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

FORM 10-K

(Mark one)

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

For the fiscal year ended December 31, 2016

OR

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

Commission file number: 000-09165

stryker

STRYKER CORPORATION

(Exact name of registrant as specified in its charter)

Michigan

(State of incorporation)

38-1239739

(I.R.S. Employer Identification No.)

2825 Airview Boulevard, Kalamazoo, Michigan

(Address of principal executive offices)

49002

(Zip Code)

(269) 385-2600

(Registrant's telephone number, including area code)

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

Common Stock, \$.10 par value

(Title of each class)

New York Stock Exchange

(Name of each exchange on which registered)

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 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 and 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 and posted on its corporate Website, 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 ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer

☒

Accelerated filer

☐

Non-accelerated filer

☐

Small reporting company

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

Based on the closing sales price of June 30, 2016, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$41,635,988,124. The number of shares outstanding of the registrant's common stock, \$.10 par value, was 372,878,298 on January 31, 2017.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement to be filed with the U.S. Securities and Exchange Commission relating to the 2017 Annual Meeting of Shareholders (the 2017 proxy statement) are incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS.

Making healthcare better is at the heart of what Stryker does. We do this by collaborating with our customers to develop innovative products and services that ultimately improve patients' lives. Our core values guide our behaviors and actions and are fundamental to how Stryker executes its mission.

Mission

Together with our customers,
we are driven
to make healthcare better.

Values

Integrity We do what's right	Accountability We do what we say	People We grow talent	Performance We deliver
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We are a global leader in medical technology with 2016 net sales of \$11,325 and net earnings of \$1,647. Our products include implants used in joint replacement and trauma surgeries; surgical equipment and surgical navigation systems; endoscopic and communications systems; patient handling, emergency medical equipment and intensive care disposable products; neurosurgical, neurovascular and spinal devices; as well as other products used in a variety of medical specialties.

Stryker was incorporated in Michigan in 1946 as the successor company to a business founded in 1941 by Dr. Homer H. Stryker, a prominent orthopaedic surgeon and the inventor of several orthopaedic products. In the United States most of our products are marketed directly to doctors, hospitals and other healthcare facilities. Our products are sold in over 100 countries through company-owned sales subsidiaries and branches as well as third-party dealers and distributors.

As used herein, and except where the context otherwise requires, "Stryker," "we," "us," and "our" refer to Stryker Corporation and its consolidated subsidiaries.

Business Segments and Geographic Information

We segregate our operations into three reportable business segments: Orthopaedics, MedSurg and Neurotechnology and Spine. Financial information regarding our reportable business segments and certain geographic information is included under "Results of Operations" in Item 7 of this report and Notes 10 and 13 to our Consolidated Financial Statements.

Net Sales by Reportable Segment

	2016		2015		2014	
Orthopaedics	\$ 4,422	39%	\$ 4,223	43%	\$ 4,153	43%
MedSurg	4,894	43	3,895	39	3,781	39
Neurotechnology and Spine	2,009	18	1,828	18	1,741	18
Total	\$ 11,325	100%	\$ 9,946	100%	\$ 9,675	100%

Orthopaedics

Orthopaedics products consist primarily of implants used in hip and knee joint replacements and trauma and extremity surgeries. We bring patients and physicians advanced implant designs and specialized instrumentation that make orthopaedic surgery and

recovery simpler, faster and more effective. We support surgeons with the technology and services they need as they develop new surgical techniques. In 2015 we received clearance by the Food and Drug Administration (FDA) for our Mako total knee application. This expands our Mako product offerings of partial knee and total hip applications to provide a comprehensive solution in the robotic arm-assisted reconstructive surgery line. We anticipate the full commercial launch of our Mako total knee application in 2017.

Stryker is one of four leading global competitors for joint replacement and trauma products; the other three being Zimmer Biomet Holdings, Inc. (Zimmer), DePuy Synthes (a Johnson & Johnson company) and Smith & Nephew plc (Smith & Nephew).

Composition of Orthopaedics Net Sales

	2016		2015		2014	
Knees	\$ 1,490	34%	\$ 1,403	33%	\$ 1,396	34%
Hips	1,283	29	1,263	30	1,291	31
Trauma and Extremities	1,364	31	1,291	31	1,230	30
Other	285	6	266	6	236	5
Total	\$ 4,422	100%	\$ 4,223	100%	\$ 4,153	100%

In 2012 we voluntarily recalled our Rejuvenate and ABG II Modular-Neck hip stems and terminated global distribution of these hip products. In November 2014 we entered into a settlement agreement to compensate eligible United States patients who had surgery to replace their Rejuvenate and ABG II Modular-Neck hip stems prior to November 3, 2014, and in December 2016 the settlement program was extended to patients who had revision surgery prior to December 19, 2016. To date we have recorded charges to earnings totaling \$1,968 (\$2,200 before \$232 of insurance recoveries) representing the actuarially determined low end of the range of probable loss to resolve this entire matter globally. Refer to Note 6 to our Consolidated Financial Statements.

MedSurg

MedSurg products include surgical equipment and surgical navigation systems (Instruments), endoscopic and communications systems (Endoscopy), patient handling, emergency medical equipment and intensive care disposable products (Medical), reprocessed and remanufactured medical devices (Sustainability) and other medical device products used in a variety of medical specialties.

Stryker is one of five leading global competitors in Instruments; the other four being Zimmer, Medtronic plc., Johnson & Johnson and ConMed Linvatec, Inc. (a subsidiary of CONMED Corporation). In Endoscopy we compete with Smith & Nephew, ConMed Linvatec, Arthrex, Inc., Karl Storz GmbH & Co., Olympus Optical Co. Ltd. and STERIS plc. and our primary competitors in Medical are Hill-Rom Holdings, Inc., Zoll Medical Corporation and Koninklijke Philips N.V.

Composition of Medsurg Net Sales

	2016		2015		2014	
Instruments	\$ 1,553	32%	\$ 1,466	38%	\$ 1,424	38%
Endoscopy	1,470	30	1,390	36	1,382	37
Medical	1,633	33	823	21	766	20
Sustainability	238	5	216	5	209	5
Total	\$ 4,894	100%	\$ 3,895	100%	\$ 3,781	100%

In 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.

In 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.

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In 2016 we completed the acquisition of the Synergetics neuro portfolio (Synergetics). The acquired portfolio of Synergetics includes the Malis generator, Spetzler Malis disposable forceps, and our existing Sonopet tips and RF generator.

In 2016 Instruments launched Neptune 3, the next generation of its surgical waste management system, which includes an interactive touch screen and an expanded suction range. Medical launched the Performance-LOAD manual cot fastener, which helps ensure caregiver and patient safety. Endoscopy launched a 4K surgical display component to the 1588 AIM Platform, which enables surgeons to optimize surgical visualization.

In 2015 we completed the acquisition of CHG Hospital Beds, Inc. (CHG). CHG designs, manufactures and markets low-height hospital beds and related accessories.

Neurotechnology and Spine

Neurotechnology and Spine products include both neurosurgical and neurovascular devices. Our neurotechnology offering includes products used for minimally invasive endovascular techniques; a comprehensive line of products for traditional brain and open skull based surgical procedures; orthobiologic and biosurgery products, including synthetic bone grafts and vertebral augmentation products; and minimally invasive products for the treatment of acute ischemic and hemorrhagic stroke. Our spinal implant offering includes cervical, thoracolumbar and interbody systems used in spinal injury, deformity and degenerative therapies.

Stryker is one of five leading global competitors in Neurotechnology; the other four being Medtronic, Johnson & Johnson, Terumo Corporation and Penumbra, Inc. Stryker is one of five leading competitors globally in Spine; the other four being Medtronic Sofamor Danek, Inc. (a subsidiary of Medtronic), DePuy Synthes, Nuvasive, Inc. and Globus Medical, Inc.

Composition of Neurotechnology and Spine Net Sales

	2016		2015		2014	
Neurotechnology	\$	1,255 62%	\$	1,088 60%	\$	1,001 57%
Spine		754 38		740 40		740 43
Total	\$	2,009 100%	\$	1,828 100%	\$	1,741 100%

In 2015 the New England Journal of Medicine released results of a study finding that intra-arterial treatment to remove stroke-causing blood clots provides better outcomes than using a clot dissolving drug. One of the devices used in this study was our Trevo™ Retriever. Medical professionals in the field believe that the study's results will change the practice of acute stroke treatments. Stryker's Trevo™ Retriever is a leading device in the market that allows physicians to visualize blood clot interaction during treatment. In 2016 the FDA expanded the indication for the Trevo™ Retriever as a front-line treatment to reduce paralysis, speech difficulties and other stroke disabilities in patients experiencing acute ischemic stroke. Trevo™ is the first thrombectomy device to receive this expanded indication.

Geographic Areas

In 2016 approximately 73% of our net sales were generated from customers in the United States. Additional geographic information is included under "Results of Operations" in Item 7 of this report and Note 13 to our Consolidated Financial Statements.

Raw Materials and Inventory

Raw materials essential to our business are generally readily available from multiple sources; however, certain of our raw materials are currently sourced from single suppliers. Substantially all products we manufacture are stocked in inventory, while certain MedSurg products are assembled to order. The dollar amount of

backlog orders at any given time is not meaningful to an understanding of our business taken as a whole.

Patents and Trademarks

Patents and trademarks are significant to our business to the extent that a product or an attribute of a product represents a unique design or process. Patent protection of such products restricts competitors from duplicating these unique designs and features. We seek to obtain patent protection on our products whenever appropriate for protecting our competitive advantage. On December 31, 2016 we owned approximately 2,184 United States patents and approximately 3,454 international patents.

Seasonality

Our business is generally not seasonal in nature; however, the number of orthopaedic implant surgeries is typically lower in the summer months, and sales of capital equipment are generally higher in the fourth quarter.

Competition

In each of our product lines we compete with local and global companies. Competition exists in all product lines without regard to the number and size of the competing companies involved. The development of new and innovative products is important to our success in all areas of our business. Competition in research involving the development and improvement of new and existing products and processes is particularly significant. The competitive environment requires substantial investments in continuing research and maintaining sales forces.

We believe our commitment to innovation, quality and service and our reputation differentiate us in the highly competitive product categories in which we operate and enable us to compete effectively. We believe that our competitive position in the future will depend to a large degree on our ability to develop new products and make improvements to existing products.

Product Development

Most of our products and product improvements were developed internally at research facilities in the United States, France, Germany, India, Ireland, Puerto Rico, Sweden and Switzerland. We also invest through acquisitions in technologies developed by third parties that have the potential to expand the markets in which we operate. We maintain close working relationships with physicians and medical personnel in hospitals and universities who assist us in product development efforts. The total costs of research, development and engineering activities were \$715, \$625 and \$614 in 2016, 2015 and 2014.

Regulation

Our businesses are subject to varying degrees of governmental regulation in the countries in which we operate, and the general trend is toward increasingly stringent regulation.

In the United States the Medical Device Amendments of 1976 to the Federal Food, Drug and Cosmetic Act and its subsequent amendments and the regulations issued and proposed thereunder provide for regulation by the FDA of the design, manufacture and marketing of medical devices, including most of our products. Many of our new products fall into FDA classifications that require notification submitted as a 510(k) and review by the FDA before we begin marketing them. Certain of our products require extensive clinical testing, consisting of safety and efficacy studies, followed by pre-market approval (PMA) applications for specific surgical indications.

The FDA's Quality System regulations set forth standards for our product design and manufacturing processes, require the maintenance of certain records and provide for inspections of our

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facilities by the FDA. There are also certain requirements of state, local and foreign governments that must be complied with in the manufacture and marketing of our products.

The member states of the European Union (EU) adopted the European Medical Device Directives, which form a single set of medical device regulations for all EU member countries. These regulations require companies that wish to manufacture and distribute medical devices in EU member countries to meet certain quality system requirements and obtain CE marking for their products. We have authorization to apply the CE marking to substantially all of our products. In addition, we comply with the unique regulatory requirements of each of the countries in Europe and other countries in which we market our products.

Initiatives sponsored by government agencies, legislative bodies and the private sector to limit the growth of healthcare expenses generally and hospital costs in particular, including price regulation and competitive pricing, are ongoing in markets where we do business. It is not possible to predict at this time the long-term impact of such cost containment measures on our future business. In addition, business practices in the healthcare industry are scrutinized, particularly in the United States, by federal and state government agencies, and the resulting investigations and prosecutions carry the risk of significant civil and criminal penalties.

Employees

On December 31, 2016 we had approximately 33,000 employees globally. The number of employees increased from 2015 largely due to our Sage and Physio acquisitions. Certain international employees are covered by collective bargaining agreements. We believe that we maintain positive relationships with our employees globally.

Executive Officers on January 31, 2017

Name	Age	Title	First Became an Executive Officer
Kevin A. Lobo	51	Chairman and Chief Executive Officer	2011
Yin C. Becker	53	Vice President of Communication and Public Affairs	2016
William E. Berry Jr.	51	Vice President, Corporate Controller and Principal Accounting Officer	2014
Glenn S. Boehnlein	55	Vice President, Chief Financial Officer	2016
Lonny J. Carpenter	55	Group President, Global Quality and Business Operations	2008
M. Kathryn Fink	47	Vice President, Chief Human Resources Officer	2016
David K. Floyd	56	Group President, Orthopaedics	2012
Michael D. Hutchinson	46	General Counsel	2014
Graham A. McLean	52	President, Asia-Pacific	2017
Katherine A. Owen	46	Vice President, Strategy and Investor Relations	2007
Bijoy S.N. Sagar	48	Vice President, Chief Information Officer	2014
Timothy J. Scannell	52	Group President, MedSurg and Neurotechnology	2008

Each of our executive officers was elected by our Board of Directors to serve in the office indicated until the first meeting of the Board of Directors following the annual meeting of shareholders in 2017 or until a successor is chosen and qualified or until his or her resignation or removal. Each of our executive officers held the position above or served Stryker in various executive or administrative capacities for at least five years, except for Ms. Fink and Mr. Sagar. Prior to joining Stryker in October 2013, Ms. Fink held a variety of senior level human resources roles for the previous six years at Johnson & Johnson, most recently as the Worldwide Vice President, Human Resources of Ethicon. While at Stryker, Ms. Fink held two different senior level Human Resource roles. Prior to

joining Stryker in May 2014, Mr. Sagar served as the Chief Information officer for Merck Millipore, and before that as Global Head of Information Systems and a member of the divisional board for the chemicals division of Merck KGaA. Mr. McLean was appointed to the position of President, Asia-Pacific, effective January 1, 2017. Prior to this role, Mr. McLean held a variety of senior level leadership roles at Stryker since 2005.

William R. Jellison retired from his role as Vice President, Chief Financial Officer effective April 1, 2016. Glenn S. Boehnlein, who served as Group Vice President, Chief Financial Officer for MedSurg & Neurotechnology since 2011, was promoted to Vice President, Chief Financial Officer effective April 1, 2016. Before his role as Group Vice President, Chief Financial Officer for MedSurg & Neurotechnology, Mr. Boehnlein held a variety of senior finance roles in the MedSurg & Neurotechnology group.

Available Information

Our main corporate website address is www.stryker.com. Copies of our Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and Current Reports on Form 8-K filed or furnished to the United States Securities and Exchange Commission (SEC) will be provided without charge to any shareholder submitting a written request to our Corporate Secretary at our principal executive offices. All of our SEC filings are also available free of charge on our website within the "For Investors - SEC Filings & Ownership Reports" link as soon as reasonably practicable after having been electronically filed or furnished to the SEC. All SEC filings are also available at the SEC's website at www.sec.gov.

ITEM 1A. RISK FACTORS.

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 the risks discussed below.

Our operations and financial results are subject to various risks and uncertainties discussed below that could materially and adversely affect our business, cash flows, financial condition and results of operations. Additional risks and uncertainties not currently known to us or that we currently deem not to be material may also materially and adversely affect our business, cash flows, financial condition or results of operations.

LEGAL AND REGULATORY RISKS

Current economic and political conditions make tax reform in any jurisdiction subject to significant change: Proposals for broad reform of the existing United States corporate tax system are under evaluation by various legislative and administrative bodies.

We cannot predict the overall impact that such proposals may have on our business. In addition, further changes in the tax laws of foreign jurisdictions could arise, including as a result of the base erosion and profit shifting (BEPS) project undertaken by the Organisation for Economic Cooperation and Development (OECD). The OECD, which represents a coalition of member countries, has issued recommendations that, in some cases, would make substantial changes to numerous long-standing tax positions and principles. These contemplated changes, to the extent adopted by OECD members and/or other countries, could increase tax uncertainty and may adversely affect our provision for income taxes.

The impact of United States healthcare reform legislation on our business remains uncertain: In 2010 the Patient Protection and Affordable Care Act (ACA) was enacted. While the provisions of the ACA are intended to expand access to health insurance coverage and improve the quality of healthcare over time, other provisions of the legislation, including Medicare provisions aimed at decreasing costs, comparative effectiveness research, an independent payment advisory board and pilot programs to evaluate alternative payment methodologies, are having a meaningful effect on the way healthcare is developed and delivered and could have a significant effect on our business. Among other things, the ACA imposed a 2.3 percent excise tax on medical devices that applies only to United States sales, which are a majority of our medical device sales; however, Congress suspended the excise tax for 2016 and 2017. We are unable to predict whether the suspension will be continued beyond 2017. We also face uncertainties that might result from modification or repeal of any of the provisions of the ACA, including as a result of current and future executive orders and legislative actions. We cannot predict what other healthcare programs and regulations will ultimately be implemented at the federal or state level or the effect of any future legislation or regulation in the United States may have on our business.

We are subject to extensive governmental regulation relating to the manufacturing, labeling and marketing of our products: Our products are subject to extensive and evolving regulations and rigorous regulatory enforcement by the FDA and other governmental authorities in the United States and internationally. The process of obtaining regulatory approvals to market a medical device can be costly and time consuming and approvals might not be granted timely. We have ongoing responsibilities under the laws and regulations applicable to our products and facilities and are subject to periodic inspections by the FDA and other governmental authorities to determine compliance with the quality system and medical device reporting regulations and other requirements. Remediation costs can be significant. If we fail to fully comply with applicable regulatory requirements, we may be subject to a range of sanctions, including substantial fines, warning letters that require corrective action, product seizures, recalls, the suspension of product manufacturing, revocation of approvals, exclusion from future participation in government healthcare programs, substantial fines and criminal prosecution.

We are subject to federal, state and foreign healthcare regulations including anti-bribery and anti-corruption laws, and could face substantial penalties if we fail to fully comply with such regulations and laws: The relationships that we and our distributors and others that market our products have with healthcare professionals, such as physicians and hospitals, are subject to scrutiny under various state and federal laws often referred to collectively as healthcare fraud and abuse laws. In addition, the United States and foreign government regulators have increased the enforcement of the Foreign Corrupt Practices Act and other anti-bribery laws. We also must comply with a variety of other

laws that protect the privacy of individually identifiable healthcare information and impose extensive tracking and reporting related to all transfers of value provided to certain healthcare professionals. These laws and regulations are broad in scope and are subject to evolving interpretation and we could be required to incur substantial costs to monitor compliance or to alter our practices if we are found not to be in compliance. Violations of these laws may be punishable by criminal or civil sanctions, including substantial fines, imprisonment of current or former employees and exclusion from participation in governmental healthcare programs.

We may be adversely affected by product liability claims, unfavorable court decisions or legal settlements: We are exposed to potential product liability risks inherent in the design, manufacture and marketing of medical devices, many of which are implanted in the human body for long periods of time or indefinitely. We are currently defendants in a number of product liability matters, including those relating to our Rejuvenate and ABGII Modular-Neck hip stems discussed in Note 6 to our Consolidated Financial Statements. These matters are subject to many uncertainties and outcomes are not predictable. In addition, we may incur significant legal expenses regardless of whether we are found to be liable. We are self-insured for product liability-related claims and expenses.

Intellectual property litigation and infringement claims could cause us to incur significant expenses or prevent us from selling certain of our products: The medical device industry is characterized by extensive intellectual property litigation and, from time to time, we are the subject of claims of infringement or misappropriation. Regardless of outcome, such claims are expensive to defend and divert management and operating personnel from other business issues. A successful claim or claims of patent or other intellectual property infringement against us could result in payment of significant monetary damages and/or royalty payments or negatively impact our ability to sell current or future products in the affected category.

Dependence on patent and other proprietary rights and failing to protect such rights or to be successful in litigation related to such rights may impact offerings in our product portfolios: Our long-term success largely depends on our ability to market technologically competitive products. If we fail to obtain or maintain adequate intellectual property protection, it could allow others to sell products that directly compete with proprietary features in our product portfolio. Also, our issued patents may be subject to claims challenging their validity and scope and raising other issues. In addition, currently pending or future patent applications may not result in issued patents.

MARKET RISKS

Macroeconomic developments could negatively affect our ability to conduct business in affected regions: Financial difficulties experienced by our customers, distributors and suppliers could result in product delays and inventory issues; risks to accounts receivable could also include delays in collection and greater bad debt expense.

We have exposure to exchange rate fluctuations on cross border transactions and translation of local currency results into United States Dollars: We report our financial results in United States Dollars and 27% of our net sales are denominated in foreign currencies, including the Euro, the British Pound and the Japanese Yen. Cross border transactions with external parties and intercompany relationships result in increased exposure to foreign currency exchange effects. While we use derivative instruments to manage the impact of currency exchange; our hedging strategies may not be successful, and our unhedged exposures continue to be subject to currency fluctuations. In addition, the weakening or

strengthening of the United States Dollar results in favorable or unfavorable translation effects when the results of our foreign locations are translated into United States Dollars.

Additional capital that we may require in the future may not be available to us or may only be available to us on unfavorable terms: Our future capital requirements will depend on many factors, including operating requirements, current and future acquisitions and the need to refinance existing debt. Our ability to issue additional debt or enter into other financing arrangements on acceptable terms could be adversely affected by our debt levels, unfavorable changes in economic conditions generally or uncertainties that affect the capital markets. Changes in credit ratings issued by nationally recognized credit rating agencies could also adversely affect our access to and cost of financing. Higher borrowing costs or the inability to access capital markets could adversely affect our ability to support future growth and operating requirements.

