0.4%. Excluding the 25.8% impact of acquisitions, net sales in constant currency increased by 9.8% from increased unit volume and 1.0% due to higher prices. The unit volume increase was primarily due to higher shipments of endoscopy, instrument and medical products.

Neurotechnology and Spine Net Sales

Neurotechnology and Spine net sales increased 7.3% in the three months 2017 as reported and 7.7% in constant currency, as foreign currency exchange rates negatively impacted net sales by 0.4%. Excluding the 2.4% impact of acquisitions, net sales in constant currency increased by 6.3% from increased unit volume partially offset by 1.0% due to lower prices. The unit volume increase was primarily due to higher shipments of neurotechnology products.

Gross Profit

Gross profit as a percentage of sales in the three months 2017 decreased to 66.4% from 67.9% in 2016. Excluding the impact of the charges noted below, gross profit decreased to 66.5% of sales in the three months 2017 from 68.0% in 2016 primarily due to recent acquisitions and product mix.

	Three Months			
	$		Percent Net Sales	
	2017	2016	2017	2016
Reported	**$ 1,962**	**$ 1,694**	**66.4%**	**67.9%**
Inventory stepped up to fair value	(1)	—	—	—
Restructuring-related charges	5	3	0.1	0.1
Adjusted	**$ 1,966**	**$ 1,697**	**66.5%**	**68.0%**

Research, Development and Engineering Expenses

Research, development and engineering expenses increased $33 or 20.8% in the three months 2017 to 6.5% of sales from 6.4% in 2016. Recent acquisitions and the timing of spending on projects and investments in new technologies contributed to the increased spending levels.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $158 or 16.7% in the three months 2017 and decreased as a percentage of sales to 37.3% from 37.8% in 2016. Excluding the impact of the charges noted below, expenses decreased to 35.8% of sales in the three months 2017 from 37.4% in 2016, primarily due to disciplined expense management and the impact of our recent acquisitions.

	Three Months			
	$		Percent Net Sales	
	2017	2016	2017	2016
Reported	**$ 1,102**	**$ 944**	**37.3 %**	**37.8 %**
Other acquisition and integration-related	(10)	(5)	(0.3)	(0.2)
Restructuring-related charges	(33)	(17)	(1.2)	(0.7)
Legal matters	—	12	—	0.5
Adjusted	**$ 1,059**	**$ 934**	**35.8 %**	**37.4 %**

Dollar amounts are in millions except per share amounts or as otherwise specified. 9

Recall Charges

Recall charges were $26 and $19 in the three months 2017 and 2016. The charges were primarily due to the previously disclosed Rejuvenate and ABG II Modular-Neck hip stems voluntary recalls. Refer to Note 7 to our Consolidated Financial Statements for further information.

Amortization of Intangible Assets

Amortization of intangible assets was $88 and $53 in the three months 2017 and 2016. The increase in 2017 was primarily due to our recent acquisitions. Refer to Note 5 to our Consolidated Financial Statements for further information.

Other Income (Expense), Net

Other income (expense), net was ($55) and ($38) in the three months 2017 and 2016. The increase in 2017 was primarily due to higher interest expense from higher debt levels as a result of our March 2016 and January 2017 debt offerings.

Income Taxes

The effective income tax rate on earnings was 11.1% and 16.4% in the three months 2017 and 2016. The decrease in the effective income tax rate in the three months 2017 was primarily due to the income tax effect of the adoption of ASU 2016-09. Refer to Note 1 to our Consolidated Financial Statements for further information.

Net Earnings

Net earnings increased to $444 or $1.17 per diluted share in the three months 2017 from $402 or $1.07 per diluted share in 2016. Adjusted net earnings per diluted share increased 19.4% to $1.48 in the three months 2017 from $1.24 in 2016. The impact of foreign currency exchange rates on net earnings reduced net earnings per diluted share by approximately $0.04 and $0.02 in the three months 2017 and 2016.