BUSINESS AND OPERATIONAL RISKS

We are subject to cost containment measures in the United States and other countries resulting in pricing pressures: Initiatives sponsored by government agencies, legislative bodies and the private sector to control healthcare costs, including price regulation and competitive pricing, are ongoing in markets where we do business. Pricing pressure has also increased due to continued consolidation among healthcare providers, trends toward managed care, the shift toward governments becoming the primary payers of healthcare expenses, reduction in reimbursement levels and medical procedure volumes and government laws and regulations relating to sales and promotion, reimbursement and pricing generally.

We operate in a highly competitive industry in which competition in the development and improvement of new and existing products is significant: The markets in which we compete are highly competitive. New products and surgical procedures are introduced on an ongoing basis and our present or future products could be rendered obsolete or uneconomical by technological advances by our competitors, who may respond more quickly to new or emerging technologies, undertake more extensive marketing campaigns, have greater financial, marketing and other resources or be more successful in attracting potential customers, employees and strategic partners.

We may be unable to maintain adequate working relationships with healthcare professionals: We seek to maintain close working relationships with respected physicians and medical personnel in hospitals and universities who assist in product research and development. We rely on these professionals to assist us in the development and improvement of proprietary products. If we are unable to maintain these relationships, our ability to develop, market and sell new and improved products could be adversely affected.

We are subject to additional risks associated with our extensive international operations: We develop, manufacture and distribute our products globally. Our international operations are subject to additional risks and potential costs, including changes in reimbursement, changes in regulatory requirements, differing local product preferences and product requirements, diminished protection of intellectual property in some countries, trade protection measures and import or export licensing requirements, difficulty in staffing and managing foreign operations, and political and economic instability. Our business could be adversely impacted if we are unable to successfully manage these and other risks of international operations in an increasingly volatile environment.

We may be unable to capitalize on previous or future acquisitions: In addition to internally developed products, we invest in new products and technologies through acquisitions. Such investments are inherently risky, and we cannot guarantee that any acquisition will be successful or will not have a material unfavorable impact on us. The risks include the activities required and resources allocated to integrate new businesses, diversion of management time that could adversely affect management's ability to focus on other projects, the inability to realize the expected benefits, savings or synergies from the acquisition, the loss of key personnel and exposure to unexpected liabilities of acquired companies. In addition, we cannot be certain that the businesses we acquire will become or remain profitable.

We may incur goodwill impairment charges related to one or more of our business units: We perform our annual impairment test for goodwill in the fourth quarter of each year, or more frequently if indicators are present or changes in circumstances suggest that impairment may exist. In evaluating the potential for impairment we make assumptions regarding revenue projections, growth rates, cash flows, tax rates and discount rates. These assumptions are uncertain and by nature may vary from actual results. A significant reduction in the estimated fair values could result in impairment charges.

We could be negatively impacted by future changes in the allocation of income to each of the income tax jurisdictions in which we operate: We operate in multiple income tax jurisdictions both in the United States and internationally. Accordingly, our management must determine the appropriate allocation of income to each jurisdiction based on current interpretations of complex income tax regulations. Income tax authorities regularly perform audits of our income tax filings. Income tax audits associated with the allocation of income and other complex issues, including inventory transfer pricing and cost sharing, product royalty and foreign branch arrangements, may require an extended period of time to resolve and may result in significant income tax adjustments.

We could experience a failure of a key information technology system, process or site or a breach of information security, including a cybersecurity breach or failure of one or more key information technology systems, networks, processes, associated sites or service providers: We rely extensively on information technology (IT) systems to conduct business. In addition, we rely on networks and services, including internet sites, data hosting and processing facilities and tools and other hardware, software and technical applications and platforms, some of which are managed, hosted, provided and/or used by third-parties or their vendors, to assist in conducting our business. Numerous and evolving cybersecurity threats pose potential risks to the security of our IT systems, networks and services, as well as the confidentiality, availability and integrity of our data. While we have made investments seeking to address these threats, including monitoring of networks and systems, hiring of experts, employee training and security policies for employees and third-party providers, the techniques used in these attacks change frequently and may be difficult to detect for periods of time and we may face difficulties in anticipating and implementing adequate preventative measures. If our IT systems are damaged or cease to function properly, the networks or service providers we rely upon fail to function properly, or we or one of our third-party providers suffer a loss or disclosure of our business or stakeholder information due to any number of causes ranging from catastrophic events or power outages to improper data handling or security breaches and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action.

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An inability to successfully manage the implementation of our new global enterprise resource planning ("ERP") system could adversely affect our operations and operating results: We are in the process of implementing a new global ERP system. This system will replace many of our existing operating and financial systems. Such an implementation is a major undertaking, both financially and from a management and personnel perspective. Any disruptions, delays or deficiencies in the design and implementation of our new ERP system could adversely affect our ability to process orders, ship products, provide services and customer support, send invoices and track payments, fulfill contractual obligations or otherwise operate our business.

We may be unable to attract and retain key employees: Our sales, technical and other key personnel play an integral role in the development, marketing and selling of new and existing products. If we are unable to recruit, hire, develop and retain a talented, competitive work force, we may not be able to meet our strategic business objectives.

Interruption of manufacturing operations could adversely affect our business: We and our suppliers have manufacturing sites all over the world; however, the manufacturing of certain of our product lines is concentrated in one or more plants. Damage to these facilities or issues in our manufacturing arising from a failure to follow specific internal protocols and procedures, compliance concerns relating to the quality systems regulation, equipment breakdown or malfunction or other factors could adversely affect the availability of our products. In the event of an interruption in manufacturing, we may be unable to move quickly to alternate means of producing affected products to meet customer demand. In the event of a significant interruption, we may experience lengthy delays in resuming production of affected products due to the need for regulatory approvals. We may experience loss of market share, additional expense and harm to our reputation.

We use a variety of raw materials, components or devices in our global supply chains, production and distribution processes; significant shortages or price increases could increase our operating costs, require significant capital expenditures, or adversely impact the competitive position of our products: Our reliance on certain suppliers to secure raw materials, components and finished devices exposes us to product shortages and unanticipated increases in prices. In addition, several raw materials, components, and finished devices are procured from a sole-source due to the quality considerations, unique intellectual property considerations or constraints associated with regulatory requirements. If sole-source suppliers are acquired or were unable or unwilling to deliver these materials, we may not be able to manufacture or have available one or more products during such period of unavailability and our business could suffer. In certain cases we may not be able to establish additional or replacement suppliers for such materials in a timely or cost effective manner, largely as a result of FDA and other regulations that require, among other things, validation of materials and components prior to their use in our products.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Principal Manufacturing and Distribution Locations

Location	Segment	Approximate Square Feet	Owned/Leased
Portage/Kalamazoo, Michigan	M	1,033,000	Owned
Changzhou, China	O & NS	889,000	Owned
Chicago, Illinois	M & NS	610,000	Owned
Plainfield, Indiana	O, M & NS	600,000	Leased
Mahwah, New Jersey	O	531,000	Owned
Redmond, Washington	M	291,000	Owned
Tuttlingen, Germany	M	279,000	Leased
Kayseri, Turkey	M	259,000	Owned
Carrigtwohill, Ireland	O & M	248,000	Owned
Arroyo, Puerto Rico	M	220,000	Leased
Venlo, Netherlands	O, M & NS	200,000	Owned
San Jose, California	M	185,000	Leased
Kiel, Germany	O	174,000	Owned
Fremont, California	M & NS	168,000	Leased
Suzhou, China	O & NS	160,000	Owned
West Valley/ Salt Lake City, Utah	M & O	141,000	Leased
Limerick Ireland	O	140,000	Owned
Selzach, Switzerland	O	138,000	Owned
Lakeland, Florida	M	119,000	Leased
Flower Mound, Texas	M	108,000	Leased
Malvern, Pennsylvania	O	107,000	Leased
Freiburg, Germany	O	106,000	Owned
Phoenix, Arizona	M	100,000	Leased
Newbury, United Kingdom	M	99,000	Owned
Carrigtwohill, Ireland	NS	97,000	Leased
Neuchatel, Switzerland	NS	88,000	Owned
Tijuana, Mexico	M	83,000	Leased
Cestas, France	NS	79,000	Owned
Ontario, Canada	M	75,000	Leased
Fort Lauderdale, Florida	O	68,000	Leased
Freiburg, Germany	O	62,000	Leased
Mountain View, California	M & NS	62,000	Leased

O = Orthopaedics M = MedSurg NS = Neurotechnology and Spine

Our corporate headquarters is located in Kalamazoo, Michigan, and we maintain administrative and sales offices and warehousing and distribution facilities in other locations domestically and globally. We believe that our properties are suitable and adequate for the manufacture and distribution of our products.

ITEM 3. LEGAL PROCEEDINGS.

We are involved in various proceedings, legal actions and claims arising in the normal course of business, including proceedings related to product, labor and intellectual property, and the matters that are more fully described in Note 6 to our Consolidated Financial Statements.

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 under the symbol SYK.

Quarterly Stock Price and Dividend Information

2016 Quarter	Mar 31	Jun 30	Sep 30	Dec 31
Dividends declared per share of common stock	\$ 0.380	\$ 0.380	\$ 0.380	\$ 0.425

Market price of common stock:

High	\$ 107.95	\$ 119.83	\$ 123.55	\$ 121.84
Low	\$ 86.68	\$ 106.26	\$ 109.75	\$ 106.48

2015 Quarter

Dividends declared per share of common stock	\$ 0.345	\$ 0.345	\$ 0.345	\$ 0.380
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Market price of common stock:

High	\$ 96.18	\$ 97.94	\$ 105.34	\$ 100.51
Low	\$ 89.81	\$ 90.19	\$ 91.73	\$ 90.30

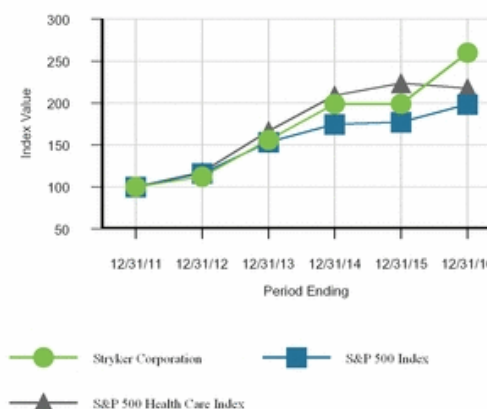
Our Board of Directors considers payment of cash dividends at its quarterly meetings. On January 31, 2017 there were 2,988 shareholders of record of our common stock.

In 2016 shares repurchased at the end of 2015 totaling 135 thousand were settled at a cost of \$13. 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 December 31, 2016 the total dollar value of shares that could be purchased under our authorized repurchase programs was \$1,870.

We issued 100 shares of our common stock in the fourth quarter of 2016 as a performance incentive award to an employee. 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.

The following graph compares our total returns (including reinvestments of dividends) against the Standard & Poor's (S&P) 500 Index and the S&P 500 Health Care Index. The graph assumes \$100 (not in millions) invested on December 31, 2011 in our common stock and each of the indices.

COMPARISON OF CUMULATIVE FIVE YEAR TOTAL RETURN



Company / Index	2011	2012	2013	2014	2015	2016
Stryker Corporation	\$ 100.00	\$ 112.09	\$ 156.14	\$ 198.93	\$ 198.97	\$ 259.99
S&P 500 Index	\$ 100.00	\$ 116.00	\$ 153.57	\$ 174.60	\$ 177.01	\$ 198.18
S&P 500 Health Care Index	\$ 100.00	\$ 117.89	\$ 166.76	\$ 209.02	\$ 223.42	\$ 217.41

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ITEM 6. SELECTED FINANCIAL DATA.

Statement of Earnings Data	2016	2015	2014	2013	2012
Net sales	\$ 11,325	\$ 9,946	\$ 9,675	\$ 9,021	\$ 8,657
Cost of sales	3,830	3,344	3,319	3,002	2,806
Gross profit	\$ 7,495	\$ 6,602	\$ 6,356	\$ 6,019	\$ 5,851
Research, development and engineering expenses	715	625	614	536	471
Selling, general and administrative expenses	4,137	3,610	3,547	3,467	3,342
Recall charges, net of insurance proceeds	158	296	761	622	174
Amortization of intangible assets	319	210	188	138	123
Total operating expenses	\$ 5,329	\$ 4,741	\$ 5,110	\$ 4,763	\$ 4,110
Operating income	\$ 2,166	\$ 1,861	\$ 1,246	\$ 1,256	\$ 1,741
Other income (expense), net	(245)	(126)	(86)	(44)	(36)
Earnings before income taxes	\$ 1,921	\$ 1,735	\$ 1,160	\$ 1,212	\$ 1,705
Income taxes	274	296	645	206	407
Net earnings	\$ 1,647	\$ 1,439	\$ 515	\$ 1,006	\$ 1,298
Diluted net earnings per share of common stock	\$ 4.35	\$ 3.78	\$ 1.34	\$ 2.63	\$ 3.39

Balance Sheet Data

Cash, cash equivalents and current marketable securities	\$ 3,384	\$ 4,079	\$ 5,000	\$ 3,980	\$ 4,285
Accounts receivable, less allowance	1,967	1,662	1,572	1,518	1,430
Inventories	2,030	1,639	1,588	1,422	1,265
Property, plant and equipment, net	1,569	1,199	1,098	1,081	948
Total assets	20,435	16,223	17,258	15,383	13,025
Accounts payable	437	410	329	314	288
Total debt	6,914	3,998	3,952	2,748	1,752
Shareholders' equity	\$ 9,550	\$ 8,511	\$ 8,595	\$ 9,047	\$ 8,597

Cash Flow Data

Net cash provided by operating activities	\$ 1,812	\$ 899	\$ 1,782	\$ 1,886	\$ 1,657
Capital expenditures	490	270	233	195	210
Depreciation	227	187	190	169	154
Acquisitions, net of cash acquired	4,332	153	916	2,320	154
Amortization of intangible assets	319	210	188	138	123
Dividends paid	568	521	462	401	324
Repurchase of common stock	\$ 13	\$ 700	\$ 100	\$ 317	\$ 108

Other Data

Number of shareholders of record	3,010	3,118	3,305	3,612	4,258
Approximate number of employees	33,000	27,000	26,000	25,000	22,000

Certain prior year amounts on the balance sheet were reclassified as a result of the adoption of Accounting Standards Update (ASU) 2015-03, Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs effective January 1, 2016.

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

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

ABOUT STRYKER

Stryker Corporation is a global leader in medical technology and offers 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.

Our goal is to achieve sales growth at the high-end of the medical technology (MedTech) industry and maintain our capital allocation strategy that prioritizes: (1) Acquisitions, (2) Dividends and (3) Share repurchases.

Overview of 2016

In 2016 we achieved reported sales growth of 13.9%. Excluding the impact of acquisitions, sales grew 6.4% in constant currency, in line with our ongoing goal to grow organic sales at the high-end of MedTech. We reported net earnings of \$1,647 in 2016 and achieved 15.1% growth in net earnings per diluted share⁽¹⁾. Excluding the impact of certain items, we achieved adjusted net earnings of \$2,194 and growth of 13.3% in adjusted net earnings per diluted share⁽¹⁾.

We continued our capital allocation strategy by investing \$4,332 in acquisitions, paying \$568 in dividends to our shareholders and using \$13 for share repurchases.

In 2016 we completed the acquisitions of Sage Products, LLC (Sage) for total consideration of approximately \$2,875, Physio-Control International, Inc. (Physio) for total net consideration of approximately \$1,299 and the Synergetics neuro portfolio (Synergetics). Sage develops, manufactures and distributes intensive care disposable products. Physio develops, manufactures and markets monitors/defibrillators, AEDs and CPR-assist devices along with data management and support services. The acquired Synergetics products include the Malis generator, Spetzler Malis disposable forceps and our existing Sonopet tips and RF generator. Refer to Note 5 to our Consolidated Financial Statements for further information.

In January 2017 we sold \$500 of senior unsecured notes, and in 2016 we sold \$3,500 of senior unsecured notes and repaid all \$750 of our senior unsecured notes that were due in September 2016. Refer to Note 9 to our Consolidated Financial Statements for further information.

RESULTS OF OPERATIONS

				Percent Net Sales			Percentage Change	
	2016	2015	2014	2016	2015	2014	2016/2015	2015/2014
Net sales	\$ 11,325	\$ 9,946	\$ 9,675	100.0 %	100.0 %	100.0 %	13.9 %	2.8 %
Gross profit	7,495	6,602	6,356	66.2	66.4	65.7	13.5	3.9
Research, development and engineering expenses	715	625	614	6.3	6.3	6.3	14.4	1.8
Selling, general and administrative expenses	4,137	3,610	3,547	36.5	36.3	36.7	14.6	1.8
Recall charges, net of insurance proceeds	158	296	761	1.4	3.0	7.9	(46.6)	(61.1)
Amortization of intangible assets	319	210	188	2.8	2.1	1.9	51.9	11.7
Other income (expense), net	(245)	(126)	(86)	(2.2)	(1.3)	(0.9)	94.4	46.5
Income taxes	274	296	645				(7.4)	(54.1)
Net earnings	\$ 1,647	\$ 1,439	\$ 515	14.5 %	14.5 %	5.3 %	14.5 %	179.4 %
Net earnings per diluted share	\$ 4.35	\$ 3.78	\$ 1.34				15.1 %	182.1 %
Adjusted net earnings per diluted share ⁽¹⁾	\$ 5.80	\$ 5.12	\$ 4.73				13.3 %	8.2 %

⁽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

				Percentage Change			
				2016/2015		2015/2014	
	2016	2015	2014	As Reported	Constant Currency	As Reported	Constant Currency
Geographic:							
United States	\$ 8,247	\$ 7,116	\$ 6,558	15.9%	15.9%	8.5 %	8.5%
International	3,078	2,830	3,117	8.8	10.2	(9.2)	3.7
Total	\$ 11,325	\$ 9,946	\$ 9,675	13.9%	14.3%	2.8 %	7.0%
Segment:							
Orthopaedics	\$ 4,422	\$ 4,223	\$ 4,153	4.7%	5.1%	1.7 %	6.7%
MedSurg	4,894	3,895	3,781	25.6	26.3	3.0	6.2
Neurotechnology and Spine	2,009	1,828	1,741	9.9	9.8	5.0	9.5
Total	\$ 11,325	\$ 9,946	\$ 9,675	13.9%	14.3%	2.8 %	7.0%

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

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Supplemental Net Sales Growth Information

	United States							International						
	Percentage Change							Percentage Change						
	2016	2015	As Reported	Constant Currency	As Reported	As Reported	Constant Currency	2015	2014	As Reported	Constant Currency	As Reported	As Reported	Constant Currency
Orthopaedics:														
Knees	\$ 1,490	\$ 1,403	6.2%	6.7%	6.8%	4.6 %	6.5 %	\$ 1,403	\$ 1,396	0.5 %	4.6%	4.9%	(9.6)%	3.9 %
Hips	1,283	1,263	1.5	2.3	2.0	0.8	2.9	1,263	1,291	(2.1)	3.1	6.3	(13.6)	(1.1)
Trauma and Extremities	1,364	1,291	5.7	5.7	9.1	0.4	0.4	1,291	1,230	4.9	10.8	16.1	(8.7)	4.4
Other	285	266	7.3	7.6	8.1	4.1	5.6	266	236	13.0	16.4	18.2	(5.0)	10.2
Total Orthopaedics	\$ 4,422	\$ 4,223	4.7%	5.1%	6.2%	1.8 %	3.1 %	\$ 4,223	\$ 4,153	1.7 %	6.7%	9.2%	(10.5)%	2.5 %
MedSurg:														
Instruments	\$ 1,553	\$ 1,466	5.9%	6.3%	7.2%	1.5 %	3.1 %	\$ 1,466	\$ 1,424	2.9 %	6.5%	7.2%	(9.1)%	4.5 %
Endoscopy	1,470	1,390	5.8	6.3	8.8	(3.1)	(1.0)	1,390	1,382	0.5	3.9	5.3	(11.5)	0.4
Medical	1,633	823	98.4	99.9	94.9	114.0	122.1	823	766	7.5	10.4	9.2	0.5	15.1
Sustainability	238	216	9.9	9.9	9.8	33.3	37.6	216	209	3.4	3.5	3.5	(10.7)	3.3
Total MedSurg	\$ 4,894	\$ 3,895	25.6%	26.3%	27.3%	19.6 %	22.5 %	\$ 3,895	\$ 3,781	3.0 %	6.2%	6.7%	(8.6)%	4.4 %
Neurotechnology and Spine:														
Neurotechnology	\$ 1,255	\$ 1,088	15.4%	15.1%	14.5%	17.0 %	16.2 %	\$ 1,088	\$ 1,001	8.6 %	14.2%	15.6%	(2.3)%	11.9 %
Spine	754	740	1.8	2.0	3.9	(4.1)	(3.5)	740	740	0.2	3.2	6.6	(14.7)	(4.7)
Total Neurotechnology and Spine	\$ 2,009	\$ 1,828	9.9%	9.8%	9.8%	9.9 %	9.6 %	\$ 1,828	\$ 1,741	5.0 %	9.5%	11.5%	(6.8)%	5.9 %
Total	\$ 11,325	\$ 9,946	13.9%	14.3%	15.9%	8.8 %	10.2 %	\$ 9,946	\$ 9,675	2.8 %	7.0%	8.5%	(9.2)%	3.7 %

Consolidated Net Sales

Consolidated net sales in 2016 increased 13.9% as reported and 14.3% in constant currency, as foreign currency exchange rates negatively impacted net sales by 0.4%. Excluding the 7.9% impact of acquisitions, net sales increased in constant currency by 7.8% from increased unit volume partially offset by 1.4% lower prices. The unit volume increase was primarily due to higher shipments of knees, instruments, endoscopy, neurotechnology, trauma and extremities and medical products.

Consolidated net sales in 2015 increased 2.8% as reported and 7.0% in constant currency, as foreign currency exchange rates negatively impacted net sales by 4.2%. Excluding the 0.9% impact of acquisitions, net sales increased in constant currency by 7.6% from increased unit volume partially offset by 1.6% lower prices. The unit volume increase was led primarily by higher shipments of neurotechnology, trauma and extremities, medical and instruments products.

Orthopaedics Net Sales

Orthopaedics net sales in 2016 increased 4.7% as reported and 5.1% in constant currency, as foreign currency exchange rates negatively impacted net sales by 0.4%. Excluding the 0.3% impact of acquisitions, net sales increased in constant currency by 6.9% from increased unit volume partially offset by 2.1% lower prices. The unit volume increase was led primarily by higher shipments of knees and trauma and extremities products.

Orthopaedics net sales in 2015 increased 1.7% as reported and 6.7% in constant currency, as foreign currency exchange rates negatively impacted net sales by 5.0%. Excluding the 0.5% impact of acquisitions, net sales increased in constant currency by 8.6% from increased unit volume partially offset by 2.4% lower prices. The unit volume increase was led primarily by higher shipments of trauma and extremities products.

MedSurg Net Sales

MedSurg net sales in 2016 increased 25.6% as reported and 26.3% in constant currency, as foreign currency exchange rates negatively impacted net sales by 0.7%. Excluding the 19.1% impact of acquisitions, net sales increased in constant currency by 7.8% from increased unit volume partially offset by 0.6% lower prices. The unit volume increase was led primarily by higher shipments of instruments, endoscopy and medical products.

MedSurg net sales in 2015 increased 3.0% as reported and 6.2% in constant currency, as foreign currency exchange rates negatively impacted net sales by 3.2%. Excluding the 1.7% impact of acquisitions, net sales increased in constant currency by 4.8% from increased unit volume partially offset by 0.3% lower prices. The unit volume increase was led primarily by higher shipments of our medical and instrument products.

Neurotechnology and Spine Net Sales

Neurotechnology and Spine net sales in 2016 increased 9.9% as reported and 9.8% in constant currency, as foreign currency exchange rates positively impacted net sales by 0.1%. Excluding the 1.4% impact of acquisitions, net sales in constant currency increased by 9.8% from increased unit volume partially offset by 1.4% lower prices. The unit volume increase was led primarily by higher shipments of neurotechnology products.

Neurotechnology and Spine net sales in 2015 increased 5.0% as reported and 9.5% in constant currency as foreign currency exchange negatively impacted net sales by 4.5%. Excluding the 0.1% impact of acquisitions, net sales increased in constant currency by 11.6% from increased unit volume and changes in product mix partially offset by 2.3% lower prices. The unit volume increase was led primarily by higher shipments of neurotechnology products.

Gross Profit

Gross profit in 2016 as a percentage of net sales decreased to 66.2% from 66.4% in 2015 as the benefit from the suspension of the medical device excise tax and favorable productivity was more than offset by unfavorable mix, including the impact of acquisitions and the unfavorable impact of foreign currency exchange. Gross profit as a percentage of net sales increased to 66.4% in 2015 from 65.7% in 2014, primarily due to product mix and the favorable impact of foreign currency exchange rates offset by decreases in the selling prices of our products.

	Percent Net Sales					
	2016	2015	2014	2016	2015	2014
Reported	\$ 7,495	\$ 6,602	\$ 6,356	66.2%	66.4 %	65.7%
Inventory stepped up to fair value	36	7	27	0.3	0.1	0.3
Restructuring-related charges	15	7	1	0.1	—	—
Adjusted	\$ 7,546	\$ 6,616	\$ 6,384	66.6%	66.5 %	66.0%

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

Research, Development and Engineering Expenses

Research, development and engineering expenses represented 6.3% of net sales in each of 2016, 2015 and 2014. Recent acquisitions, and spending on projects and investments in new technologies contributed to the spending levels reflecting our continued investment in internal innovation.

Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percentage of net sales in 2016 increased to 36.5% from 36.3% in 2015. Excluding the impact of certain items in the table below, expenses as a percentage of net sales decreased to 34.8% in 2016 from 35.3% in 2015. This improvement reflects favorable leverage from the continued focus on operating expense improvement initiatives, cost containment efforts and business mix, including leverage from our recent acquisitions. Selling, general and administrative expenses as a percentage of net sales in 2015 decreased to 36.3% from 36.7% in 2014. Excluding the impact of certain items noted below, selling, general and administrative expenses increased in 2015 due to increased expenses related to our European regional headquarters, higher compensation costs, due in part to sales performance-related commissions, partially offset by disciplined expense management.

	Percent Net Sales					
	2016	2015	2014	2016	2015	2014
Reported	\$ 4,137	\$ 3,610	\$ 3,547	36.5 %	36.3 %	36.7 %
Other acquisition and integration-related	(95)	(28)	(75)	(0.8)	(0.3)	(0.8)
Restructuring-related charges	(110)	(125)	(116)	(1.0)	(1.2)	(1.2)
Regulatory and legal matters	12	53	—	0.1	0.5	—
Adjusted	\$ 3,944	\$ 3,510	\$ 3,356	34.8 %	35.3 %	34.7 %

Recall Charges, Net of Insurance Proceeds

Recall charges, net of insurance proceeds, were \$158, \$296 and \$761 in 2016, 2015 and 2014. Charges were primarily due to the previously disclosed Rejuvenate and ABGII Modular-Neck hip stems voluntary recalls. Refer to Note 6 to our Consolidated Financial Statements for further information.

Amortization of Intangible Assets

Amortization of intangible assets was \$319, \$210 and \$188 in 2016, 2015 and 2014. The increases were primarily due to acquisitions. Refer to Note 7 to our Consolidated Financial Statements for further information.

Other Income (Expense), Net

Other income (expense), net was (\$245), (\$126) and (\$86) in 2016, 2015 and 2014. The increase in 2016 was primarily driven by higher interest expense due to higher debt levels as a result of our March 2016 debt offering. Refer to Note 9 to our Consolidated Financial Statements for further information.

Income Taxes

The effective income tax rate on earnings was 14.3%, 17.1% and 55.6% for 2016, 2015 and 2014. The effective income tax rate for 2014 includes the tax impacts of the establishment of a European regional headquarters and the cash repatriation that affected 2014 but was executed in 2015. The establishment of the European regional headquarters contributed to the lower effective income tax rates in 2015 and 2016. We adopted ASU 2016-09 Compensation-Stock Compensation: Improvements to Employee Share-Based Payment Accounting on January 1, 2017 which will impact our effective tax rate in 2017.

Net Earnings

Net earnings in 2016 increased to \$1,647 or \$4.35 per diluted share from \$1,439 or \$3.78 per diluted share in 2015 and \$515 or \$1.34 per diluted share in 2014. The impact of foreign currency exchange rates reduced net earnings per diluted share by approximately \$0.11, \$0.26 and \$0.14 in 2016, 2015 and 2014.

	Percent Net Sales					
	2016	2015	2014	2016	2015	2014
Reported	\$ 1,647	\$ 1,439	\$ 515	14.5 %	14.5 %	5.3%
Inventory stepped up to fair value	23	4	15	0.2	—	0.2
Other acquisition and integration-related	77	20	50	0.7	0.2	0.5
Amortization of intangible assets	221	147	133	2.0	1.5	1.4
Restructuring-related charges	98	97	78	0.9	1.0	0.8
Rejuvenate and other recall matters	127	210	628	1.1	2.1	6.5
Regulatory and legal matters	(7)	(46)	—	(0.1)	(0.5)	—
Tax matters	8	78	391	0.1	0.8	4.0
Adjusted	\$ 2,194	\$ 1,949	\$ 1,810	19.4 %	19.6 %	18.7%

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 year results at prior year average foreign currency exchange rates. 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 year results at prior year average foreign currency exchange rates 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

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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.

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

2016	Gross Profit	Selling, General & Administrative Expenses	Amortization of Intangible Assets	Operating Income	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	\$ 7,495	\$ 4,137	\$ 319	\$ 2,166	\$ 1,647	14.3 %	\$ 4.35
Acquisition and integration related charges:							
Inventory stepped up to fair value	36	—	—	36	23	0.4	0.06
Other acquisition and integration related	—	(95)	—	95	77	0.1	0.20
Amortization of purchased intangible assets	—	—	(319)	319	221	2.2	0.59
Restructuring-related charges	15	(110)	—	125	98	0.3	0.26
Rejuvenate and other recall matters	—	—	—	158	127	0.1	0.34
Legal matters	—	12	—	(12)	(7)	(0.2)	(0.02)
Tax Matters	—	—	—	—	8	0.1	0.02
Adjusted	\$ 7,546	\$ 3,944	\$ —	\$ 2,887	\$ 2,194	17.3 %	\$ 5.80

2015	Gross Profit	Selling, General & Administrative Expenses	Amortization of Intangible Assets	Operating Income	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	\$ 6,602	\$ 3,610	\$ 210	\$ 1,861	\$ 1,439	17.1 %	\$ 3.78
Acquisition and integration related charges:							
Inventory stepped up to fair value	7	—	—	7	4	0.1	0.01
Other acquisition and integration related	—	(28)	—	28	20	0.2	0.05
Amortization of purchased intangible assets	—	—	(210)	210	147	1.5	0.39
Restructuring-related charges	7	(125)	—	132	97	0.7	0.26
Rejuvenate and other recall matters	—	—	—	296	210	2.0	0.55
Legal matters	—	53	—	(53)	(46)	0.1	(0.12)
Tax Matters	—	—	—	—	78	(4.4)	0.20
Adjusted	\$ 6,616	\$ 3,510	\$ —	\$ 2,481	\$ 1,949	17.3 %	\$ 5.12

2014	Gross Profit	Selling, General & Administrative Expenses	Amortization of Intangible Assets	Operating Income	Net Earnings	Effective Tax Rate	Diluted EPS
Reported	\$ 6,356	\$ 3,547	\$ 188	\$ 1,246	\$ 515	55.6 %	\$ 1.34
Acquisition and integration related charges:							
Inventory stepped up to fair value	27	—	—	27	15	0.5	0.04
Other acquisition and integration related	—	(75)	—	75	50	0.7	0.13
Amortization of purchased intangible assets	—	—	(188)	188	133	1.1	0.35
Restructuring-related charges	1	(116)	—	117	78	1.1	0.20
Rejuvenate and other recall matters	—	—	—	761	628	(3.1)	1.65
Tax Matters	—	—	—	—	391	(33.6)	1.02
Adjusted	\$ 6,384	\$ 3,356	\$ —	\$ 2,414	\$ 1,810	22.3 %	\$ 4.73

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

FINANCIAL CONDITION AND LIQUIDITY

	2016	2015	2014
Net cash provided by operations activities	\$ 1,812	\$ 899	\$ 1,782
Net cash (used in) provided by investing activities	(4,191)	1,956	(1,878)
Net cash provided (used in) financing activities	2,361	(1,141)	629
Effect of exchange rate changes	(45)	(130)	(77)
Change in cash and cash equivalents	\$ (63)	\$ 1,584	\$ 456

We believe our financial condition continues to be of high quality, as evidenced by our ability to generate substantial cash from operations and ready access to capital markets at competitive rates.

Operating cash flow provides the primary source of cash to fund operating needs and capital expenditures. Excess operating cash is used first to fund acquisitions to complement our portfolio of businesses. Other discretionary uses include dividends and share repurchases. As necessary, we supplement operating cash flow with debt to fund our activities. Our overall cash position reflects our strong business results and a global cash management strategy that takes into account liquidity management, economic factors and tax considerations.

Operating Activities

Cash provided by operations was \$1,812, \$899, and \$1,782 in 2016, 2015 and 2014. The increase in cash from operations in 2016 was primarily due to lower Rejuvenate and ABG II recall-related payments compared to 2015, which was partially offset by higher levels of inventory in 2016. The net of accounts receivable, inventory and accounts payable resulted in the consumption of \$507, \$231, and \$249 of cash in 2016, 2015 and 2014.

Investing Activities

Cash (used in) provided by investing activities was (\$4,191), \$1,956 and (\$1,878) in 2016, 2015 and in 2014.

Acquisitions: Acquisitions resulted in cash consumption of \$4,332, \$153 and \$916 in 2016, 2015 and 2014. In 2016 we acquired Sage, Physio, Synergetics and certain other businesses and related assets. In 2015 the primary acquisition was CHG. In 2014 the primary acquisitions were Patient Safety Technologies, Inc., Pivot Medical Inc., Berchtold Holding, AG and Small Bone Innovations, Inc.

Purchases of Property, Plant and Equipment: Purchases of property, plant and equipment were \$490, \$270 and \$233 in 2016, 2015 and 2014. Capital expenditures in 2016 were primarily due to capital expenditures associated with our global ERP system and the construction of a dedicated additive manufacturing facility.

Marketable Securities, Net: Net cash provided by (used in) the sale of marketable securities was \$634, \$2,379, and (\$729) in 2016, 2015 and 2014. Cash provided by the sale of marketable securities in 2016 was used to repay all of our senior unsecured notes that were due in September 2016. Cash provided by sales of marketable securities in 2015 was primarily due to the sale of a portion of our marketable securities in 2015 used to make recall-related payments.

Financing Activities

Dividends and Share Repurchases: Dividends paid per common share increased 10.1% to \$1.52 per share in 2016 compared to \$1.38 per share in 2015, an increase of 13.1% from \$1.22 in 2014.

	2016	2015	2014
Dividends paid per common share	\$ 1.52	\$ 1.38	\$ 1.22
Total dividends paid to common shareholders	\$ 568	\$ 521	\$ 462
Total amount paid to repurchase common stock	\$ 13	\$ 700	\$ 100
Shares of repurchased common stock (in millions)	0.1	7.4	1.3

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

Borrowings and Repayments of Debt: We maintain debt levels that we consider appropriate after evaluating a number of factors, including cash flow expectations, cash requirements for ongoing operations, investment and financing plans (including acquisitions and share repurchase activities) and overall cost of capital.

Net proceeds from borrowings were \$2,912, \$48 and \$1,159 in 2016, 2015 and 2014. In 2016 the proceeds were primarily from the issuance of \$3,500 of senior unsecured notes in March 2016 partially offset by repayment of \$750 of our senior unsecured notes due in September 2016. In 2015 the proceeds were primarily from the public offerings of notes offset by the payment of certain notes due and paid in January 2015. Refer to Note 9 to our Consolidated Financial Statements for further information.

Liquidity

Cash, cash equivalents and marketable securities were \$3,384 and \$4,079, and our current assets exceeded current liabilities by \$4,713 and \$4,441 on December 31, 2016 and 2015. We anticipate being able to support our short-term liquidity and operating needs, including acquisitions and recall-related payments, from a variety of sources, including cash from operations, commercial paper and existing credit lines. We have raised funds in the capital markets and may continue to do so from time to time. As a result of the issuance of senior unsecured notes in March 2016, Moody's downgraded our unsecured note ratings to Baa1 from A3, and Standard & Poor's downgraded our corporate credit and long-term issue-level rating to A from A+ and our short-term rating to A-1 from A-1+. Nevertheless, 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. In August 2016 we increased the borrowing capacity available under our main credit facility by \$250 to a maximum of \$1,500. In September 2016 we increased the amount of commercial paper issuable under the commercial paper program by \$250 to a maximum of \$1,500.

On December 31, 2016 approximately 84% of our consolidated cash, cash equivalents and marketable securities were held in locations outside the United States compared to 46% on December 31, 2015. 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.

In January 2017 we sold \$500 of senior unsecured notes with an interest rate of 1.800% due on January 15, 2019.

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.

CONTRACTUAL OBLIGATIONS AND FORWARD-LOOKING CASH REQUIREMENTS

As further described in Note 6 to our Consolidated Financial Statements, in 2016 we recorded additional charges to earnings totaling \$144 related to the Rejuvenate and ABG II recalls. Based on the information received, the actuarially determined range of probable loss to resolve this matter was estimated to be approximately \$1,968 to \$2,224 (\$2,200 to \$2,456 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. We are not able to reasonably estimate the future periods in which payments will be made.

As further described in Note 10 to our Consolidated Financial Statements, on December 31, 2016 we had a reserve for uncertain income tax positions of \$287. Due to uncertainties regarding the ultimate resolution of income tax audits, we are not able to reasonably estimate the future periods in which any income tax payments to settle these uncertain income tax positions will be made.

As further described in Note 11 to our Consolidated Financial Statements, on December 31, 2016 our defined benefit pension plans were underfunded by \$280, of which approximately \$271 related to plans outside the United States. Due to the rules affecting tax-deductible contributions in the jurisdictions in which the plans are offered and the impact of future plan asset performance, changes in interest rates and potential changes in legislation in the United States and other foreign jurisdictions, we are not able to reasonably estimate beyond 2017 the amounts that may be required to fund defined benefit pension plans.

Long-term Contractual Obligations

	Total	Under 1 year	1-3 years	3-5 years	After 5 years
Short-term and long-term debt	\$ 6,952	\$ 200	\$ 1,352	\$ 1,250	\$ 4,150
Unconditional purchase obligations	853	725	122	3	3
Operating leases	269	90	81	39	59
Contributions to defined benefit plans	20	20	—	—	—
Other	104	12	12	6	74
Total	\$ 8,198	\$ 1,047	\$ 1,567	\$ 1,298	\$ 4,286

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing our financial statements in accordance with accounting principles generally accepted in the United States, there are certain accounting policies that may require a choice between acceptable accounting methods or may require substantial judgment or estimation in their application. These include inventory reserves, income taxes, acquisitions, goodwill and intangible assets, and legal and other contingencies. We believe these accounting policies and the others set forth in Note 1 to our Consolidated Financial Statements should be reviewed as they are integral to understanding our results of operations and financial condition.

Inventory Reserves

We maintain reserves for excess and obsolete inventory resulting from the potential inability to sell certain products at prices in excess of current carrying costs. We make estimates regarding the future recoverability of the costs of these products and record provisions based on historical experience, expiration of sterilization dates and expected future trends. If actual product life cycles, product demand or acceptance of new product introductions are less favorable than projected by management, additional inventory write downs may be required, which could unfavorably affect future operating results.

Income Taxes

Our annual tax rate is determined based on our income, statutory tax rates and the tax impacts of items treated differently for tax purposes than for financial reporting purposes. Tax law requires certain items be included in the tax return at different times than the items are reflected in the financial statements. Some of these differences are permanent, such as expenses that are not deductible in our tax return, and some differences are temporary and reverse over time, such as depreciation expense. These temporary differences create deferred tax assets and liabilities.

Deferred tax assets generally represent the tax effect of items that can be used as a tax deduction or credit in future years for which we have already recorded the tax benefit in our income statement. Deferred tax liabilities generally represent tax expense recognized in our financial statements for which payment was deferred, the tax effect of expenditures for which a deduction was taken in our tax return but has not yet been recognized in our financial statements or assets recorded at fair value in business combinations for which there was no corresponding tax basis adjustment.

Inherent in determining our annual tax rate are judgments regarding business plans, tax planning opportunities and expectations about future outcomes. Realization of certain deferred tax assets is dependent upon generating sufficient taxable income in the appropriate jurisdiction prior to the expiration of the carryforward periods. Although realization is not assured, management believes it is more likely than not that our deferred tax assets, net of valuation allowances, will be realized.

We operate in multiple jurisdictions with complex tax policy and regulatory environments. In certain of these jurisdictions, we may take tax positions that management believes are supportable but are potentially subject to successful challenge by the applicable taxing authority. These differences of interpretation with the respective governmental taxing authorities can be impacted by the local economic and fiscal environment. We evaluate our tax positions and establish liabilities in accordance with the applicable accounting guidance on uncertainty in income taxes. We review these tax uncertainties in light of changing facts and circumstances, such as the progress of tax audits, and adjust them accordingly. We have a number of audits in process in various jurisdictions. Although the resolution of these tax positions is uncertain, based on currently available information, we believe that it is more likely than not that the ultimate outcomes will not have a material adverse effect on our financial position, results of operations or cash flows.

Due to the number of estimates and assumptions inherent in calculating the various components of our tax provision, certain changes or future events, such as changes in tax legislation, geographic mix of earnings, completion of tax audits or earnings repatriation plans, could have an impact on those estimates and our effective tax rate.

Acquisitions, Goodwill and Intangibles, and Long-Lived Assets

Our financial statements include the operations of an acquired business starting from the completion of the acquisition. In addition, the assets acquired and liabilities assumed are recorded on the date of acquisition at their respective estimated fair values, with any excess of the purchase price over the estimated fair values of the net assets acquired recorded as goodwill.

Significant judgment is required in estimating the fair value of intangible assets and in assigning their respective useful lives. Accordingly, we typically obtain the assistance of third-party valuation specialists for significant items. The fair value estimates are based on available historical information and on future expectations and assumptions deemed reasonable by management but are inherently uncertain. We typically use an income method to estimate the fair value of intangible assets, which is based on forecasts of the expected future cash flows attributable to the respective assets. Significant estimates and assumptions inherent in the valuations reflect a consideration of other marketplace participants and include the amount and timing of future cash flows (including expected growth rates and profitability), the underlying product or technology life cycles, the economic barriers to entry and the discount rate applied to the cash flows. Unanticipated market or macroeconomic events and circumstances

may occur that could affect the accuracy or validity of the estimates and assumptions.

Determining the useful life of an intangible asset also requires judgment. With the exception of certain trade names, the majority of our acquired intangible assets (e.g., certain trademarks or brands, customer and distributor relationships, patents and technologies) are expected to have determinable useful lives. Our assessment as to the useful lives of these intangible assets is based on a number of factors including competitive environment, market share, trademark, brand history, underlying product life cycles, operating plans and the macroeconomic environment of the countries in which the trademarked or branded products are sold. Our estimates of the useful lives of determinable-lived intangibles are primarily based on these same factors. Determinable-lived intangible assets are amortized to expense over their estimated useful life.

In certain of our acquisitions, we acquire in-process research and development (IPRD) intangible assets. IPRD is considered to be an indefinite-lived intangible asset until such time as the research is completed (at which time it becomes a determinable-lived intangible asset) or determined to have no future use (at which time it is impaired).

The value of indefinite-lived intangible assets and goodwill is not amortized but is tested at least annually for impairment. Our impairment testing for goodwill is performed separately from our impairment testing of indefinite-lived intangibles. We perform our annual impairment test for goodwill in the fourth quarter of each year. We consider qualitative indicators of the fair value of a reporting unit when it is unlikely that a reporting unit has impaired goodwill. In certain circumstances, we may also utilize a discounted cash flow analysis that requires certain assumptions and estimates be made regarding market conditions and our future profitability. In those circumstances we test goodwill for impairment by reviewing the book value compared to the fair value at the reporting unit level. We test individual indefinite-lived intangibles by reviewing the individual book values compared to the fair value. We determine the fair value of our reporting units and indefinite-lived intangible assets based on the income approach. Under the income approach, we calculate the fair value of our reporting units and indefinite-lived intangible assets based on the present value of estimated future cash flows. Considerable management judgment is necessary to evaluate the impact of operating and macroeconomic changes and to estimate future cash flows to measure fair value. Assumptions used in our impairment evaluations, such as forecasted growth rates and cost of capital, are consistent with internal projections and operating plans. We believe such assumptions and estimates are also comparable to those that would be used by other marketplace participants.