	Three Months			
	$		Percent Net Sales	
	2017	2016	2017	2016
Reported	$ 444	$ 402	15.0%	16.1 %
Other acquisition and integration-related	7	3	0.2	0.1
Amortization of intangible assets	61	39	2.1	1.6
Restructuring-related charges	27	15	0.9	0.6
Rejuvenate and other recall matters	21	17	0.8	0.7
Legal matters	—	(8)	—	(0.3)
Adjusted	$ 560	$ 468	19.0%	18.8 %

Non-GAAP Financial Measures

We supplement the reporting of our financial information determined under accounting principles generally accepted in the United States (GAAP) with certain non-GAAP financial measures, including percentage sales growth in constant currency; percentage organic sales growth; adjusted gross profit; cost of sales excluding specified items; adjusted selling, general and administrative expenses; adjusted amortization of intangible assets; adjusted operating income; adjusted effective income tax rate; adjusted net earnings; and adjusted net earnings per diluted share (Diluted EPS). We believe that these non-GAAP measures provide meaningful information to assist investors and shareholders in understanding our financial results and assessing our prospects for future performance. Management believes percentage sales growth in constant currency and the other adjusted measures described above are important indicators of our operations because they exclude items that may not be indicative of or are unrelated to our core operating results and provide a baseline for analyzing trends in our underlying businesses. Management uses these non-GAAP financial measures for reviewing the operating results of reportable business segments and analyzing potential future business trends in connection with our budget process and bases certain management incentive compensation on these non-GAAP financial measures.

To measure percentage sales growth in constant currency, we remove the impact of changes in foreign currency exchange rates that affect the comparability and trend of sales. Percentage sales growth in constant currency is calculated by translating current and prior year results at the same foreign currency exchange rate. To measure percentage organic sales growth, we remove the impact of changes in foreign currency exchange rates and acquisitions that affect the comparability and trend of sales. Percentage organic sales growth is calculated by translating current and prior year results at the same foreign currency exchange rate excluding the impact of acquisitions.

To measure earnings performance on a consistent and comparable basis, we exclude certain items that affect the comparability of operating results and the trend of earnings. These adjustments are irregular in timing, may not be indicative of our past and future performance and are therefore excluded to allow investors to better understand underlying operating trends.

The following are examples of the types of adjustments that may be included in a period:

1. *Acquisition and integration related costs*. Costs related to integrating recently acquired businesses and specific costs related to the consummation of the acquisition process.
2. *Amortization of purchased intangible assets*. Periodic amortization expense related to purchased intangible assets.
3. *Restructuring-related charges*. Costs associated with workforce reductions and other restructuring-related activities.
4. *Rejuvenate and other recall matters*. Our best estimate of the minimum of the range of probable loss to resolve certain product recalls.
5. *Regulatory and legal matters*. Our best estimate of the minimum of the range of probable loss to resolve certain regulatory matters and other legal settlements.
6. *Tax matters*. Certain significant and discrete tax items and adjustments to interest expense related to the settlement of certain tax matters.

Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These adjusted financial measures should not be considered in isolation or as a substitute for reported sales growth, gross profit, cost of sales, selling, general and administrative expenses, amortization of intangible assets, operating income, effective income tax rate, net earnings and net earnings per diluted share, the most directly comparable GAAP financial measures. These non-GAAP financial measures are an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the reconciliations to corresponding GAAP financial measures at the end of the discussion of Results of Operations below, provide a more complete understanding of our business. We strongly encourage investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

The weighted-average basic and diluted shares outstanding used in the calculation of non-GAAP earnings per share are the same as those used in the calculation of the reported per share amounts.

Dollar amounts are in millions except per share amounts or as otherwise specified. 10

Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measures

Three Months 2017	Gross Profit	Selling, General & Administrative Expenses	Amortization of Intangible Assets	Operating Income	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	**$ 1,962**	**$ 1,102**	**$ 88**	**$ 554**	**$ 444**	**11.1 %**	**$ 1.17**
Acquisition and integration related charges:							
Inventory stepped up to fair value	(1)	—	—	(1)	—	(0.2)	—
Other acquisition and integration related	—	(10)	—	10	7	0.3	0.02
Amortization of purchased intangible assets	—	—	(88)	88	61	2.9	0.16
Restructuring-related charges	5	(33)	—	38	27	1.0	0.07
Rejuvenate and other recall matters	—	—	—	26	21	0.2	0.06
Adjusted	**$ 1,966**	**$ 1,059**	**$ —**	**$ 715**	**$ 560**	**15.3 %**	**$ 1.48**

Three Months 2016	Gross Profit	Selling, General & Administrative Expenses	Amortization of Intangible Assets	Operating Income	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	**$ 1,694**	**$ 944**	**$ 53**	**$ 519**	**$ 402**	**16.4 %**	**$ 1.07**
Acquisition and integration related charges:							
Other acquisition and integration related	—	(5)	—	5	3	0.1	0.01
Amortization of purchased intangible assets	—	—	(53)	53	39	1.1	0.10
Restructuring-related charges	3	(17)	—	20	15	0.4	0.04
Rejuvenate and other recall matters	—	—	—	19	17	—	0.04
Legal matters	—	12	—	(12)	(8)	(0.6)	(0.02)
Adjusted	**$ 1,697**	**$ 934**	**$ —**	**$ 604**	**$ 468**	**17.4 %**	**$ 1.24**

FINANCIAL CONDITION AND LIQUIDITY

	Three Months 2017	Three Months 2016
Net cash provided by operating activities	$ 151	$ 262
Net cash (used in) provided by investing activities	(146)	57
Net cash (used in) provided by financing activities	(137)	3,259
Effect of exchange rate changes	29	19
Change in cash and cash equivalents	**$ (103)**	**$ 3,597**

Operating Activities

Cash provided by operations was $151 and $262 in the three months 2017 and 2016. The decrease in cash from operations in 2017 was primarily due to a $53 insurance recovery received in 2016 and higher sales performance-related compensation payments in 2017. The net of accounts receivable, inventory and accounts payable provided cash of $21 in 2017 compared to the consumption of $6 of cash in 2016.

Investing Activities

Cash used in investing activities was $146 in the three months 2017 from cash provided of $57 in 2016.

Acquisitions, Net of Cash Acquired: Acquisitions resulted in cash consumption of $9 and $23 in the three months 2017 and 2016.

Purchases of Property, Plant and Equipment: Purchases of property, plant and equipment were $139 and $115 in the three months 2017 and 2016. The increase is primarily due to capital expenditures associated with the development of our new global ERP system.

Marketable Securities, Net: Net cash provided by the sale of marketable securities was $2 and $195 in the three months 2017 and 2016.

Financing Activities

Dividends and Share Repurchases: Dividends paid per common share increased 11.8% to $0.425 per share in the three months 2017 compared to $0.380 in 2016.

	Three Months 2017	Three Months 2016
Dividends paid per common share	$ 0.425	$ 0.380
Total dividends paid to common shareholders	$ 159	$ 142
Total amount paid to repurchase common stock	$ 230	$ 13
Shares of repurchased common stock (in millions)	1.9	0.1

Borrowings and Repayments of Debt: Net proceeds from borrowings were $304 in the three months 2017 primarily from the issuance of $500 of senior unsecured notes. Net proceeds were $3,455 in the three months 2016 primarily from the issuance of $3,500 of senior unsecured notes.

Liquidity

Cash, cash equivalents and marketable securities were $3,279 and $3,384 on March 31, 2017 and December 31, 2016. Current assets exceeded current liabilities by $5,335 and $4,713 on March 31, 2017 and December 31, 2016. We anticipate being able to support our short-term liquidity and operating needs, including acquisitions and Rejuvenate and ABG II recall-related payments from a variety of sources including cash from operations, commercial paper and existing credit lines. We raised funds in the capital markets and may continue to do so from time to time. We continue to have strong investment-grade short-term and long-term debt ratings that we believe should enable us to refinance our debt as needed.