We did not recognize any impairment charges for goodwill in the years presented, as our annual impairment testing indicated that all reporting unit goodwill fair values exceeded their respective recorded values. Future changes in the judgments, assumptions and estimates that are used in our impairment testing for goodwill and indefinite-lived intangible assets, including discount and tax rates and future cash flow projections, could result in significantly different estimates of the fair values. A significant reduction in the estimated fair values could result in impairment charges that could materially affect our results of operations.

We review our other long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows, which is at the individual asset level or the asset group level. The undiscounted

cash flows expected to be generated by the related assets are estimated over their useful life based on updated projections. If the evaluation indicates that the carrying amount of the assets may not be recoverable, any potential impairment is measured based upon the fair value of the related assets or asset group as determined by an appropriate market appraisal or other valuation technique. Assets classified as held for sale, if any, are recorded at the lower of carrying amount or fair value less costs to sell.

Legal and Other Contingencies

We are involved in various ongoing proceedings, legal actions and claims arising in the normal course of business, including proceedings related to product, labor and intellectual property, and other matters that are more fully described in Note 6 to our Consolidated Financial Statements. 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, for the resolution of these legal matters 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 projected by management, additional expense may be incurred, which could unfavorably affect future operating results. We are currently self-insured for product liability-related 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.

NEW ACCOUNTING PRONOUNCEMENTS

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We sell our products globally and, as a result, our financial results could be significantly affected by factors such as weak economic conditions or changes in foreign currency exchange rates. Our operating results are primarily exposed to changes in exchange rates among the United States Dollar, European currencies, in particular the Euro, Swiss Franc and the British Pound, the Japanese Yen, the Australian Dollar and the Canadian Dollar. We develop and manufacture products in the United States, Canada, Turkey, China, France, Germany, Ireland, Mexico, Puerto Rico and Switzerland and incur costs in the applicable local currencies. This global deployment of facilities serves to partially mitigate the impact of currency exchange rate changes on our cost of sales. Refer to Notes 1, 3 and 4 to our Consolidated Financial Statements for information regarding our use of derivative instruments to mitigate these risks. A hypothetical 10% change in foreign currencies relative to the United States Dollar would change the December 31, 2016 fair value by approximately \$188.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors and Shareholders of Stryker Corporation:

We have audited the accompanying consolidated balance sheets of Stryker Corporation and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Stryker Corporation and subsidiaries at December 31, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Stryker Corporation's internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 9, 2017 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Grand Rapids, Michigan
February 9, 2017

Stryker Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS

	2016	2015	2014
Net sales	\$ 11,325	\$ 9,946	\$ 9,675
Cost of sales	3,830	3,344	3,319
Gross profit	\$ 7,495	\$ 6,602	\$ 6,356
Research, development and engineering expenses	715	625	614
Selling, general and administrative expenses	4,137	3,610	3,547
Recall charges, net of insurance proceeds	158	296	761
Amortization of intangible assets	319	210	188
Total operating expenses	\$ 5,329	\$ 4,741	\$ 5,110
Operating income	\$ 2,166	\$ 1,861	\$ 1,246
Other income (expense), net	(245)	(126)	(86)
Earnings before income taxes	\$ 1,921	\$ 1,735	\$ 1,160
Income taxes	274	296	645
Net earnings	\$ 1,647	\$ 1,439	\$ 515

Net earnings per share of common stock:

Basic net earnings per share of common stock	\$ 4.40	\$ 3.82	\$ 1.36
Diluted net earnings per share of common stock	\$ 4.35	\$ 3.78	\$ 1.34

Weighted-average shares outstanding:

Basic	374.1	376.6	378.5
Effect of dilutive employee stock options	4.4	4.3	4.3
Diluted	378.5	380.9	382.8

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2016	2015	2014
Net earnings	\$ 1,647	\$ 1,439	\$ 515
Other comprehensive (loss) income, net of tax			
Marketable securities	—	(3)	3
Pension plans	(13)	17	(55)
Unrealized gains (losses) on designated hedges	20	(9)	6
Financial statement translation	(129)	(390)	(440)
Total other comprehensive loss, net of tax	\$ (122)	\$ (385)	\$ (486)
Comprehensive income	\$ 1,525	\$ 1,054	\$ 29

See accompanying notes to Consolidated Financial Statements.

Stryker Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 3,316	\$ 3,379
Marketable securities	68	700
Accounts receivable, less allowance of \$56 (\$61 in 2015)	1,967	1,662
Inventories:		
Materials and supplies	425	304
Work in process	130	103
Finished goods	1,475	1,232
Total inventories	\$ 2,030	\$ 1,639
Prepaid expenses and other current assets	480	563
Total current assets	\$ 7,861	\$ 7,943
Property, plant and equipment:		
Land, buildings and improvements	820	687
Machinery and equipment	2,341	2,043
Total property, plant and equipment	3,161	2,730
Less allowance for depreciation	1,592	1,531
Net property, plant and equipment	\$ 1,569	\$ 1,199
Goodwill	6,356	4,136
Other intangibles, net	3,508	1,794
Other noncurrent assets	1,141	1,151
Total assets	\$ 20,435	\$ 16,223
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	\$ 437	\$ 410
Accrued compensation	767	637
Income taxes	40	141
Dividend payable	159	142
Accrued recall expenses	594	694
Accrued expenses and other liabilities	923	710
Current maturities of debt	228	768
Total current liabilities	\$ 3,148	\$ 3,502
Long-term debt, excluding current maturities	6,686	3,230
Other noncurrent liabilities	1,051	980
Total liabilities	\$ 10,885	\$ 7,712
Shareholders' equity		
Common stock, \$0.10 par value:		
Authorized: 1 billion shares, outstanding: 375 million shares (373 million shares in 2015)	37	37
Additional paid-in capital	1,432	1,321
Retained earnings	8,842	7,792
Accumulated other comprehensive loss	(761)	(639)
Total shareholders' equity	\$ 9,550	\$ 8,511
Total liabilities & shareholders' equity	\$ 20,435	\$ 16,223

See accompanying notes to Consolidated Financial Statements.

Stryker Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
2013	\$ 38	\$ 1,160	\$ 7,617	\$ 232	\$ 9,047
Net earnings			515		515
Other comprehensive loss				(486)	(486)
Issuance of 2.2 million shares of common stock under stock option and benefit plans, including \$21 excess income tax benefit		19			19
Repurchase of 1.3 million shares of common stock		(4)	(96)		(100)
Share-based compensation		77			77
Cash dividends declared of \$1.26 per share of common stock			(477)		(477)
2014	\$ 38	\$ 1,252	\$ 7,559	\$ (254)	\$ 8,595
Net earnings			1,439		1,439
Other comprehensive loss				(385)	(385)
Issuance of 1.8 million shares of common stock under stock option and benefit plans, including \$26 excess income tax benefit		8			8
Repurchase of 7.4 million shares of common stock	(1)	(25)	(674)		(700)
Share-based compensation		86			86
Cash dividends declared of \$1.415 per share of common stock			(532)		(532)
2015	\$ 37	\$ 1,321	\$ 7,792	\$ (639)	\$ 8,511
Net earnings			1,647		1,647
Other comprehensive loss				(122)	(122)
Issuance of 1.7 million shares of common stock under stock option and benefit plans, including \$36 excess income tax benefit		15			15
Repurchase of 0.1 million shares of common stock		(1)	(12)		(13)
Share-based compensation		97			97
Cash dividends declared of \$1.565 per share of common stock			(585)		(585)
2016	\$ 37	\$ 1,432	\$ 8,842	\$ (761)	\$ 9,550

See accompanying notes to Consolidated Financial Statements.

Stryker Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2016	2015	2014
Operating activities			
Net earnings	\$ 1,647	\$ 1,439	\$ 515
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	227	187	190
Amortization of intangible assets	319	210	188
Share-based compensation	97	86	77
Recall charges	158	349	940
Sale of inventory stepped up to fair value at acquisition	36	7	27
Deferred income tax (expense) benefit	(46)	87	60
Excess income tax benefits from stock issued under employee stock plans	(36)	(26)	(21)
Changes in operating assets and liabilities:			
Accounts receivable	(192)	(151)	(89)
Inventories	(299)	(115)	(173)
Accounts payable	(16)	35	13
Accrued expenses and other liabilities	174	73	92
Recall-related payments	(243)	(1,206)	(98)
Income taxes	(190)	(290)	133
Other	176	214	(72)
Net cash provided by operating activities	\$ 1,812	\$ 899	\$ 1,782
Investing activities			
Acquisitions, net of cash acquired	(4,332)	(153)	(916)
Purchases of marketable securities	(151)	(1,715)	(4,365)
Proceeds from sales of marketable securities	785	4,094	3,636
Purchases of property, plant and equipment	(490)	(270)	(233)
Other investing, net	(3)	—	—
Net cash (used in) provided by investing activities	\$ (4,191)	\$ 1,956	\$ (1,878)
Financing activities			
Proceeds from borrowings	1,094	1,576	1,601
Payments on borrowings	(1,635)	(2,272)	(1,428)
Proceeds from issuance of long-term debt, net	3,453	744	986
Dividends paid	(568)	(521)	(462)
Repurchase of common stock	(13)	(700)	(100)
Excess income tax benefits from stock issued under employee stock plans	36	26	21
Other financing	(6)	6	11
Net cash provided by (used in) financing activities	\$ 2,361	\$ (1,141)	\$ 629
Effect of exchange rate changes on cash and cash equivalents	(45)	(130)	(77)
Change in cash and cash equivalents	\$ (63)	\$ 1,584	\$ 456
Cash and cash equivalents at beginning of year	3,379	1,795	1,339
Cash and cash equivalents at end of year	\$ 3,316	\$ 3,379	\$ 1,795
Supplemental cash flow disclosure:			
Cash paid for income taxes, net of refunds	\$ 510	\$ 497	\$ 437
Cash paid for interest on debt	\$ 180	\$ 101	\$ 102

See accompanying notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Stryker Corporation (the "Company," "we," "us," or "our") is a global leader in medical technology. Our products include implants used in joint replacement and trauma surgeries; surgical equipment and surgical navigation systems; endoscopic and communications systems; patient handling, emergency medical equipment and intensive care disposable products; neurosurgical, neurovascular and spinal devices; as well as other medical device products used in a variety of medical specialties.

Basis of Presentation and Consolidation: The Consolidated Financial Statements include the Company and its subsidiaries. All significant intercompany accounts and transactions are eliminated in consolidation. We have no material interests in variable interest entities and none that require consolidation. Certain prior year amounts have been reclassified to conform with the presentation of our Consolidated Financial Statements in 2016.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of net sales and expenses in the reporting period. Actual results could differ from those estimates.

Revenue Recognition: Sales are recognized when revenue is realized or realizable and has been earned. Our policy is to recognize revenue when title to the product, ownership and risk of loss transfer to the customer, which can be on the date of shipment, the date of receipt by the customer or, for most orthopaedics products, when we receive appropriate notification that the product has been used or implanted. A provision for estimated sales returns, discounts, rebates and other sales incentives is recorded as a reduction of net sales in the same period that the revenue is recognized. Shipping and handling costs charged to customers are included in net sales.

Cost of Sales: Cost of sales is primarily comprised of direct materials and supplies consumed in the manufacture of product, as well as manufacturing labor, depreciation expense and direct overhead expense necessary to acquire and convert the purchased materials and supplies into finished product. Cost of sales also includes the cost to distribute products to customers, inbound freight costs, warehousing costs and other shipping and handling activity.

Research, Development and Engineering Expenses: Research and development costs are charged to expense as incurred. Costs include research, development and engineering activities relating to the development of new products, improvement of existing products, technical support of products and compliance with governmental regulations for the protection of customers and patients. Costs primarily consist of salaries, wages, consulting and depreciation and maintenance of research facilities and equipment.

Selling, General and Administrative Expenses: Selling, general and administrative expense is primarily comprised of selling expenses, marketing expenses, administrative and other indirect overhead costs, amortization of loaner instrumentation, depreciation and amortization expense of non-manufacturing assets and other miscellaneous operating items.

Currency Translation: Financial statements of subsidiaries outside the United States generally are measured using the local currency as the functional currency. Adjustments to translate those statements into United States Dollars are recorded in other

comprehensive income (OCI). Transactional exchange gains and losses are included in earnings.

Cash Equivalents: Highly liquid investments with remaining stated maturities of three months or less when purchased are considered cash equivalents and recorded at cost.

Marketable Securities: Marketable securities consist of marketable debt securities, certificates of deposit and mutual funds. Mutual funds are acquired to offset changes in certain liabilities related to deferred compensation arrangements and are expected to be used to settle these liabilities. Pursuant to our investment policy, all individual marketable security investments must have a minimum credit quality of single A (Standard & Poor's and Fitch) and A2 (Moody's Corporation) at the time of acquisition, while the overall portfolio of marketable securities must maintain a minimum average credit quality of double A (Standard & Poor's and Fitch) or Aa (Moody's Corporation). In the event of a rating downgrade below the minimum credit quality subsequent to purchase, the marketable security investment is evaluated to determine the appropriate action to take to minimize the overall risk to our marketable security investment portfolio. Our marketable securities are classified as available-for-sale and trading securities. Investments in trading securities represent participant-directed investments of deferred employee compensation.

Accounts Receivable: Accounts receivable consists of trade and other miscellaneous receivables. An allowance is maintained for doubtful accounts for estimated losses in the collection of accounts receivable. Estimates are made regarding the ability of customers to make required payments based on historical credit experience and expected future trends. Accounts receivable are written off when all reasonable collection efforts are exhausted.

Inventories: Inventories are stated at the lower of cost or market, with cost generally determined using the first-in, first-out (FIFO) cost method. For excess and obsolete inventory resulting from the potential inability to sell specific products at prices in excess of current carrying costs, reserves are maintained to reduce current carrying cost to market prices.

Financial Instruments: Our financial instruments consist of cash, cash equivalents, marketable securities, accounts receivable, other investments, accounts payable, debt and foreign currency exchange contracts. With the exception of our long-term debt, which is discussed in further detail in Notes 2 and 9, our estimates of fair value for financial instruments approximate their carrying amounts on December 31, 2016 and 2015.

All marketable securities are recognized at fair value. Adjustments to the fair value of marketable securities that are classified as available-for-sale are recorded as increases or decreases, net of income taxes, within accumulated other comprehensive income (AOCI) in shareholders' equity and adjustments to the fair value of marketable securities that are classified as trading are recorded in earnings. The amortized cost of marketable debt securities is adjusted for amortization of premiums and discounts to maturity computed under the effective interest method. Such amortization and interest and realized gains and losses are included in other income (expense), net. The cost of securities sold is determined by the specific identification method.

We review declines in the fair value of our investments classified as available-for-sale to determine whether the decline in fair value is an other-than-temporary impairment. The resulting losses from other-than-temporary impairments of available-for-sale marketable securities are included in earnings.

Derivatives: All derivatives are recognized at fair value and reported on a gross basis. We enter into forward currency exchange contracts to mitigate the impact of currency fluctuations on

transactions denominated in nonfunctional currencies, thereby limiting our risk that would otherwise result from changes in exchange rates. The periods of the forward currency exchange contracts correspond to the periods of the exposed transactions, with realized gains and losses included in the measurement and recording of transactions denominated in the nonfunctional currencies. All forward currency exchange contracts are recorded at their fair value each period.

Forward currency exchange contracts designated as cash flow hedges are designed to hedge the variability of cash flows associated with forecasted transactions denominated in a foreign currency that will take place in the future. These nonfunctional currency exposures principally relate to forecasted intercompany purchases of manufactured products and generally have maturities up to eighteen months. Changes in value of derivatives designated as cash flow hedges are recorded in AOCI on the Consolidated Balance Sheets until earnings are affected by the variability of the underlying cash flows. At that time, the applicable amount of gain or loss from the derivative instrument that is deferred in shareholders' equity is reclassified into earnings and is included in other income (expense), net or cost of goods sold in the Consolidated Statements of Earnings, depending on the underlying transaction that is being hedged. Cash flows associated with these hedges are included in cash from operations in the same category as the cash flows from the items being hedged.

Derivative forward contracts are used to offset our exposure to the change in value of specific foreign currency denominated assets and liabilities, primarily intercompany payables and receivables. These derivatives are not designated as hedges and, therefore, changes in the value of these forward contracts are recognized in earnings, thereby offsetting the current earnings effect of the related changes in value of foreign currency denominated assets and liabilities. The estimated fair value of our forward currency exchange contracts represents the measurement of the contracts at month-end spot rates as adjusted by current forward points.

We designated certain long-term intercompany loans payable and forward exchange contracts as net investment hedges of our investments in certain international subsidiaries that use the Euro as their functional currency. For derivative instruments that are designated and qualify as a net investment hedge, the effective portion of the derivative's gain or loss is recognized in OCI and reported as a component of AOCI. We use the forward method to measure ineffectiveness. Under this method the change in the carrying value of the Euro-denominated amounts due to remeasurement of the effective portion is reported as a component of AOCI. The remaining change in the carrying value of the ineffective portion, if any, is recognized in other income (expense), net. The gain or loss related to settled net investment hedges will be subsequently reclassified into net earnings when the hedged net investment is either sold or substantially liquidated.

Forward starting interest rate derivative instruments designated as cash flow hedges are used to manage the exposure to interest rate volatility with regard to future issuance and refinancing of debt. The effective portion of the gain or loss on a forward starting interest rate derivative instrument that is designated and qualifies as a cash flow hedge is reported as a component of AOCI. Beginning in the period in which the debt refinancing occurs and the related derivative instruments is terminated, the effective portion of the gains or losses is then reclassified into interest expense over the term of the related debt.

Interest rate derivative instruments designated as fair value hedges are being used to manage the exposure to interest rate movements and to reduce borrowing costs by converting fixed-rate debt into

floating-rate debt. Under these agreements, we agree to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount.

Property, Plant and Equipment: Property, plant and equipment is stated at cost. Depreciation is generally computed by the straight-line method over the estimated useful lives of three to 30 years for buildings and improvements and three to 10 years for machinery and equipment.

Goodwill and Other Intangible Assets: Goodwill represents the excess of purchase price over fair value of tangible net assets of acquired businesses at the acquisition date, after amounts allocated to other identifiable intangible assets. Factors that contribute to the recognition of goodwill include synergies that are specific to our business and not available to other market participants and are expected to increase net sales and profits; acquisition of a talented workforce; cost savings opportunities; the strategic benefit of expanding our presence in core and adjacent markets; and diversifying our product portfolio.

The fair values of other identifiable intangible assets are primarily determined using the income approach. Other intangible assets include, but are not limited to, developed technology, customer and distributor relationships (which reflect expected continued customer or distributor patronage) and trademarks and patents. Intangible assets with determinable useful lives are amortized on a straight-line basis over their estimated useful lives of four to 40 years. Certain acquired trade names are considered to have indefinite lives and are not amortized, but are assessed annually for potential impairment as described below.

In certain of our acquisitions, we acquire in-process research and development (IPRD), which is an indefinite-lived intangible asset. IPRD where research has been completed becomes a determinable-lived intangible asset and IPRD determined to have no future use becomes impaired.

Goodwill, Intangibles and Long-Lived Asset Impairment Tests: We perform our annual impairment test for goodwill in the fourth quarter of each year. We consider qualitative indicators of the fair value of a reporting unit when it is unlikely that a reporting unit has impaired goodwill. In certain circumstances, we may also utilize a discounted cash flow analysis that requires certain assumptions and estimates be made regarding market conditions and our future profitability. Indefinite-lived intangible assets are also tested at least annually for impairment by comparing the individual carrying values to the fair value.

We review long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows. Undiscounted cash flows expected to be generated by the related assets are estimated over the asset's useful life based on updated projections. If the evaluation indicates that the carrying amount of the asset may not be recoverable, any potential impairment is measured based upon the fair value of the related asset or asset group as determined by an appropriate market appraisal or other valuation technique. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less costs to sell.

Share-Based Compensation: We use share based compensation in the form of stock options, restricted stock units (RSUs) and performance-based restricted stock units (PSUs). Stock options are granted under long-term incentive plans to certain key employees and non-employee directors at an exercise price not less than the fair market value of the underlying common stock, which is the quoted closing price of our common stock on the day prior to the

date of grant. The options are granted for periods of up to 10 years and become exercisable in varying installments.

We grant RSUs to key employees and non-employee directors and PSUs to certain key employees under our long-term incentive plans. The fair value of RSUs is determined based on the number of shares granted and the quoted closing price of our common stock on the date of grant, adjusted for the fact that RSUs do not include anticipated dividends. RSUs generally vest in one-third increments over a three-year period and are settled in stock. PSUs are earned over a three-year performance cycle and vest in March of the year following the end of that performance cycle. The number of PSUs that will ultimately be earned is based on our performance relative to pre-established goals in that three-year performance cycle. The fair value of PSUs is determined based on the quoted closing price of our common stock on the day of grant.

Compensation expense is recognized in the Consolidated Statements of Earnings based on the estimated fair value of the awards on the grant date. Compensation expense recognized reflects an estimate of the number of awards expected to vest after taking into consideration an estimate of award forfeitures based on actual experience and is recognized on a straight-line basis over the requisite service period, which is generally the period required to obtain full vesting. Management expectations related to the achievement of performance goals associated with PSU grants is assessed regularly and that assessment is used to determine whether PSU grants are expected to vest. If performance-based milestones related to PSU grants are not met or not expected to be met, any compensation expense recognized associated with such grants will be reversed.

Income Taxes: Deferred income tax assets and liabilities are determined based on differences between financial reporting and income tax bases of assets and liabilities and are measured using the enacted income tax rates in effect for the years in which the differences are expected to reverse. Deferred income tax benefits generally represent the change in net deferred income tax assets and liabilities in the year. Other amounts result from adjustments related to acquisitions and foreign currency as appropriate.

We operate in multiple income tax jurisdictions both within the United States and internationally. Accordingly, management must determine the appropriate allocation of income to each of these jurisdictions based on current interpretations of complex income tax regulations. Income tax authorities in these jurisdictions regularly perform audits of our income tax filings. Income tax audits associated with the allocation of this income and other complex issues, including inventory transfer pricing and cost sharing, product royalty and foreign branch arrangements, may require an extended period of time to resolve and may result in significant income tax adjustments if changes to the income allocation are required between jurisdictions with different income tax rates.