We have existing credit facilities should additional funds be required. On March 31, 2017 we had approximately $1,532 of borrowing capacity available under all of our existing credit facilities.

On March 31, 2017 approximately 85% of our cash, cash equivalents and marketable securities were held in locations outside the United States compared to 84% on December 31, 2016. The majority of our cash held in locations outside the United States is considered to be indefinitely reinvested. We intend to use this cash to expand operations organically and through acquisitions.

Critical Accounting Policies

There were no changes to our critical accounting policies from those disclosed in our Annual Report on Form 10-K for 2016.

New Accounting Pronouncements Not Yet Adopted

Refer to Note 1 to our Consolidated Financial Statements for information.

Guarantees and Other Off-Balance Sheet Arrangements

We do not have guarantees or other off-balance sheet financing arrangements, including variable interest entities, of a magnitude that we believe could have a material impact on our financial condition or liquidity.

OTHER MATTERS

Legal and Regulatory Matters

As further described in Note 7 to our Consolidated Financial Statements, we recorded additional charges to earnings of $21 representing the excess of the minimum of the range of probable loss to resolve the Rejuvenate and ABG II recalls over the previously recorded reserves. Based on the information that has been received the actuarially determined range of probable loss to resolve this matter is estimated to be approximately $1,989 to $2,244 ($2,221 to $2,476 before $232 of third-party insurance recoveries). The final outcome of this matter is dependent on many variables that are difficult to predict. The ultimate cost to entirely resolve this matter may be materially different than the amount of the current estimate and could have a material adverse effect on our financial position, results of operations and cash flows.

FORWARD-LOOKING STATEMENTS

This report contains statements referring to us that are not historical facts and are considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which are intended to take advantage of the "safe harbor" provisions of the Reform Act, are based on current projections about operations, industry conditions, financial condition and liquidity. Words that identify forward-looking statements include words such as "may," "could," "will," "should," "possible," "plan," "predict," "forecast," "potential," "anticipate," "estimate," "expect," "project," "intend," "believe," "may impact," "on track," "goal," "strategy" and words and terms of similar substance used in connection with any discussion of future operating or financial performance, an acquisition or our businesses. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Those statements are not guarantees and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results could differ materially and adversely from these forward-looking statements. Some important factors that could cause our actual results to differ from our expectations in any forward-looking statements include those risks discussed in Item 1A. "Risk Factors" of our Annual Report on Form 10-K for 2016. This Form 10-Q should be read in conjunction with our Consolidated Financial Statements and accompanying notes to our Consolidated Financial Statements in our Annual Report on Form 10-K for 2016.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We consider our greatest potential area of market risk exposure to be exchange rate risk. Quantitative and qualitative disclosures about exchange rate risk are included in Item 7A "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for 2016. There were no material changes from the information provided therein.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures on March 31, 2017 was carried out under the supervision and with the participation of our management, including our Chairman and Chief Executive Officer and our Vice President, Chief Financial Officer (the Certifying Officers). Based on that evaluation the Certifying Officers concluded that our disclosure controls and procedures are effective.

Changes in Internal Controls over Financial Reporting

There was no change to our internal control over financial reporting in the three months 2017 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) We issued 15,797 shares of our common stock in the three months 2017 as performance incentive awards to employees. These shares were not registered under the Securities Act of 1933 based on the conclusion that the awards would not be events of sale within the meaning of Section 2(a)(3) of the Act.