New Accounting Pronouncements Not Yet Adopted

In January 2017 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-01, Business Combinations: Clarifying the Definition of a Business, which revises the definition of a business under Accounting Standards Codification (ASC) 805 by providing a more robust framework to use in determining when a set of acquired assets and activities constitutes a business. We plan to adopt this update on January 1, 2018. We are still evaluating the impact that this update will have on our Consolidated Financial Statements.

In August 2016 the FASB issued ASU 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments, which eliminates diversity in practice related to how certain cash receipts and cash payments are presented and classified in the

Consolidated Statement of Cash Flows. We adopted this update on January 1, 2017 and the adoption of this update will not have a material impact on our Consolidated Financial Statements.

In March 2016 the FASB issued ASU 2016-09, Compensation-Stock Compensation: Improvements to Employee Share-Based Payment Accounting. This update simplifies the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as simplifying classification in the Consolidated Statements of Cash Flow. We adopted this update on January 1, 2017. If we adopted this update on January 1, 2016, the impact on our Consolidated Statements of Earnings would have been a tax benefit of \$36 in 2016. The impact of adopting this update in 2017 on our Consolidated Financial Statements will depend on market factors, the timing and intrinsic value of future share-based compensation award vests and exercises.

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 lease terms greater than 12 months on the balance sheet. We plan to adopt this update on January 1, 2019. We are still evaluating the impact that this update will have 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. We plan to adopt this update on January 1, 2018. 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 anticipate adopting the standard using the modified retrospective method. There may be differences in timing of revenue recognition under the new standard compared to recognition under ASC 605 - Revenue Recognition.

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 - 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. For certain Level 3 liabilities the Black-Scholes option pricing model was used to value the liabilities, while the fair value of other liabilities was estimated using a discounted cash flow technique. Significant unobservable inputs to this technique included our probability assessments

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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.

Assets and Liabilities Measured at Fair Value

	2016	2015
Cash and cash equivalents	\$ 3,316	\$ 3,379
Trading marketable securities	94	82
Level 1 - Assets	\$ 3,410	\$ 3,461
Available-for-sale marketable securities:		
Corporate and asset-backed debt securities	\$ 25	\$ 214
Foreign government debt securities	—	96
United States agency debt securities	9	120
United States treasury debt securities	16	264
Certificates of deposit	18	8
Total available-for-sale marketable securities	\$ 68	\$ 702
Foreign currency exchange forward contracts	45	69
Interest rate swap asset	57	15
Level 2 - Assets	\$ 170	\$ 786
Total assets measured at fair value	\$ 3,580	\$ 4,247
Deferred compensation arrangements	\$ 94	\$ 82
Level 1 - Liabilities	\$ 94	\$ 82
Foreign currency exchange forward contracts	\$ 18	\$ 10
Interest rate swap liability	—	4
Level 2 - Liabilities	\$ 18	\$ 14
Contingent consideration:		
Beginning balance	\$ 56	\$ 48
Additions	49	11
Change in estimate	(7)	—
Settlements	(12)	(3)
Balance at the end of the period	\$ 86	\$ 56
Level 3 - Liabilities	\$ 86	\$ 56
Total liabilities measured at fair value	\$ 198	\$ 152

Fair Value of Available for Sale Securities by Maturity

	2016	2015
Due in one year or less	\$ 36	\$ 588
Due after one year through three years	\$ 32	\$ 114

On December 31, 2016 the aggregate difference between the cost and fair value of available-for-sale marketable securities was nominal. Interest receivable was less than \$1 and \$2 in 2016 and 2015 related to our marketable security portfolio. The total of interest and marketable securities income was \$29, \$14, and \$28 in 2016, 2015, and 2014. The amounts were included 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 December 31, 2016. On December 31, 2016 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	33	\$ 11
United States Agency	8	5
United States Treasury	19	15
Certificate of Deposit	5	2
Total	65	\$ 33

NOTE 3 - 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.

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 fair value	\$ 17	\$ 10	\$ 27

2015

Gross notional amount	\$ 889	\$ 4,061	\$ 4,950
Maximum term in days			546

Fair value:

Other current assets	\$ 27	\$ 41	\$ 68
Other noncurrent assets	1	—	1
Other current liabilities	(6)	(3)	(9)
Other noncurrent liabilities	(1)	—	(1)
Total fair value	\$ 21	\$ 38	\$ 59

On December 31, 2016 the total after-tax amount in AOCI related to our designated net investment hedges was \$48. We evaluate the effectiveness of our net investment hedges quarterly and did not recognize any ineffectiveness in 2016.

We are exposed to credit loss in the event of nonperformance by 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 Gains (Losses)

Recorded in:	2016	2015	2014
Cost of sales	\$ —	\$ 19	\$ 1
Other income (expense), net	(19)	(22)	(8)
Total	\$ (19)	\$ (3)	\$ (7)

On December 31, 2016 pretax gains on derivatives designated as hedges that were recorded in AOCI are expected to be reclassified to earnings in the next 12 months were less than \$1 compared with \$17 on December 31, 2015. 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.

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Interest Rate Hedges

On December 31, 2016 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 December 31, 2016 was \$48, which was recorded in other long term 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.

In 2016 we terminated multiple designated interest rate cash flow hedges, recognized \$7 in OCI related to hedges on our debt issuances and recognized a nominal amount of ineffectiveness in interest expense. The remaining amounts in AOCI will be reclassified to interest expense over the term of the debt. The cash flow effect of these hedges is recognized in cash flow from operations.

On December 31, 2016 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. There was no hedge ineffectiveness recorded as a result of these fair value hedges.

Fair Value Interest Rate Hedge Instruments

	2016	2015
Gross notional amount	\$ 500	\$ 500
Fair value:		
Other noncurrent assets	9	15
Long-term debt	(9)	(15)
Total	\$ —	\$ —

NOTE 4 - ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

2016	Marketable Securities	Pension Plans	Hedges	Financial Statement Translation	Total
Beginning	\$ —	\$ (119)	\$ 4	\$ (524)	\$ (639)
OCI	3	(20)	35	(112)	(94)
Income taxes	(1)	3	(15)	(17)	(30)
Reclassifications to:					
Cost of Sales	—	6	—	—	6
Other Income	(3)	—	—	—	(3)
Income taxes	1	(2)	—	—	(1)
Net OCI	\$ —	\$ (13)	\$ 20	\$ (129)	\$ (122)
Ending	\$ —	\$ (132)	\$ 24	\$ (653)	\$ (761)
2015					
Beginning	\$ 3	\$ (136)	\$ 13	\$ (134)	\$ (254)
OCI	1	15	2	(362)	(344)
Income taxes	(1)	(4)	2	(28)	(31)
Reclassifications to:					
Cost of Sales	—	8	(19)	—	(11)
Other income	(4)	—	—	—	(4)
Income taxes	1	(2)	6	—	5
Net OCI	\$ (3)	\$ 17	\$ (9)	\$ (390)	\$ (385)
Ending	\$ —	\$ (119)	\$ 4	\$ (524)	\$ (639)

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. Purchase price allocations for this acquisition were based on preliminary valuations. Our estimates and assumptions are subject to change within the measurement period.

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 enhances our product offerings within our MedSurg segment. Purchase price allocations for this acquisition were based on preliminary valuations. Our estimates and assumptions are subject to change within the measurement period.

The Other acquisitions in 2016 include the acquisition of the Synergetics neuro portfolio (Synergetics). The Synergetics acquisition enhances our product offerings within our MedSurg segment. Purchase price allocations for the Other acquisitions were based on preliminary valuations. Our estimates and assumptions are subject to change within the measurement period.

The Other acquisitions in 2015 include the acquisition of certain assets of CHG Hospital Beds, Inc. (CHG). The CHG acquisition enhances our product offerings within our MedSurg segment. The measurement period for CHG is complete. Revisions to the original purchase price allocation were nominal.

Goodwill acquired with the Sage, Synergetics and CHG acquisitions is deductible for tax purposes. Supplemental pro forma combined statements of earnings have not been presented for the Sage and Physio acquisitions as the impact of their results of operations were not material to the Consolidated Statements of Earnings.

Purchase Price Allocation of Acquired Net Assets

	2016			2015
	Sage	Physio	Other	Other
Purchase price paid	\$ 2,870	\$ 1,299	\$ 348	\$ 140
Contingent consideration	5	—	27	9
Loss on settlement of pre-existing contract	\$ —	\$ —	\$ (19)	\$ —
Total consideration	\$ 2,875	\$ 1,299	\$ 356	\$ 149
Tangible assets acquired:				
Cash	91	32	1	—
Accounts receivable	29	106	17	4
Inventory	63	66	5	9
Other assets	75	99	21	13
Liabilities	(81)	(363)	(29)	(7)
Goodwill	1,525	625	180	62
Intangible assets:				
Customer relationship	930	341	12	13
Trade name	70	160	13	2
Developed technology and patents	173	226	127	53
Non-compete	—	—	2	—
IPRD	—	7	7	—
	\$ 2,875	\$ 1,299	\$ 356	\$ 149
Weighted average life of intangible assets	15	14	12	10

NOTE 6 - CONTINGENCIES AND COMMITMENTS

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

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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 will 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 \$1,968 to \$2,224 (\$2,200 to \$2,456 before \$232 of third-party insurance recoveries). In 2016 we recorded additional charges to earnings of \$144, 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; however, the ultimate result could have a material adverse effect on our financial position, results of operations and cash flows.

Future Obligations

We have purchase commitments for materials, supplies, services and property, plant and equipment as part of the normal course of business. In addition, we lease various manufacturing, warehousing and distribution facilities, administrative and sales offices as well as equipment under operating leases. Rent expense totaled \$112, \$101, and \$103 in 2016, 2015 and 2014. Refer to Note 9 for more information on the debt obligations.

Future Obligations

	2017	2018	2019	2020	2021	Thereafter
Debt repayments	\$ 200	\$ 602	\$ 750	\$ 500	\$ 750	\$ 4,150
Purchase obligations	737	75	59	5	4	77
Minimum lease payments	\$ 90	\$ 47	\$ 34	\$ 24	\$ 15	\$ 59

NOTE 7 - GOODWILL AND OTHER INTANGIBLE ASSETS

We completed our annual impairment tests of goodwill in 2016 and 2015 and concluded in each year that no impairments exist.

Summary of Other Intangible Assets

	Weighted Average Amortization Period (Years)	Gross Carrying Amount	Less Accumulated Amortization	Net Carrying Amount
Developed technologies				
2016	14	\$ 2,091	\$ 706	\$ 1,385
2015	13	1,597	563	1,034
Customer relationships				
2016	15	\$ 2,049	\$ 407	\$ 1,642
2015	15	788	290	498
Patents				
2016	11	\$ 317	\$ 206	\$ 111
2015	11	309	191	118
Trademarks				
2016	18	\$ 348	\$ 59	\$ 289
2015	10	109	41	68
In-process research and development				
2016		\$ 30	\$ —	\$ 30
2015		25	—	25
Other				
2016	12	\$ 115	\$ 64	\$ 51
2015	13	108	57	51
Total				
2016	15	\$ 4,950	\$ 1,442	\$ 3,508
2015	13	2,936	1,142	1,794

Changes in the Net Carrying Value of Goodwill by Segment

	Orthopaedics	MedSurg	Neurotechnology and Spine	Total
2014	\$ 2,386	\$ 726	\$ 1,074	\$ 4,186
Additions and adjustments	20	46	—	66
Foreign exchange	(62)	10	(64)	(116)
2015	\$ 2,344	\$ 782	\$ 1,010	\$ 4,136
Additions and adjustments	72	2,196	62	2,330
Foreign exchange	(44)	(44)	(22)	(110)
2016	\$ 2,372	\$ 2,934	\$ 1,050	\$ 6,356

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

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Estimated Amortization Expense

	2017	2018	2019	2020	2021
\$	345	\$ 342	\$ 329	\$ 312	\$ 298

NOTE 8 - CAPITAL STOCK

In 2016 shares repurchased at the end of 2015 totaling 135 thousand were settled at a cost of \$13. 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 December 31, 2016 the total dollar value of shares that could be purchased under our authorized repurchase programs was \$1,870.

Shares reserved for future compensation grants of our common stock were 11 million and 15 million on December 31, 2016 and 2015. We had 0.5 million authorized shares of \$1 par value preferred stock; none of which was outstanding on December 31, 2016.

Stock Options

We measure the cost of employee stock options based on the grant-date fair value and recognize that cost using the straight-line method over the period in which a recipient is required to provide services in exchange for the options, typically the vesting period. The weighted-average fair value per share of options is estimated on the date of grant using the Black-Scholes option pricing model.

Option Value and Assumptions

	2016	2015	2014
Weighted-average fair value per share	\$ 17.73	\$ 22.55	\$ 15.80

Assumptions:

Risk-free interest rate	1.3%	1.8%	2.1%
Expected dividend yield	1.6%	1.6%	1.8%
Expected stock price volatility	20.5%	25.5%	26.3%
Expected option life (years)	6.1	7.3	7.1

The risk-free interest rate for periods within the expected life of options granted is based on the United States Treasury yield curve in effect at the time of grant. Expected stock price volatility is based on the historical volatility of our stock. The expected option life, representing the period of time that options granted are expected to be outstanding, is based on historical option exercise and employee termination data.

2016 Stock Option Activity

	Shares (in millions)	Weighted Average Exercise Price	Weighted- Average Remaining Term (in years)	Aggregate Intrinsic Value
Outstanding January 1	14.9	\$ 65.85		
Granted	3.1	96.73		
Exercised	(2.6)	58.00		
Canceled	(0.5)	83.80		
Outstanding December 31	14.9	\$ 73.14	5.9	\$ 696.0
Exercisable December 31	7.8	\$ 60.30	4.0	\$ 464.4
Options expected to vest	6.5	\$ 86.75	7.9	\$ 215.1

The aggregate intrinsic value of options, which represents the cumulative difference between the fair market value of the underlying common stock and the option exercise prices, exercised was \$128, \$98, and \$113 in 2016, 2015 and 2014. Exercise prices for options outstanding ranged from \$38.71 to \$115.35 on December 31, 2016. On December 31, 2016 there was \$84 of unrecognized compensation cost related to nonvested stock options granted under the long-term incentive plans; that cost is

expected to be recognized over the weighted-average period of approximately 1.6 years.

Restricted Stock Units (RSUs) and Performance Stock Units (PSUs) Activity

	Shares (in millions)		Weighted Average Grant Date Fair Value	
	RSUs	PSUs	RSUs	PSUs
Nonvested on January 1	1.1	0.3	\$ 79.71	\$ 79.02
Granted	0.6	0.1	94.70	98.10
Vested	(0.5)	(0.1)	74.95	64.01
Canceled or forfeited	(0.1)	—	86.94	73.27
Nonvested on December 31	1.1	0.3	\$ 90.10	\$ 91.19

On December 31, 2016 there was \$53 of unrecognized compensation cost related to nonvested RSUs. That cost is expected to be recognized as expense over the weighted-average period of approximately one year. The weighted-average grant date fair value per share of RSUs granted was \$94.70 and \$88.47 in 2016 and 2015. The fair value of RSUs and PSUs vested in 2016 was \$40 and \$5. On December 31, 2016 there was \$12 of unrecognized compensation cost related to nonvested PSUs; that cost is expected to be recognized as expense over the weighted-average period of approximately one year.

Employee Stock Purchase Plans (ESPP)

Full- and part-time employees may participate in our ESPP provided they meet certain eligibility requirements. The purchase price for our common stock under the terms of the ESPP is defined as 95% of the closing stock price on the last trading day of a purchase period. We issued 159,329 and 157,931 shares under the ESPP in 2016 and 2015.

NOTE 9 - 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. In September 2016 we repaid all \$750 of our senior unsecured notes that were due on September 30, 2016. In March 2016 we sold \$3,500 of senior unsecured notes.

In September 2016 we increased the amount of commercial paper issuable under our commercial paper program by \$250 to a maximum of \$1,500 outstanding with maturities up to 397 days from the date of issuance. On December 31, 2016 outstanding commercial paper totaled \$200, the weighted-average original maturity of the commercial paper outstanding was approximately 60 days and the weighted average annualized interest rate of short-term debt was approximately 0.9%.

We have lines of credit issued by various financial institutions that are available to fund our day-to-day operating needs. In August 2016 we entered into a new senior unsecured revolving credit facility that replaced our previous agreement dated August 29, 2014. The primary changes were to increase the aggregate principal amount of the commitments by \$250 to \$1,500 and extend the maturity date to August 19, 2021.

Certain of our credit facilities require us to comply with financial and other covenants. We were in compliance with all covenants on December 31, 2016.

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Summary of Total Debt

Senior unsecured notes:		2016	2015
Rate	Due		
2.000%	09/30/2016	\$ —	\$ 749
1.300%	04/01/2018	598	597
2.000%	03/08/2019	746	—
4.375%	01/15/2020	497	496
2.625%	03/15/2021	745	—
3.375%	05/15/2024	602	606
3.375%	11/01/2025	744	744
3.500%	03/15/2026	987	—
4.100%	04/01/2043	391	390
4.375%	05/15/2044	395	394
4.625%	03/15/2046	979	—
Commercial paper		200	—
Other		30	22
Total debt		\$ 6,914	\$ 3,998
Less current maturities		228	768
Total long-term debt		\$ 6,686	\$ 3,230
Unamortized debt issuance costs		\$ 45	\$ 24
Available borrowing capacity under all existing facilities		\$ 1,551	\$ 1,236
Fair value of debt		\$ 6,762	\$ 4,009

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 1 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.

On January 1, 2016 we retrospectively adopted ASU 2015-03, Interest - Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs. The adoption of this update resulted in the reclassification of \$24 of unamortized debt issuance costs, principally from other noncurrent assets to a reduction of long-term debt on the Consolidated Balance Sheet on December 31, 2015.

Interest expense, including required fees incurred on outstanding debt and credit facilities that were included in other expense, totaled \$228, \$108, and \$113 in 2016, 2015 and 2014.

NOTE 10 - INCOME TAXES

Our effective tax rate was 14.3%, 17.1% and 55.6% for 2016, 2015 and 2014. The effective income tax rate for 2014 includes the tax impacts of the establishment of a European regional headquarters and the cash repatriation that affected 2014 but was executed in 2015. The establishment of the European regional headquarters contributed to the lower effective income tax rates in 2015 and 2016.

Effective Income Tax Rate Reconciliation

	2016	2015	2014
United States federal statutory rate	35.0 %	35.0 %	35.0 %
United States state and local income taxes, less federal deduction	1.7	2.1	2.2
Foreign income tax at rates other than 35%	(22.2)	(17.6)	4.9
Tax related to repatriation of foreign earnings	(0.3)	(3.9)	10.1
Other	0.1	1.5	3.4
Effective income tax rate	14.3 %	17.1 %	55.6 %

Earnings Before Income Taxes

	2016	2015	2014
United States	\$ 542	\$ 475	\$ 355
International	1,379	1,260	805
Total	\$ 1,921	\$ 1,735	\$ 1,160

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

Components of Income Tax Expense

Current income tax expense:	2016	2015	2014
United States federal	\$ 94	\$ 78	\$ 213
United States state and local	50	23	26
International	176	108	346
Total current income tax expense	\$ 320	\$ 209	\$ 585
Deferred income tax expense (benefit):			
United States federal	\$ (17)	\$ 2	\$ 9
United States state and local	(12)	8	(16)
International	(17)	77	67
Total deferred income tax expense (benefit)	\$ (46)	\$ 87	\$ 60
Total income tax expense	\$ 274	\$ 296	\$ 645

Interest and penalties included in other income (expense), net were (\$1), (\$4) and \$8 in 2016, 2015 and 2014. The United States federal deferred income tax expense (benefit) includes the utilization of net operating loss carryforwards of \$28, \$79 and \$78 in 2016, 2015 and 2014.

Deferred Income Tax Assets and Liabilities

Deferred income tax assets:	2016	2015
Inventories	\$ 583	\$ 513
Product related liabilities	115	116
Other accrued expenses	248	206
Depreciation and amortization	—	4
State income taxes	52	43
Share-based compensation	80	79
Net operating loss carryforwards	74	47
Other	117	143
Total deferred income tax assets	\$ 1,269	\$ 1,151
Less valuation allowances	(51)	(47)
Net deferred income tax assets	\$ 1,218	\$ 1,104
Deferred income tax liabilities:		
Depreciation and amortization	\$ (871)	\$ (586)
Undistributed earnings	(50)	(50)
Other	(50)	(26)
Total deferred income tax liabilities	\$ (971)	\$ (662)
Net deferred income tax assets	\$ 247	\$ 442
Reported as:		
Noncurrent assets—Other	\$ 302	\$ 477
Noncurrent liabilities—Other liabilities	(55)	(35)
Total	\$ 247	\$ 442

Accrued interest and penalties were \$34 and \$30, which was reported in accrued expenses and other liabilities, both current and noncurrent, on December 31, 2016 and 2015.

Net operating loss carryforwards totaling \$185 on December 31, 2016 are available to reduce future taxable earnings of certain domestic and foreign subsidiaries. United States loss carryforwards of \$160 expire through 2028. International loss carryforwards of \$25 began to expire in 2016; however, some have no expiration. Of these carryforwards, \$45 are subject to a full valuation allowance. We also have a tax credit carryforward of \$40 with a full valuation allowance. These credits have no expiration; however, we do not anticipate generating income tax in excess of the credits in the foreseeable future.

No provision was made for United States federal and state income taxes or international income taxes that may result from future remittances of the undistributed earnings of foreign subsidiaries that are determined to be indefinitely reinvested \$8,391 on December 31, 2016. Determination of the amount of any unrecognized deferred income tax liability on these is not practicable.

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Uncertain Income Tax Positions

	2016	2015
Balance at beginning of year	\$ 313	\$ 315
Increases related to current year income tax positions	47	21
Increases related to prior year income tax positions	22	3
Decreases related to prior year income tax positions:		
Settlements and resolutions of income tax audits	(82)	(9)
Statute of limitations expirations	(9)	(6)
Foreign currency translation	(4)	(11)
Balance at end of year	\$ 287	\$ 313
Reported as:		
Current liabilities—Income taxes	\$ —	\$ 9
Noncurrent liabilities—Other liabilities	287	304
Total	\$ 287	\$ 313

Our income tax expense would have been reduced by \$281 and \$304 on December 31, 2016 and 2015 had these uncertain income tax positions been favorably resolved. It is reasonably possible that the amount of unrecognized tax benefits will significantly change due to one or more of the following events in the next twelve months: expiring statutes, audit activity, tax payments, competent authority proceedings related to transfer pricing or final decisions in matters that are the subject of controversy in various taxing jurisdictions in which we operate, including inventory transfer pricing, cost sharing, product royalty and foreign branch arrangements. We are not able to reasonably estimate the amount or the future periods in which changes in unrecognized tax benefits may be resolved. Interest and penalties incurred associated with uncertain tax positions are included in other income (expense), net.