In March 2015 we announced that our Board of Directors had authorized us to purchase up to $2,000 of our common stock. In 2017 we repurchased 1.9 million shares of our common stock at a cost of $230 under our authorized repurchase program. The manner, timing and amount of repurchases is determined by management based on an evaluation of market conditions, stock price and other factors and is subject to regulatory considerations. Purchases are made from time-to-time in the open market, in privately negotiated transactions or otherwise. On March 31, 2017 the total dollar value of shares that could be acquired under our authorized repurchase program was $1,640.

	Total Number of Shares (in millions)			
Period	Purchased	Purchased as Part of Public Announced Plans	Average Price Paid Per Share	Maximum Dollar Value of Shares that may yet be Purchased Under the Plans
Jan 1 - 31, 2017	1.9	1.9	$ 121.24	$ 1,640
Feb 1 - 28, 2017	—	—	—	1,640
Mar 1 - 31, 2017	—	—	—	$ 1,640
Total	1.9	1.9	121.24	

ITEM 6. EXHIBITS

(a)

4.1	Thirteenth Supplemental Indenture (including the form of the note), dated January 18, 2017, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated January 12, 2017 (Commission File No. 000-09615).
31(i)*	Certification of Principal Executive Officer of Stryker Corporation pursuant to Rule 13a-14(a)
31(ii)*	Certification of Principal Financial Officer of Stryker Corporation pursuant to Rule 13a-14(a)
32(i)*	Certification by Principal Executive Officer of Stryker Corporation pursuant to 18 U.S.C. Section 1350
32(ii)*	Certification by Principal Financial Officer of Stryker Corporation pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

* Furnished with this Form 10-Q

SIGNATURES

Pursuant to the requirements 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.

	STRYKER CORPORATION (Registrant)
April 27, 2017	/s/ KEVIN A. LOBO
Date	Kevin A. Lobo, Chairman and Chief Executive Officer
April 27, 2017	/s/ GLENN S. BOEHNLEIN
Date	Glenn S. Boehnlein, Vice President, Chief Financial Officer

EXHIBIT INDEX

Exhibit 4.1	Thirteenth Supplemental Indenture (including the form of the note), dated January 18, 2017, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated January 12, 2017 (Commission File No. 000-09615).
Exhibit 31	Rule 13a-14(a) Certifications
(i)*	Certification of Principal Executive Officer of Stryker Corporation
(ii)*	Certification of Principal Financial Officer of Stryker Corporation
Exhibit 32	18 U.S.C. Section 1350 Certifications
(i)*	Certification of Principal Executive Officer of Stryker Corporation
(ii)*	Certification of Principal Financial Officer of Stryker Corporation
Exhibit 101	XBRL (Extensible Business Reporting Language) Documents
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

* Furnished with this Form 10-Q

Exhibit 31(i)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Kevin A. Lobo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 of Stryker Corporation;

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(s) 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(s) 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 the registrant's board of directors (or persons performing the equivalent functions):

(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: April 27, 2017

/s/ KEVIN A. LOBO

Kevin A. Lobo

Chairman and Chief Executive Officer

Exhibit 31(ii)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Glenn S. Boehnlein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 of Stryker Corporation;

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(s) 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(s) 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 the registrant's board of directors (or persons performing the equivalent functions):

(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: April 27, 2017

/s/ GLENN S. BOEHNLEIN

Glenn S. Boehnlein

Vice President, Chief Financial Officer

Exhibit 32(i)

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 Quarterly Report on Form 10-Q of Stryker Corporation (the "Company") for the quarter ended March 31, 2017 (the "Report"), I, Kevin A. Lobo, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 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/ KEVIN A. LOBO

Kevin A. Lobo
Chairman and Chief Executive Officer
April 27, 2017

Exhibit 32(ii)

**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 Quarterly Report on Form 10-Q of Stryker Corporation (the "Company") for the quarter ended March 31, 2017 (the "Report"), I, Glenn S. Boehnlein, Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 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/ GLENN S. BOEHNLEIN

Glenn S. Boehnlein
Vice President, Chief Financial Officer
April 27, 2017