In the normal course of business, income tax authorities in various income tax jurisdictions both within the United States and internationally conduct routine audits of our income tax returns filed in prior years. These audits are generally designed to determine if individual income tax authorities are in agreement with our interpretations of complex income tax regulations regarding the allocation of income to the various income tax jurisdictions. Income tax years are open from 2012 through the current year for the United States federal jurisdiction. Income tax years open for our other major jurisdictions range from 2005 through the current year.

NOTE 11 - RETIREMENT PLANS

Defined Contribution Plans

We provide certain employees with defined contribution plans and other types of retirement plans. A portion of our retirement plan expense under the defined contribution plans is funded with Stryker common stock. The use of Stryker common stock represents a non-cash operating activity that is not reflected in our Consolidated Statements of Cash Flows.

	2016	2015	2014
Plan expense	\$ 166	\$ 148	\$ 132
Expense funded with Stryker common stock	22	20	18
Stryker common stock held by plan:			
Dollar amount	272	203	198
Shares (in millions)	2.3	2.2	2.1
Value as a percentage of total plan assets	11%	11%	11%

Defined Benefit Plans

Certain of our subsidiaries have both funded and unfunded defined benefit pension plans covering some or all of their employees. Substantially all of the defined benefit pension plans have projected benefit obligations in excess of plan assets.

Discount Rate

The discount rates were selected using a hypothetical portfolio of high quality bonds on December 31 that would provide the necessary cash flows to match our projected benefit payments.

Effective January 1, 2017, in countries where it was possible, we elected to change the method to calculate the service cost and interest cost components of net periodic benefit costs for our defined benefit plans and will measure these costs by applying the specific spot rates along the yield curve of the projected cash flows for the respective plans. Our defined benefit plans previously utilized the yield curve approach to establish discount rates and we believe the new approach provides a more precise measurement of service and interest costs by improving the correlation between projected cash flows and the corresponding spot yield curve rates. The change does not affect the measurement of our total benefit obligations for those plans and is accounted for as a change in accounting estimate inseparable from a change in accounting principle, which is applied prospectively. The reductions in service and interest costs for 2017 associated with this change in estimate are nominal.

Expected Return on Plan Assets

The expected return on plan assets is determined by applying the target allocation in each asset category of plan investments to the anticipated return for each asset category based on historical and projected returns.

Components of Net Periodic Pension Cost

Net periodic benefit cost:	2016	2015	2014
Service cost	\$ (33)	\$ (36)	\$ (26)
Interest cost	(11)	(10)	(13)
Expected return on plan assets	10	11	10
Amortization of prior service cost and transition amount	1	1	1
Recognized actuarial loss	(9)	(13)	(7)
Net periodic benefit cost	\$ (42)	\$ (47)	\$ (35)

Changes in assets and benefit obligations recognized in OCI:

Net actuarial (loss) gain	\$ (26)	\$ 26	\$ (88)
Recognized net actuarial loss	9	13	7
Prior service cost and transition amount	1	(1)	4
Total recognized in OCI	\$ (16)	\$ 38	\$ (77)
Total recognized in net periodic benefit cost and OCI	\$ (58)	\$ (9)	\$ (112)

Weighted-average rates used to determine net periodic benefit cost:

Discount rate	2.1%	2.0%	3.2%
Expected return on plan assets	3.6%	4.0%	3.7%
Rate of compensation increase	2.3%	2.9%	2.9%
Weighted-average discount rate used to determine projected benefit obligations	1.8%	2.1%	2.0%

Investment Strategy

The investment strategy for our defined benefit pension plans is to meet the liabilities of the plans as they fall due and to maximize the return on invested assets within appropriate risk tolerances.

	2016	2015
Fair value of plan assets	\$ 308	\$ 289
Benefit obligations	(588)	(529)
Funded status	\$ (280)	\$ (240)

Reported as:

Current liabilities—accrued compensation	\$ (1)	\$ (1)
Noncurrent liabilities—other liabilities	(279)	(239)
Pre-tax amounts recognized in AOCI:		
Unrecognized net actuarial loss	(171)	(155)
Unrecognized prior service cost	11	13
Total	\$ (160)	\$ (142)

The estimated net actuarial loss for the defined benefit pension plans to be reclassified from AOCI into net periodic benefit cost is \$8 in 2017. We estimate that an immaterial amount of amortization of prior service cost and transition amount for the defined benefit

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pension plans will be reclassified from AOCI into net periodic benefit cost in 2017.

Change in Benefit Obligations

	2016	2015
Beginning projected benefit obligations	\$ 529	\$ 570
Service cost	33	36
Interest cost	11	10
Foreign exchange impact	(18)	(43)
Employee contributions	6	6
Actuarial losses (gains)	40	(21)
Acquisition	7	—
Benefits paid	(20)	(29)
Ending projected benefit obligations	\$ 588	\$ 529
Ending accumulated benefit obligations	\$ 560	\$ 505

Change in Plan Assets

	2016	2015
Beginning fair value of plan assets	\$ 289	\$ 310
Actual return	20	2
Employer contributions	18	16
Employee contributions	6	6
Foreign exchange impact	(9)	(18)
Acquisition	2	—
Benefits paid	(18)	(27)
Ending fair value of plan assets	\$ 308	\$ 289

Allocation of Plan Assets

	2016 Target	2016 Actual	2015 Actual
Equity securities	28%	28%	31%
Debt securities	50	50	48
Other	22	22	21
Total	100%	100%	100%

Valuation of Plan Assets

2016	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 7	\$ —	\$ —	\$ 7
Equity securities	83	17	—	100
Corporate debt securities	127	—	—	127
Other	23	13	38	74
Total	\$ 240	\$ 30	\$ 38	\$ 308

2015

Cash and cash equivalents	\$ 6	\$ —	\$ —	\$ 6
Equity securities	67	22	—	89
Corporate debt securities	135	—	—	135
Other	19	9	31	59
Total	\$ 227	\$ 31	\$ 31	\$ 289

Our Level 3 pension plan assets (Refer to Note 2 for an explanation of our fair value hierarchy) consist primarily of guaranteed investment contracts with insurance companies. The insurance contracts guarantee us principal repayment and a fixed rate of return. The \$7 increase in Level 3 pension plan assets is primarily related to actual returns and acquired assets. We expect to contribute \$20 to our defined benefit pension plans in 2017.

Estimated Future Benefit Payments

2017	2018	2019	2020	2021	2022-2026
\$ 16	\$ 14	\$ 14	\$ 14	\$ 14	\$ 80

NOTE 12 - SUMMARY OF QUARTERLY DATA (UNAUDITED)

2016 Quarter	Mar 31	Jun 30	Sep 30	Dec 31
Net sales	\$ 2,495	\$ 2,840	\$ 2,833	\$ 3,157
Gross profit	1,694	1,842	1,873	2,086
Earnings before income taxes	481	433	419	588
Net earnings	402	380	355	510
Net earnings per share of common stock:				
Basic	\$ 1.08	\$ 1.02	\$ 0.95	\$ 1.36
Diluted	\$ 1.07	\$ 1.00	\$ 0.94	\$ 1.34
Market price of common stock:				
High	\$ 107.95	\$ 119.83	\$ 123.55	\$ 121.84
Low	\$ 86.68	\$ 106.26	\$ 109.75	\$ 106.48
Dividends declared per share of common stock	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.425
2015 Quarter				
Net sales	\$ 2,379	\$ 2,432	\$ 2,420	\$ 2,715
Gross profit	1,553	1,605	1,624	1,820
Earnings before income taxes	377	401	345	612
Net earnings	224	392	301	522
Net earnings per share of common stock:				
Basic	\$ 0.59	\$ 1.04	\$ 0.80	\$ 1.39
Diluted	\$ 0.58	\$ 1.03	\$ 0.79	\$ 1.38
Market price of common stock:				
High	\$ 96.18	\$ 97.94	\$ 105.34	\$ 100.51
Low	\$ 89.81	\$ 90.19	\$ 91.73	\$ 90.30
Dividends declared per share of common stock	\$ 0.345	\$ 0.345	\$ 0.345	\$ 0.380

Price quotations were supplied by the New York Stock Exchange.

NOTE 13 - SEGMENT AND GEOGRAPHIC DATA

We segregate our operations into three reportable business segments: Orthopaedics, MedSurg, and Neurotechnology and Spine. The Orthopaedics segment includes reconstructive (hip and knee) and trauma implant systems and other related products. The MedSurg segment includes surgical equipment and surgical navigation systems; endoscopic and communications systems; patient handling, emergency medical equipment, intensive care disposable products and reprocessed and remanufactured medical devices and other related products. The Neurotechnology and Spine segment includes neurovascular products, spinal implant systems and other related products.

The Corporate and Other category shown in the table below includes corporate and administration, central initiatives and share-based compensation, which includes compensation related to both employee and director stock option, restricted stock unit and performance stock unit grants.

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Segment Results

	2016	2015	2014
Orthopaedics	\$ 4,422	\$ 4,223	\$ 4,153
MedSurg	4,894	3,895	3,781
Neurotechnology & Spine	2,009	1,828	1,741
Net sales	\$ 11,325	\$ 9,946	\$ 9,675
Orthopaedics	\$ 317	\$ 290	\$ 319
MedSurg	249	117	113
Neurotechnology & Spine	140	132	134
Segment depreciation and amortization	\$ 706	\$ 539	\$ 566
Corporate and Other	46	51	20
Total depreciation and amortization	\$ 752	\$ 590	\$ 586
Orthopaedics	\$ 1,597	\$ 1,487	\$ 1,410
MedSurg	1,085	822	850
Neurotechnology & Spine	557	474	476
Segment operating income	\$ 3,239	\$ 2,783	\$ 2,736
Items not allocated to segments:			
Corporate and Other	\$ (352)	\$ (302)	\$ (322)
Acquisition & integration-related charges	(131)	(35)	(102)
Amortization of intangible assets	(319)	(210)	(188)
Restructuring related charges	(125)	(132)	(117)
Rejuvenate and related charges	(158)	(296)	(761)
Regulatory and legal matters	12	53	—
Consolidated operating income	\$ 2,166	\$ 1,861	\$ 1,246

Segment Assets and Capital Spending

Assets:	2016	2015	2014
Orthopaedics	\$ 7,048	\$ 6,149	\$ 8,357
MedSurg	8,553	5,341	5,557
Neurotechnology & Spine	4,129	3,904	3,684
Total segment assets	\$ 19,730	\$ 15,394	\$ 17,598
Corporate and Other	705	829	(340)
Total assets	\$ 20,435	\$ 16,223	\$ 17,258
Capital spending:			
Orthopaedics	\$ 153	\$ 95	\$ 80
MedSurg	129	89	77
Neurotechnology & Spine	25	28	20
Total segment capital spending	\$ 307	\$ 212	\$ 177
Corporate and Other	183	58	56
Total capital spending	\$ 490	\$ 270	\$ 233

Our reportable segments are business units that offer different products and services and are managed separately because each business requires different manufacturing, technology and marketing strategies. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1 to our Consolidated Financial Statements.

We measure the financial results of our reportable segments using an internal performance measure that excludes acquisition and integration-related charges, restructuring related charges, reserves for certain product recall matters, reserves for certain legal and regulatory matters and a donation to an educational institution. Identifiable assets are those assets used exclusively in the operations of each business segment or allocated when used jointly. Corporate assets are principally cash and cash equivalents, marketable securities and property, plant and equipment.

The countries in which we have local revenue generating operations have been combined into the following geographic areas: the United States (including Puerto Rico); Europe, Middle East, Africa; Asia Pacific; and other foreign countries, which include Canada and countries in the Latin American region. Net sales are attributable to a geographic area based upon the customer's country of domicile.

Geographic Information

	Net Sales			Net Property, Plant and Equipment	
	2016	2015	2014	2016	2015
United States	\$ 8,247	\$ 7,116	\$ 6,558	\$ 941	\$ 626
Europe, Middle East, Africa	1,442	1,267	1,371	493	432
Asia Pacific	1,314	1,251	1,368	105	116
Other foreign countries	322	312	378	30	25
Total	\$ 11,325	\$ 9,946	\$ 9,675	\$ 1,569	\$ 1,199

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

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures—An evaluation of the effectiveness of the Company's disclosure controls and procedures on December 31, 2016 was carried out under the supervision and with the participation of the Company's management, including the Chairman and Chief Executive Officer and the Vice President, Chief Financial Officer (the Certifying Officers). Based on that evaluation, the Certifying Officers concluded that the Company's disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting—There was no change to our internal control over financial reporting in 2016 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Stryker Corporation and subsidiaries' is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Stryker Corporation and subsidiaries' internal control system was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Stryker Corporation's management assessed the effectiveness of our internal control over financial reporting on December 31, 2016. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework* (2013). Based on that assessment, management concluded that our internal control over financial reporting is effective.

The internal controls over financial reporting of an acquired business are eligible for a one-year exclusion as permitted by Securities and Exchange Commission Staff interpretive guidance. Accordingly, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Sage, Physio and other 2016 acquisitions, which are included in the December 31, 2016 consolidated financial statements of Stryker Corporation and subsidiaries. Assets and shareholders' equity excluded from management's assessment constitute 2.2% and 0.5% of total assets and shareholders' equity, respectively, on December 31, 2016 and 6.6% and (0.1%) of net sales and net earnings, respectively.

Stryker Corporation's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the effectiveness of our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Shareholders of Stryker Corporation:

We have audited Stryker Corporation and subsidiaries' internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Stryker

Corporation and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Sage, Physio and other 2016 acquisitions which are included in the December 31, 2016 consolidated financial statements of Stryker Corporation and subsidiaries and constituted 2.2% and 0.5% of total assets and shareholders' equity, respectively, as of December 31, 2016 and 6.6% and (0.1%) of net sales and net earnings, respectively, for the year then ended. Our audit of internal control over financial reporting of Stryker Corporation and subsidiaries also did not include an evaluation of the internal control over financial reporting of Sage, Physio and other 2016 acquisitions.

In our opinion, Stryker Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Stryker Corporation and subsidiaries on December 31, 2016 and 2015 and the related consolidated statements of earnings, comprehensive income,

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shareholders' equity and cash flows for each of the three years in the period ended December 31, 2016 of Stryker Corporation and subsidiaries, and our report dated February 9, 2017 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Grand Rapids, Michigan
February 9, 2017

ITEM 9B. OTHER INFORMATION.

Not applicable.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

Information regarding our executive officers appears under the caption "Executive Officers on January 31, 2017" in Part I, Item 1 of this report.

Information regarding our directors and certain corporate governance and other matters appearing under the captions "Information About the Board of Directors and Corporate Governance Matters," "Proposal 1—Election of Directors," and "Additional Information—Section 16(a) Beneficial Ownership Reporting Compliance" in the 2017 proxy statement is incorporated herein by reference.

The Corporate Governance Guidelines adopted by our Board of Directors, as well as the charters of each of the Audit Committee, the Governance and Nominating Committee and the Compensation Committee and the Code of Ethics applicable to the principal executive officer, principal financial officer and principal accounting officer or controller or persons performing similar functions are posted on the "Investors—Corporate Governance" section of our website at www.stryker.com. Print copies of such documents are available, free of charge, upon written request sent to the Corporate Secretary of Stryker Corporation at 2825 Airview Boulevard, Kalamazoo, Michigan 49002.

ITEM 11. EXECUTIVE COMPENSATION.

Information regarding the compensation of our management appearing under the captions "Compensation Discussion and Analysis," "Compensation Committee Report," "Executive Compensation" and "Compensation of Directors" in the 2017 proxy statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information under the caption "Stock Ownership" in the 2017 proxy statement is incorporated herein by reference.

On December 31, 2016 we had an equity compensation plan under which options were granted at a price not less than fair market value at the date of grant and under which awards of restricted stock units (RSUs) and performance stock units were made. Options and RSUs were also awarded under a previous plan. These equity compensation plans were previously submitted to and approved by our shareholders. Additional information regarding our equity compensation plans appears in Note 1 and Note 8 to our

Consolidated Financial Statements. On December 31, 2016 we also had a stock performance incentive award program pursuant to which shares of our common stock were and may be issued to certain employees with respect to performance. The status of these plans on December 31, 2016 is as follows:

Plan Category	Equity Compensation Plans Approved by Shareholders
Number of shares of common stock to be issued upon exercise of outstanding options	16.3
Weighted-average exercise price of outstanding options \$	67.12
Number of shares of common stock remaining available for future issuance under equity compensation plans (excluding shares reflected in the first row)	14.4

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information under the caption "Information About the Board of Directors and Corporate Governance Matters—Independent Directors" and "Information About the Board of Directors and Corporate Governance Matters—Certain Relationships and Related Party Transactions" in the 2017 proxy statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information under the caption "Proposal 2—Ratification of Appointment of Our Independent Registered Public Accounting Firm" in the 2017 proxy statement is incorporated herein by reference.

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

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

(a) 1. Financial Statements

The following Consolidated Financial Statements are set forth in Part II, Item 8 of this report.

Report of Independent Registered Public Accounting Firm on Financial Statements	16
Consolidated Statements of Earnings for 2016, 2015 and 2014	17
Consolidated Statements of Comprehensive Income for 2016, 2015 and 2014	17
Consolidated Balance Sheets on 2016 and 2015	18
Consolidated Statements of Shareholders' Equity for 2016, 2015 and 2014	19
Consolidated Statements of Cash Flows for 2016, 2015 and 2014	20
Notes to Consolidated Financial Statements	21

(a) 2. Financial Statement Schedules

The Consolidated Financial Statement schedule of Stryker Corporation and its subsidiaries is:

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Additions	Deductions		Balance at End of Period
		Charged to Costs & Expenses	Uncollectible Amounts Written Off, Net of Recoveries	Effect of Changes in Foreign Currency Exchange Rates	
DEDUCTED FROM ASSET ACCOUNTS					
Allowance for Doubtful Accounts:					
Year ended December 31, 2016	\$ 61	\$ 9	\$ 14	\$ 1	\$ 55
Year ended December 31, 2015	\$ 59	\$ 21	\$ 15	\$ 4	\$ 61
Year ended December 31, 2014	\$ 72	\$ (4)	\$ 8	\$ 1	\$ 59

All other schedules for which provision is made in the applicable accounting regulation of the U.S. Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(a) 3. Exhibits

A list of exhibits required to be filed as part of this report is set forth in the Exhibit Index, which immediately precedes such exhibits, and is incorporated herein by reference. These exhibits are available upon request to the Vice President, Corporate Secretary at 2825 Airview Boulevard, Kalamazoo, Michigan 49002.

(c) Financial Statement Schedules

The response to this portion of Item 15 is submitted as a separate section of this Report. See Item 15(a)(2) above.

ITEM 16. FORM 10-K SUMMARY.

Registrants may voluntarily include a summary of information required by Form 10-K under this Item 16. We have elected not to include such summary information.

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.

Date: February 9, 2017

STRYKER CORPORATION

/s/ GLENN S. BOEHNLEIN

Glenn S. Boehnlein, Vice President, Chief Financial Officer

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

/s/ KEVIN A. LOBO

Kevin A. Lobo, Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ GLENN S. BOEHNLEIN

Glenn S. Boehnlein, Vice President, Chief Financial Officer
(Principal Financial Officer)

/s/ WILLIAM E. BERRY JR.

William E. Berry, Jr., Vice President, Corporate Controller
(Principal Accounting Officer)

/s/ HOWARD E. COX, JR.

Howard E. Cox, Jr.—Director

/s/ ALLAN C. GOLSTON

Allan C. Golston—Director

/s/ SRIKANT M. DATAR

Srikant M. Datar, Ph.D.—Director

/s/ ANDREW K. SILVERNAIL

Andrew K. Silvernail —Director

/s/ ROCH DOLIVEUX

Roch Doliveux—Director

/s/ RONDA E. STRYKER

Ronda E. Stryker—Director

/s/ LOUISE L. FRANCESCONI

Louise L. Francesconi—Director

**FORM 10-K—ITEM 15(a) 3. AND ITEM 15(c)
STRYKER CORPORATION AND SUBSIDIARIES
EXHIBIT INDEX**

Exhibit 2—	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession
(i)	Agreement, dated as of January 31, 2016, by and among Star Acquisition Sub Inc., Stryker Corporation, Sage Products Holdings II, LLC, Madison Dearborn Capital Partners VI-C, L.P., MDCP VI-C Sage Holdings, Inc., TG SP Holdings Corp., Madison Dearborn Partners VI-B, L.P., and MDP Sage Holdings, LLC. - Incorporated by reference to Exhibit 2(ii) to the Company's Form 10-K for the year ended December 31, 2015 (Commission File No. 000-09165).
(ii)	Agreement and Plan of Merger, dated February 13, 2016, by and among Stryker Corporation, Computer Merger Sub Corp., Charger Holding Corp. and Bain Capital Partners, LP, solely in its capacity as the representative as set forth therein. - Incorporated by reference to Exhibit 2.1 to the Company's Form 8-K dated February 13, 2016 (Commission File No. 000-09615).
Exhibit 3—	Articles of Incorporation and By-Laws
(i)	Restated Articles of Incorporation — Incorporated by reference to Exhibit 3.1 to our Form 10-K for the year ended December 31, 2012 (Commission File No. 00-09165).
(ii)	By-Laws — Incorporated by reference to Exhibit 3(ii) to our Form 8-K dated October 28, 2008 (Commission File No. 000-09165).
Exhibit 4—	Instruments defining the rights of security holders, including indentures—We agree to furnish to the Commission upon request a copy of each instrument pursuant to which long-term debt of Stryker Corporation and its subsidiaries not exceeding 10% of the total assets of Stryker Corporation and its consolidated subsidiaries is authorized.
(i)	Credit Agreement, dated as of August 19, 2016, among Stryker Corporation and certain subsidiaries, as designated borrowers; the lenders party thereto; and Bank of America, N.A., as administrative agent-Incorporated by reference to Exhibit 4.1 to our 8-K dated August 19, 2016 (Commission File no. 000-09165).
(ii)	Indenture, dated January 15, 2010, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.1 to our Form 8-K dated January 15, 2010 (Commission File No. 000-09165).
(iii)	Second Supplemental Indenture (including the form of 2020 note), dated January 15, 2010, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.3 to our Form 8-K dated January 15, 2010 (Commission File No. 000-09165).
(v)	Fourth Supplemental Indenture (including the form of 2018 note) dated March 25, 2013, between Stryker Corporation and U.S. Bank National Association. —Incorporated by reference to Exhibit 4.2 to our Form 8-K dated March 25, 2013 (Commission File No. 000-09165).
(vi)	Fifth Supplemental Indenture (including the form of 2043 note) dated March 25, 2013, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.3 to our Form 8-K dated March 25, 2013 (Commission File No. 000-09165).
(vii)	Sixth Supplemental Indenture (including the form of 2024 note), dated May 1, 2014, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated May 1, 2014 (Commission File No. 000-09165).
(viii)	Seventh Supplemental Indenture (including the form of 2044 note), dated May 1, 2014, between Stryker Corporation and U.S. Bank National Association. —Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated May 1, 2014 (Commission File No. 000-09165).
(ix)	Eighth Supplemental Indenture (including the form of 2025 note), dated October 29, 2015, between Stryker Corporation and U.S. Bank National Association.—Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated October 26, 2015 (Commission File No. 000-09165).
(x)	Ninth Supplemental Indenture (including the form of the note), dated March 10, 2016, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.2 to the Company's Form 8-K dated March 10, 2016 (Commission File No. 000-09615).
(xi)	Tenth Supplemental Indenture (including the form of the note), dated March 10, 2016, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.3 to the Company's Form 8-K dated March 10, 2016 (Commission File No. 000-09615).
(xii)	Eleventh Supplemental Indenture (including the form of the note), dated March 10, 2016, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.4 to the Company's Form 8-K dated March 10, 2016 (Commission File No. 000-09615).
(xiii)	Twelfth Supplemental Indenture (including the form of the note), dated March 10, 2016, between Stryker Corporation and U.S. Bank National Association. — Incorporated by reference to Exhibit 4.5 to the Company's Form 8-K dated March 10, 2016 (Commission File No. 000-09615).
(xiv)	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 10—	Material contracts
(i)* †	2011 Long-Term Incentive Plan (as amended effective February 7, 2017).
(ii)* †	2006 Long-Term Incentive Plan (as amended effective February 7, 2017).
(iii)* †	1998 Stock Option Plan (as amended February 7, 2017).
(iv)* †	Form of grant notice and terms and conditions for stock options granted in 2017 under the 2011 Long-Term Incentive Plan.
(v)* †	Form of grant notice and terms and conditions for restricted stock units granted in 2017 under the 2011 Long-Term Incentive Plan.
(vi)* †	Form of grant notice and terms and conditions for performance stock units granted in 2017 under the 2011 Long-Term Incentive Plan.
(vii)* †	Form of grant notice and terms and conditions for stock options and restricted stock units granted in 2017 under the 2011 Long-Term Incentive Plan to non-employee directors.
(viii)*	Form of grant notice and terms and conditions for stock options granted in 2016 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iii) to our Form 10-K for the year ended December 31, 2015 (Commission File No. 000-09165).

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(ix)*	Form of grant notice and terms and conditions for restricted stock units granted in 2016 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iv) to our Form 10-K for the year ended December 31, 2015 (Commission File No. 000-09165).
(x)*	Form of grant notice and terms and conditions for performance stock units granted in 2016 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(v) to our Form 10-K for the year ended December 31, 2015 (Commission File No. 000-09165).
(xi)*	Form of grant notice and terms and conditions for stock options and restricted stock units granted in 2016 under the 2011 Long-Term Incentive Plan to non-employee directors—Incorporated by reference to Exhibit 10(vi) to our Form 10-K for the year ended December 31, 2015 (Commission File No. 000-09165).
(xii)*	Form of grant notice and terms and conditions for stock options granted in 2015 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iii) to our Form 10-K for the year ended December 31, 2014 (Commission File No. 000-09165).
(xiii)*	Form of grant notice and terms and conditions for restricted stock units granted in 2015 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iv) to our Form 10-K for the year ended December 31, 2014. (Commission File No. 000-09165).
(xiv)*	Form of grant notice and terms and conditions for performance stock units granted in 2015 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(v) to our Form 10-K for the year ended December 31, 2014 (Commission File No. 000-09165).
(xv)*	Form of grant notice and terms and conditions for stock options and restricted stock units granted in 2015 under the 2011 Long-Term Incentive Plan to non-employee directors.—Incorporated by reference to Exhibit 10.vi to our Form 10-K for the year ended December 31, 2014 (Commission File No. 000-09165).
(xvi)*	Form of grant notice and terms and conditions for stock options granted in 2014 under the 2006 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iii) to our Form 10-K for the year ended December 31, 2013 (Commission File No. 000-09165).
(xvii)*	Form of grant notice and terms and conditions for restricted stock units granted in 2014 under the 2006 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(iv) to our Form 10-K for the year ended December 31, 2013 (Commission File No. 000-09165).
(xviii)*	Form of grant notice and terms and conditions for performance stock units granted in 2014 under the 2011 Long-Term Incentive Plan—Incorporated by reference to Exhibit 10(v) to our Form 10-K for the year ended December 31, 2013 (Commission File No. 000-09165).
(xix)*	Supplemental Savings and Retirement Plan (as amended effective January 1, 1995)—Incorporated by reference to Exhibit 10(iii) to our Form 10-K for the year ended December 31, 1994 (Commission File No.000-09165).
(xx)*	Stryker Corporation Executive Bonus Plan—Incorporated by reference to Exhibit 10.1 to our Form 8-K dated February 21, 2007 (Commission File No. 000-09165).
(xxi)	Form of Indemnification Agreement for Directors—Incorporated by reference to Exhibit 10 (xiv) to our Form 10-K for the year ended December 31, 2008 (Commission File No. 000-09165).
(xxii)	Form of Indemnification Agreement for Certain Officers—Incorporated by reference to Exhibit 10 (xv) to our Form 10-K for the year ended December 31, 2008 (Commission File No. 000-09165).
(xxiii)	Settlement Agreement between Howmedica Osteonics Corp. and the counsel listed on the signature pages thereto, dated as of November 3, 2014 (Rejuvenate and ABF II Hip Implant Products Liability Litigation)— Incorporated by reference to Exhibit 10xxiii to our Form 10-K for the year ended December 31, 2014 (Commission File No. 000-09165).
(xxiv)*	Letter Agreement between Stryker Corporation and William Jellison — Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed with the SEC on April 11, 2013 (Commission File No. 000-09165).
(xxv)*	Separation Agreement and Release between Ramesh Subrahmanian and Stryker Corporation, dated as of September 16, 2015—Incorporated by reference to Exhibit 10.1 to our Form 8-K dated September 16, 2015 (Commission File No. 000-09165).
(xxvi)*	Transition Agreement between Stryker Corporation and William R. Jellison - Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated January 22, 2016 (Commission File No. 000-09165).
(xxvii)*	Letter Agreement between Stryker Corporation and Glenn Boehnlein - Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated January 22, 2016 (Commission File No. 000-09165).
Exhibit 11—	Statement re: computation of per share earnings
(i)	Consolidated Statement of Earnings in Item 8 of this report.
Exhibit 21—	Subsidiaries of the registrant
(i) †	List of Subsidiaries.
Exhibit 23—	Consent of experts and counsel
(i) †	Consent of Independent Registered Public Accounting Firm.

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Exhibit 31—	Rule 13a-14(a) Certifications
(i) †	Certification by Principal Executive Officer of Stryker Corporation.
(ii) †	Certification by Principal Financial Officer of Stryker Corporation.
Exhibit 32—	18 U.S.C. Section 1350 Certifications
(i) †	Certification by Principal Executive Officer of Stryker Corporation.
(ii) †	Certification by Principal Financial Officer of Stryker Corporation.
Exhibit 99—	Additional exhibits
(i)*	2008 Employee Stock Purchase Plan as amended on February 10, 2009—Incorporated by reference to Exhibit 99 (i) to our Form 10-K for the year ended December 31, 2008 (Commission File No. 000-09165).
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

* Compensation arrangement

† Furnished with this Form 10-K

⤴ Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Stryker hereby agrees to furnish supplementally a copy of any omitted schedule upon request by the U.S. Securities and Exchange Commission.

STRYKER CORPORATION 2011 LONG-TERM INCENTIVE PLAN,

AS AMENDED AND RESTATED

As Amended Through February 7, 2017

Article 1. Establishment, Objectives and Duration

1.1 Establishment of this Plan. Stryker Corporation, a Michigan corporation, hereby establishes this Stryker Corporation 2011 Long-Term Incentive Plan (the “Plan”) as set forth in this document. Capitalized terms used but not otherwise defined herein will have the meanings given to them in Article 2. This Plan permits the grant of Options, Restricted Stock and Other Stock Awards.

This Plan became effective as of April 26, 2011, upon approval of the Company’s shareholders, and will remain in effect as provided in Section 1.3 hereof.

1.2 Purpose of this Plan. The purpose of this Plan is to advance the interests of the Company and its Subsidiaries (collectively, “Stryker”) by providing a larger personal and financial interest in the success of Stryker to employees and directors whose judgment, interest and special efforts Stryker is dependent upon for the successful conduct of its operations and to enable Stryker to compete effectively with others for the services of new employees and directors as may be needed for the continued improvement of the enterprise. It is believed that the acquisition of such interest will stimulate the efforts of such employees and directors on behalf of Stryker and strengthen their desire to continue to serve Stryker.

1.3 Duration of this Plan. This Plan will commence on the Effective Date and will remain in effect, subject to the right of the Committee to amend or terminate this Plan at any time pursuant to Article 10, until the earlier of (a) December 31, 2018 and (b) the date that all Shares subject to this Plan pursuant to Article 4 have been issued according to this Plan’s provisions; provided, however, that upon Plan termination, all Awards outstanding under this Plan will continue to have full force and effect in accordance with the terms of the Award Agreements evidencing such Awards.

Article 2. Definitions

Whenever used in this Plan, the following terms have the meanings set forth below, and when the meaning is intended, the initial letter of the word is capitalized:

“Award” means any Option, Restricted Stock, Other Stock Award or any other right, interest or option (including any stock appreciation right), relating to Shares granted pursuant to the provisions of this Plan.

“Award Agreement” means any written agreement, contract or other instrument or document evidencing an Award or Awards granted by the Committee hereunder, which in the sole and absolute discretion of the Company may, but need not, be signed or acknowledged by the Company and/or the Participant.

“Board” or “Board of Directors” means the Board of Directors of the Company.

“Business Combination” shall have the meaning provided therefor in the definition of Change in Control.

“Change in Control” means the occurrence of any one or more of the following: (a) any “person” (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), after the Effective Date, becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than fifty percent (50%) of the outstanding Shares, (b) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company (a “Business Combination”), unless immediately following such Business Combination more than sixty percent (60%) of the total voting power of (i) the company resulting from such Business Combination (the “Surviving Company”), or (ii) if applicable, the ultimate parent company that directly or indirectly has beneficial ownership of one hundred percent (100%) of the voting securities eligible to elect directors of the Surviving Company is represented by the Shares that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Shares were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Shares among the holders thereof immediately prior to the Business Combination, or (c) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or a sale of all or substantially all of the Company’s assets.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any successor act thereto.

“Committee” means the Compensation Committee of the Board of Directors or such other persons or committee to which the Board has delegated any authority, as may be appropriate. A person may serve on the Committee only if he or she is an “outside director” for purposes of Section 162(m) of the Code, is a “Non-Employee Director” within the meaning of Exchange Act Rule 16b-3 and is an “independent” Director for purposes of the Corporate Governance Standards of the New York Stock Exchange.

“Company” means Stryker Corporation, a Michigan corporation, and any successor thereto as provided in Article 12.

“Director” means a member of the Board of Directors.

“Disability” means (i) when used in the context of an Award other than an Incentive Stock Option Award, a physical or mental condition that qualifies as a disability under the long-term disability pay plan of Stryker then in effect for United States employees (irrespective of whether the Participant is eligible to participate in such plan), which disability has, in the case of an Employee, prevented such Employee from being in the full-time, active service of Stryker for the entire period of one hundred-eighty (180) days immediately preceding termination of employment; and (ii) when used in the context of an Incentive Stock Option, a physical or mental condition that qualifies as a disability within the meaning of Code Section 22(e) (3).

“Effective Date” means April 26, 2011.

“Employee” means any person employed by Stryker in a common law employee-employer relationship. A Participant shall not cease to be an Employee for purposes of this Plan in the case of (i) any leave of absence approved by Stryker or (ii) transfers between locations of the Company or among the Company, any Subsidiary or any successor. Service as a Director shall not be sufficient to constitute “employment” by Stryker.

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

“Exercise Period” shall have the meaning provided therefor in Section 3.4.

“Exercise Price” means, with respect to an Option, the price at which a Share may be purchased by a Participant pursuant to the Option and, with respect to a stock appreciation right, the price at which the stock appreciation right is granted.

“Fair Market Value” of the Shares as of any date means the closing sales price of the Shares (or the closing bid, if no sales were reported) as reported on the New York Stock Exchange-Composite Transactions for the last market trading day prior to such date or, if the Shares are not then listed on the New York Stock Exchange, the fair market value of the Shares on such date as determined in good faith by the Committee.

“Incentive Stock Option” means an Option that is designated as an Incentive Stock Option and that is intended to meet the requirements of Code Section 422.

“Non-Employee Director” means a Director who is not currently an Employee.

“Nonstatutory Stock Option” means an Option that is designated as not being intended to qualify, or that has ceased to qualify, as an Incentive Stock Option.

“Option” means an option to purchase Shares granted under Article 6.

“Other Stock Award” means any right granted to a Participant by the Committee pursuant to Article 8.

“Participant” means an Employee or Non-Employee Director to whom an Award has been granted that remains outstanding.

“Performance Award” shall have the meaning provided therefor in Section 14.5.

“Restricted Stock” means any Share issued pursuant to Article 7 with a restriction on transferability, a risk of forfeiture and such other restrictions as the Committee, in its sole discretion may impose, which restrictions generally will expire on a specified date, upon the occurrence of an event and/or on an accelerated basis under certain circumstances, as specified in this Plan or the Award Agreement relating to the Restricted Stock.

“Restriction Period” means the period during which Restricted Stock remains nontransferable and subject to a risk of forfeiture.

“Retirement” means termination of employment with or service as a Director of Stryker on or after the Participant’s 65th birthday or the Participant’s 60th birthday if the Participant has completed or is otherwise credited with ten (10) years of service as an Employee or Director of Stryker.

“Shares” means the shares of common stock, \$.10 par value, of the Company.

“Subsidiary” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Code Section 424(f).

Article 3. Administration

3.1 The Committee. This Plan will be administered by the Committee. The Board of Directors may from time to time remove members from the Committee or add members thereto, and vacancies in such Committee, however caused, shall be filled by the Board.

3.2 Authority of the Committee. Except as limited by law and subject to the provisions of this Plan and such orders or resolutions not inconsistent with the provisions of this Plan as may from time to time be adopted by the Board, the Committee will have full power to (a) select Employees and Non-Employee Directors to whom Awards may from time to time be granted under this Plan, (b) determine the type or types of Awards to be granted to each Participant, (c) determine the number of Shares to be covered by or relating to each Award granted under this Plan (d) determine the terms and conditions of Awards in a manner consistent with this Plan, (e) determine whether, to what extent and under what circumstances Awards may be settled in Shares, cash or any other form of property, (f) determine whether, to what extent and under what circumstances payment of cash, Shares other property and other amounts payable with respect to an Award made under this Plan shall be deferred either automatically or at the election of the Participant consistent with the terms of this Plan, (g) construe and interpret this Plan and any Award Agreement (h) establish, amend or waive rules and regulations and appoint such agents as it shall deem appropriated for the proper administration of this Plan and (i) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Plan. The Committee shall be authorized to make adjustments in the terms and conditions of Awards in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in applicable laws, regulations or accounting principles. The interpretation and construction by the Committee of any provision of this Plan or any Award granted pursuant hereto shall be final and conclusive. No member of the Committee or the Board of Directors shall be liable for any action or

determination made in good faith with respect to this Plan or any Award granted pursuant hereto.

3.3 Delegation. Subject to the terms of this Plan and terms and limitations as the Committee shall determine, the Committee may delegate its authority to make Awards to Employees to the Company's Chief Executive Officer, subject to annual calendar year limits of 20,000 Shares subject to Awards per Employee and 300,000 Shares subject to Awards in the aggregate in the case of Awards made (a) in situations where the Company is seeking to attract a new hire or recognize employees for special achievements, (b) to new employees as a result of the acquisition by the Company of another company, whether by merger or purchase of stock or substantially all of its assets, which Awards are deemed appropriate by the Chief Executive Officer in connection with the retention of newly acquired employees or (c) in other special circumstances, with any Share issuable in connection with an Award other than an Option or stock appreciation right being counted against such limits as 2.86 Shares, except that no such delegation may be made in the case of Awards to persons who are subject to the provisions of Section 16 of the Exchange Act or in the case of Awards intended to be qualified under Section 162(m) of the Code. To the extent that the Committee delegates its authority as provided by this Section 3.3, all references in this Plan to the Committee's authority to make Awards shall be deemed to include the Chief Executive Officer. The annual limits described in this Section 3.3 may be modified by the Committee with respect to any year or all future years and shall be subject to adjustment as provided in Section 4.3.

3.4 Change in Control. In the event of a Change in Control, the Committee shall have the discretion to accelerate the vesting of Awards, eliminate any restriction applicable to Awards, deem the performance measures, if any, to be satisfied, or take such other action as it deems appropriate, in its sole discretion. In addition, notwithstanding any other provision of this Plan, during the sixty (60)-day period from and after a Change in Control (the "Exercise Period"), if the Committee shall determine at, or at any time after, the time of grant, a Participant holding an Option shall have the right, whether or not the Option is fully exercisable and in lieu of the payment of the Exercise Price for the Shares being purchased under the Option and by giving written notice to the Company, to elect (within the Exercise Period) to surrender all or part of the Option to the Company and to receive in cash, within thirty (30) days of such notice an amount equal to the amount by which the Fair Market Value per Share on the date of such election shall exceed the Exercise Price per Share under the Option multiplied by the number of Shares granted under the Option as to which the right granted under this Section 3.4 shall have been exercised.

Article 4. Shares Subject to this Plan and Maximum Awards

4.1 Number of Shares Available for Awards. The maximum number of Shares that may be subject to Awards under this Plan is 25,000,000. The maximum number of Shares that may be subject to all Awards, in the aggregate, granted during any calendar year to any one Participant is 2,000,000; provided, however, that, to the extent required by Section 162(m) of the Code, Shares subject to Options or stock appreciation rights that are canceled shall continue to be counted against the foregoing limit and provided, further, that such limit will apply whether the Awards are paid in Shares or settled in cash. Any Share

for which an Award other than an Option or stock appreciation right is granted shall be counted against the limits described above as 2.86 Shares. Notwithstanding anything herein to the contrary, (a) the maximum grant date fair value, as determined in accordance with the Company's standard accounting principles, of Awards that may be granted to any one Non-Employee Director in any calendar year is \$500,000 and (b) the maximum amount of cash compensation payable by the Company to any one Non-Employee Director in any calendar year (measured as of the date of payment) is \$400,000. All limits described in this Section 4.1 are subject to adjustment as provided in Section 4.3.

4.2 Computation of Available Shares. Shares subject to Awards that terminate, expire or are forfeited, canceled or settled in cash, either in whole or in part, may be used for the further grant of Awards to the extent of such termination, forfeiture, cancellation or settlement. Shares that again become available for future grant pursuant to the preceding sentence shall be added back as one (1) Share if subject to an Option or a stock appreciation right and as 2.86 Shares if subject to an Award other than an Option or a stock appreciation right. Notwithstanding the foregoing, Shares subject to an Award under this Plan may not again be made available for issuance or delivery under this Plan if such Shares were tendered or withheld to pay the Exercise Price of an Option or the withholding taxes related to an Award or were subject to a stock-settled stock appreciation right and were not issued upon the net settlement or net exercise of such stock appreciation right. In addition, the Shares available for issuance or delivery under this Plan shall not be increased by Shares repurchased by the Company with Option proceeds.

4.3 Adjustments of and Changes in Shares.

- (a) In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, split-up, share combination, or other change in the corporate structure of the Company affecting the Shares or of any stock or other securities into which the Shares shall have been changed or for which Shares shall have been exchanged, such adjustment shall be made in the number and class of Shares that may be delivered under this Plan, and in the number and class of and/or price of Shares subject to outstanding Awards granted under this Plan, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights and provided that the number of Shares subject to any Award shall always be a whole number.
 - (b) Fractional Shares resulting from any adjustment in Awards pursuant to this Section 4.3 may be settled in cash or otherwise as the Committee determines.
 - (c) The Company will give written notice of any adjustment to each Participant who holds an Award that has been adjusted and the adjustment (whether or not that notice is given) will be effective and binding for all Plan purposes.
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Article 5. Eligibility and Participation

Any Employee or Non-Employee Director shall be eligible to be selected as a Participant as provided herein; provided, however, that Incentive Stock Options shall only be awarded to Employees. Notwithstanding any provision in this Plan to the contrary, the Board (not the Committee) shall have the authority, in its sole and absolute discretion, to select Non-Employee Directors as Participants who are eligible to receive Awards other than Incentive Stock Options under this Plan and all references in this Plan to the Committee, insofar as they relate to Awards to Non-Employee Directors, shall be deemed references to the Board. The Board shall set the terms of Awards to Non-Employee Directors in its sole and absolute discretion, and the Board shall be responsible for administering and construing such Awards in substantially the same manner that the Committee administers and construes Awards to Employees.

Article 6. Options

6.1 Grant of Options. Subject to the terms and provisions of this Plan, Options may be granted to Employees and Non-Employee Directors in the number, and upon the terms, and at any time and from time to time, as determined by the Committee.

6.2 Terms and Conditions. Except as hereinafter provided, all Options granted pursuant to this Plan shall be subject to the following terms and conditions:

- (a) Price. The Exercise Price of the Shares issuable upon exercise of Options granted under this Plan shall be not less than 100% of the Fair Market Value of the Shares on the date of the grant of the Option. The Exercise Price shall be paid in full at the time of purchase by any combination of the methods set forth below. The Committee shall have the authority to grant Options that do not entitle the Participant to use all methods or that require prior written consent of the Company to use certain of the methods. The methods of payment are: (i) cash, (ii) by surrender to the Company (either by actual delivery or attestation to the ownership) of Shares with an aggregate Fair Market Value on the date of purchase that is sufficient to cover the aggregate Exercise Price or (iii) by a net exercise arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares with an aggregate Fair Market Value on the date of purchase that is sufficient to cover the aggregate Exercise Price. The Exercise Price shall be subject to adjustment, but only as provided in Section 4.3 hereof.
 - (b) Duration and Exercise of Options. Options may be granted for terms of up to but not exceeding ten (10) years from the date the particular Option is granted. Options shall be exercisable as provided by the Committee at the time of grant thereof.
 - (c) Termination of Employment or Service as a Director. Upon the termination of the Participant's employment or service as a Director, except as
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otherwise provided under terms of the Award Agreement, his or her rights to exercise an Option shall be as follows:

Retirement. If a Participant's employment or service as a Director terminates by reason of Retirement, the Participant or the Participant's estate (in the event of death after such termination) may, at any time prior to the fixed termination date provided in the Option, exercise the Option with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase such Shares had accrued on or before the last day on which the Participant was either an Employee or Director. Anything in this Plan to the contrary notwithstanding, if a Participant were eligible for Retirement but ceased to be an Employee or Director by reason of Disability, death or any other reason before such Participant retired, his or her rights to exercise an Option shall be as if such Participant's employment or service as a Director ceased by reason of Retirement.

Disability or Death. If a Participant's employment or service as a Director terminates by reason of Disability or death, the Participant or the Participant's estate may, within one (1) year following such termination, exercise the Option with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase such Shares had accrued on or before the date of termination.

Other Reasons. If a Participant's employment or service as a Director terminates for any reason other than Retirement, Disability or death, the Participant or the Participant's estate (in the event of the Participant's death after such termination) may, within thirty (30) days following such termination, exercise the Option with respect to only such number of Shares as to which the right of exercise had accrued on or before the Termination Date unless the Committee determines that the Option shall be exercisable as to a greater portion thereof. Except as otherwise provided in the following sentence, "Termination Date" means the effective date of termination of a Participant's employment or service as a Director. If a Participant is employed outside the United States, "Termination Date" shall be the earliest of (i) the date on which notice of termination of employment is provided to the Participant, (ii) the last day of the Participant's active service with the Company or a Subsidiary, or (iii) the last day on which the Participant is an Employee of the Company or any Subsidiary, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

General. Notwithstanding the foregoing, no Option shall be exercisable in whole or in part (i) after the termination date provided in the Option, or (ii) except as provided in Section 3.4 or in the event of termination of employment or service as a Director because of Disability, Retirement or death, unless the Participant shall have continued in the employ of Stryker

or to serve as a Director for one year following the date the Option was granted. A Participant's "estate" shall mean the Participant's legal representatives upon the Participant's death or any person who acquires the right under the laws of descent and distribution to exercise an Option by reason of the Participant's death. The Board of Directors or the Committee may determine that the transfer of employment of one or more Employees at the Company's request or with its permission to an entity that has a contractual relation with Stryker shall not be deemed a termination of employment for purposes of this Section 6.2(c). In the case of a person who is both an Employee and a Director, the provisions of this Section 6.2(c) shall not apply until such time as such person is neither an Employee nor a Director.

- (d) Surrender of Options. Subject to the provisions of Section 10.2 of this Plan, the Committee may require the surrender of outstanding Options as a condition precedent to the grant of new Options. Upon each such surrender, the Option or Options surrendered shall be canceled and the Shares previously subject to the Option or Options under this Plan shall thereafter be available for the grant of Options under this Plan.
- (e) Other Terms and Conditions. Options may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Committee shall deem appropriate.
- (f) Incentive Stock Options. Incentive Stock Options granted pursuant to this Plan shall be subject to all the terms and conditions included in subsections (a) through (e) of this Section 6.2 and to the following terms and conditions:

- (i) No Incentive Stock Option shall be granted to an individual who is not an Employee;

- (ii) No Incentive Stock Option shall be granted to an Employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company; (iii) No Incentive Stock Option may be granted under this Plan if such grant, together with any applicable prior grants that are Incentive Stock Options within the meaning of Section 422(b) of the Code, would exceed any maximum established under the Code for Incentive Stock Options that may be granted to an individual Employee; and

- (iv) An Incentive Stock Option will cease to qualify as an Incentive Stock Option and shall be treated as a Nonstatutory Stock Option if not exercised on or before the earliest of (i) the time specified in the Award Agreement, (ii) three (3) months after the Participant's termination of service for a reason other than death or Disability, or (iii) twelve (12) months after the Participant's termination of service for Disability.

Article 7. Restricted Stock

7.1 Grant of Restricted Stock. Subject to the terms and provisions of this Plan, the Committee may, at any time and from time to time, grant Restricted Stock to Participants in such amounts as it determines. Restricted Stock may be issued for no cash consideration or for such minimum consideration as may be required by applicable law.

7.2 Award Agreement. Each grant of Restricted Stock will be evidenced by an Award Agreement that specifies the Restriction Period, the number of Shares granted and such other provisions as the Committee determines.

7.3 Other Restrictions. The Committee may impose such conditions or restrictions on any Restricted Stock as it deems advisable, including, without limitation, restrictions based upon the achievement of specific performance objectives (Company-wide, business unit, individual, or any combination of them), time-based restrictions on vesting and restrictions under applicable federal or state securities laws. The Committee may provide that restrictions established under this Section 7.3 as to any given Award will lapse all at once or in installments. The Company will retain the certificates representing Restricted Stock in its possession until all conditions and restrictions applicable to the Shares have been satisfied.

7.4 Payment of Awards. Except as otherwise provided in this Article 7, Shares covered by each Restricted Stock grant will become freely transferable by the Participant after the last day of the applicable Restriction Period or on the date provided in the Award Agreement.

7.5 Voting Rights. During the Restriction Period, Participants holding Restricted Stock may exercise full voting rights with respect to those Shares.

7.6 Termination of Service. Each Award Agreement will set forth the extent to which the Participant has the right to retain unvested Restricted Stock after his or her termination of employment or service as a Non-Employee Director. These terms will be determined by the Committee in its sole discretion, need not be uniform among all Awards of Restricted Stock, and may reflect, among other things, distinctions based on the reasons for termination of employment or service.

Article 8. Other Stock Awards

8.1 Stock and Administration. Other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares (collectively, "Other Stock Awards") may be granted hereunder to Participants, either alone or in addition to other Awards granted under this Plan, and such Other Stock Awards shall also be available as a form of payment in the settlement of other Awards granted under this Plan. Other Stock Awards may include Awards based on the achievement of pre-established performance criteria during a specified period. Stock appreciation rights may be granted for terms up to but not exceeding ten (10) years from the date the particular stock appreciation right is granted and shall be exercisable as provided by the Committee at the time of grant thereof. The Exercise Price of a stock appreciation right shall not be less than 100% of the Fair Market Value of the Shares on the date of grant. Other Stock

Awards shall be subject to such other terms and conditions as the Committee shall deem advisable or appropriate, consistent with the provisions of this Plan as herein set forth. Unless the Committee determines otherwise to address specific considerations, Other Stock Awards granted to Participants shall have a vesting period of not less than one year.

8.2 Other Provisions. Shares purchased pursuant to a purchase right awarded under Section 8.1 shall be purchased for such consideration as the Committee shall in its sole discretion determine, which shall not be less than the Fair Market Value of such Shares as of the date such purchase right is awarded. Otherwise, Shares subject to Other Stock Awards granted under Section 8.1 may be issued for no cash consideration or for such minimum consideration as may be required by applicable law.

Article 9. Rights of Participants

9.1 Employment and Service. Nothing in this Plan will confer upon any Participant any right to continue in the employ of Stryker, or interfere with or limit in any way the right of Stryker to terminate any Participant's employment or service as a Director at any time.

9.2 Participation. No Employee or Director will have the right to receive an Award under this Plan or, having received an Award, to receive a future Award.

9.3 Dividends and Other Distributions. Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award (other than an Option or stock appreciation right) may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, all cash or stock dividends that are or would be payable with respect to each Share underlying such Award ("Dividend Equivalents"). Notwithstanding the foregoing, with respect to Awards that are earned based on the achievement of performance objectives, Dividend Equivalents will only be paid upon the achievement of the respective performance objectives. The Committee may provide that the Dividend Equivalents shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Dividend Equivalents that are to be paid on a deferred basis shall be granted and administered in accordance with all applicable provisions of Code Section 409A.

Article 10. Amendment, Modification and Termination

10.1 Amendment, Modification and Termination. The Committee may at any time and from time to time, alter, amend, modify or terminate this Plan in whole or in part. The Committee will not, however, increase the number of Shares that may be issued to Participants under this Plan, as described in Section 4.1 (and subject to adjustment as provided in Section 4.3), extend the term of this Plan or of Awards granted hereunder, change the eligibility criteria in Article 5 or reduce the Exercise Price of Options or stock appreciation rights below Fair Market Value without the approval of the Company's shareholders. No termination, amendment or modification of this Plan may adversely affect in any material way any Award already granted, without the written consent of the Participant who holds the Award.

10.2 Awards Previously Granted. Subject to the terms and conditions of this Plan, the Committee may modify, extend or renew outstanding Awards under this Plan, or

accept the surrender of outstanding Awards (to the extent not already exercised) and grant new Awards in substitution of them (to the extent not already exercised). Except in connection with a corporate transaction involving the Company (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or exchange of Shares), the terms of outstanding Awards may not be amended to reduce the Exercise Price of outstanding Options or stock appreciation rights with an Exercise Price that is less than the Exercise Price of the original Options or stock appreciation rights without shareholder approval. Furthermore, no Option or stock appreciation right will be canceled in exchange for cash or Other Stock Awards or replaced with an Option or stock appreciation right having a lower Exercise Price, without the approval of the Company's shareholders. Notwithstanding the foregoing, no modification of an Award will materially alter or impair any right or obligation under any Award already granted under this Plan without the prior written consent of the Participant.

Article 11. Withholding

The Company shall be authorized to withhold from any Award granted or payment due under this Plan the amount determined by the Company as appropriate to cover up to the maximum withholding taxes in respect of an Award or payment hereunder and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. The Committee shall be authorized to establish procedures for election by Participants to satisfy the obligation for the payment of such taxes, including by surrender to the Company (either by actual delivery or attestation to the ownership) of Shares or by directing the Company to retain Shares otherwise deliverable in connection with the Award.

Article 12. Successors

All obligations of the Company under this Plan or any Award Agreement will be binding on any successor to the Company, whether the existence of the successor results from a direct or indirect purchase of all or substantially all of the business or assets of the Company or both, or a merger or consolidation or otherwise.

Article 13. Breach of Restrictive Covenants

An Award Agreement may provide that, notwithstanding any other provision of this Plan to the contrary, if the Participant breaches any noncompetition, nonsolicitation or nondisclosure provision or provision as to Stryker's ownership of inventions contained in the Award Agreement or otherwise required as a condition to an Award, whether during or after termination of employment or service as a Director, the Participant will forfeit such Award or the Shares issued or payment received in respect thereof (in which case the Company will repay the lesser of any Exercise Price or other amount paid by the Participant or the then Fair Market Value) or pay to the Company any gain realized as a result of the disposition of Shares issued in respect of such Award, all as provided in the applicable Award Agreement.

Article 14. Miscellaneous

14.1 Number. Except where otherwise indicated by the context, any plural term used in this Plan includes the singular and a singular term includes the plural.

14.2 Severability. If any provision of this Plan is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify this Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable law or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of this Plan, it shall be stricken and the remainder of this Plan shall remain in full force and effect.

14.3 Requirements of Law. The granting of Awards and the issuance of Shares or cash payouts under this Plan will be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies or national securities exchanges as may be required.

14.4 Securities Law Compliance. As to any individual who is, on the relevant date, an officer, Director or ten percent beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 under the Exchange Act or any successor rule. To the extent any provision of this Plan or action by the Committee fails to so comply, it will be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

No Option or stock appreciation right granted pursuant to this Plan shall be exercisable in whole or in part, and no Shares shall be issued pursuant to an Award, if such exercise or issuance would, in the opinion of counsel for the Company, violate the Securities Act of 1933 (or other federal or state statutes having similar requirements), as in effect at that time. Each Award shall be subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to such Award under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the issue of Shares thereunder, such Award may not be exercised and no Shares may be issued in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Board of Directors.

14.5 Code Section 162(m) Provisions. Notwithstanding any other provision of this Plan, if the Committee determines at the time an Award based on the achievement of performance objectives (a "Performance Award") is granted to a Participant who is then an officer of the Company that such Participant is, or may be as of the end of the tax year in which the Company would ordinarily claim a tax deduction in connection with such Award, a covered employee within the meaning of Section 162(m)(3) of the Code, then the Committee may provide that this Section 14.5 shall be applicable to such Award. If a Performance Award is subject to this Section 14.5, then the lapsing of restrictions thereon

and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals established by the Committee, which shall be based on the attainment of specified levels of one or any combination of revenues, cost reductions, operating income, income before taxes, net income, adjusted net income, earnings per share, adjusted earnings per share, operating margins, working capital measures, return on assets, return on equity, return on invested capital, cash flow measures, market share, shareholder return, economic value added, quality initiatives or compliance initiatives in respect of the Company or the Subsidiary or division of the Company within which the Participant is primarily employed. Such performance goals also may be based on the achievement of specified levels of Company performance (or performance of an applicable Subsidiary or division of the Company) under one or more of the measures described above relative to the performance of other corporations or external indices. Such performance goals shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m) of the Code, or any successor provision thereto, and the regulations thereunder. Notwithstanding any provision of this Plan other than Section 3.4, with respect to any Performance Award that is subject to this Section 14.5, the Committee may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance goals except in the case of the death or Disability of the Participant, or under such other conditions where such waiver will not jeopardize the treatment of other Performance Awards as "performance-based compensation" under Section 162(m) of the Code. In addition, at the time of granting Performance Awards or at any time thereafter, in either case to the extent permitted under Section 162(m) of the Code without adversely affecting the treatment of the Performance Award as "performance-based compensation under Section 162(m), the Committee may provide for the manner in which performance will be measured against the performance goals or may adjust the performance goals to reflect the impact of specified corporate transactions, accounting or tax law changes and other extraordinary or nonrecurring events. The Committee shall have the power to impose such other restrictions on Awards as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code, or any successor provision thereto.

14.6 Section 409A Compliance. Awards under this Plan are intended to either comply with, or be exempt from, the requirements of Code Section 409A and this Plan shall be interpreted and administered in a manner consistent with such intent. If an operational failure occurs with respect to Code Section 409A requirements, the Company shall require any affected Participant or beneficiary to fully cooperate with the Company to correct the failure, to the extent possible, in accordance with any correction procedure established by the Internal Revenue Service. Payments made to a Participant in error shall be returned to the Company and do not create a legally binding right to such payments.

14.7 Awards to Foreign Nationals and Employees Outside the United States. To the extent the Committee deems it necessary, appropriate or desirable to comply with foreign law or practice and to further the purposes of this Plan, the Committee may, without amending this Plan, establish rules applicable to Awards granted to Participants who are foreign nationals or are employed outside the United States, or both, including rules that

differ from those set forth in this Plan, and grant Awards to such Participants in accordance with those rules. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees on assignments outside their home country.

14.8 No Restriction on Other Compensation Arrangements. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

14.9 Non-Transferability of Awards. Unless the Committee determines otherwise at the time an Award is granted, Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised during the Participant's lifetime only by him or her or, if permissible under applicable law, by the Participant's guardian or legal representative. An Award and all rights thereunder shall terminate immediately if a Participant attempts to sell, pledge, assign, hypothecate, transfer or otherwise dispose of an Award or any rights therein to any person except as permitted herein or pursuant to the terms of such Award. For the sake of clarity, no Award may be transferred by a Participant for value or consideration.

14.10 Governing Law. To the extent not preempted by federal law, this Plan and all agreements hereunder will be construed in accordance with and governed by the laws of the State of Michigan.

14.11 No Limitation on Rights of the Company. The grant of an Award does not and will not in any way affect the right or power of the Company to make adjustments, reclassifications or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

14.12 Participant to Have No Rights as a Shareholder. Before the date as of which he or she is recorded on the books of the Company as the holder of any Shares underlying an Award, a Participant will have no rights as a shareholder with respect to those Shares.

STRYKER CORPORATION 2006 LONG-TERM INCENTIVE PLAN,
AS AMENDED AND RESTATED

As Amended Through February 7, 2017

Article 1. Establishment, Objectives and Duration

1.1 Establishment of this Plan. Stryker Corporation, a Michigan corporation, hereby establishes this Stryker Corporation 2006 Long-Term Incentive Plan (the “Plan”) as set forth in this document. Capitalized terms used but not otherwise defined herein will have the meanings given to them in Article 2. This Plan permits the grant of Options, Restricted Stock and Other Stock Awards.

This Plan became effective as of April 26, 2006, upon approval of the Company’s shareholders, and will remain in effect as provided in Section 1.3 hereof.

1.2 Purpose of this Plan. The purpose of this Plan is to advance the interests of the Company and its Subsidiaries (collectively, “Stryker”) by providing a larger personal and financial interest in the success of Stryker to employees and directors whose judgment, interest and special efforts Stryker is dependent upon for the successful conduct of its operations and to enable Stryker to compete effectively with others for the services of new employees and directors as may be needed for the continued improvement of the enterprise. It is believed that the acquisition of such interest will stimulate the efforts of such employees and directors on behalf of Stryker and strengthen their desire to continue to serve Stryker.

1.3 Duration of this Plan. This Plan will commence on the Effective Date and will remain in effect, subject to the right of the Committee to amend or terminate this Plan at any time pursuant to Article 10, until the earlier of (a) April 25, 2013 and (b) the date that all Shares subject to this Plan pursuant to Article 4 have been issued according to this Plan’s provisions; provided, however, that upon Plan termination, all Awards outstanding under this Plan will continue to have full force and effect in accordance with the terms of the Award Agreements evidencing such Awards.

Article 2. Definitions

Whenever used in this Plan, the following terms have the meanings set forth below, and when the meaning is intended, the initial letter of the word is capitalized:

“**Award**” means any Option, Restricted Stock, Other Stock Award or any other right, interest or option (including any stock appreciation right), relating to Shares granted pursuant to the provisions of this Plan.

"Award Agreement" means any written agreement, contract or other instrument or document evidencing an Award or Awards granted by the Committee hereunder, which in the sole and absolute discretion of the Company may, but need not, be signed or acknowledged by the Company and/or the Participant.

"Board" or **"Board of Directors"** means the Board of Directors of the Company.

"Business Combination" shall have the meaning provided therefor in the definition of Change in Control.

"Change in Control" means the occurrence of any one or more of the following: (a) any "person" (as such term is defined in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), after the Effective Date, becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than fifty percent (50%) of the outstanding Shares, (b) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company (a "Business Combination"), unless immediately following such Business Combination more than sixty percent (60%) of the total voting power of (i) the company resulting from such Business Combination (the "Surviving Company"), or (ii) if applicable, the ultimate parent company that directly or indirectly has beneficial ownership of one hundred percent (100%) of the voting securities eligible to elect directors of the Surviving Company is represented by the Shares that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Shares were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Shares among the holders thereof immediately prior to the Business Combination, or (c) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or a sale of all or substantially all of the Company's assets.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor act thereto.

"Committee" means the Compensation Committee of the Board of Directors or such other persons or committee to which the Board has delegated any authority, as may be appropriate. A person may serve on the Committee only if he or she is an "outside director" for purposes of Section 162(m) of the Code, is a "Non-Employee Director" within the meaning of Exchange Act Rule 16b-3 and is an "independent" Director for purposes of the Corporate Governance Standards of the New York Stock Exchange.

"Company" means Stryker Corporation, a Michigan corporation, and any successor thereto as provided in Article 12.

"Director" means a member of the Board of Directors.

"Disability" means (i) when used in the context of an Award other than an Incentive Stock Option Award, a physical or mental condition that qualifies as a disability under the long-term disability pay plan of Stryker then in effect for United States employees (irrespective of whether the Participant is eligible to participate in such plan),

which disability has, in the case of an Employee, prevented such Employee from being in the full-time, active service of Stryker for the entire period of one hundred-eighty (180) days immediately preceding termination of employment; and (ii) when used in the context of an Incentive Stock Option, a physical or mental condition that qualifies as a disability within the meaning of Code Section 22(e)(3).

"Effective Date" means April 26, 2006.

"Employee" means any person employed by Stryker in a common law employee-employer relationship. A Participant shall not cease to be an Employee for purposes of this Plan in the case of (i) any leave of absence approved by Stryker or (ii) transfers between locations of the Company or among the Company, any Subsidiary or any successor. Service as a Director shall not be sufficient to constitute "employment" by Stryker.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

"Exercise Period" shall have the meaning provided therefor in Section 3.4.

"Exercise Price" means, with respect to an Option, the price at which a Share may be purchased by a Participant pursuant to the Option and, with respect to a stock appreciation right, the price at which the stock appreciation right is granted.

"Fair Market Value" of the Shares as of any date means the closing sales price of the Shares (or the closing bid, if no sales were reported) as reported on the New York Stock Exchange-Composite Transactions for the last market trading day prior to such date or, if the Shares are not then listed on the New York Stock Exchange, the fair market value of the Shares on such date as determined in good faith by the Committee.

"Incentive Stock Option" means an Option that is designated as an Incentive Stock Option and that is intended to meet the requirements of Code Section 422.

"Non-Employee Director" means a Director who is not currently an Employee.

"Nonstatutory Stock Option" means an Option that is designated as not being intended to qualify, or that has ceased to qualify, as an Incentive Stock Option.

"Option" means an option to purchase Shares granted under Article 6.

"Other Stock Award" means any right granted to a Participant by the Committee pursuant to Article 8.

"Participant" means an Employee or Non-Employee Director to whom an Award has been granted that remains outstanding.

"Performance Award" shall have the meaning provided therefor in Section 14.5.

"Restricted Stock" means any Share issued pursuant to Article 7 with a restriction on transferability, a risk of forfeiture and such other restrictions as the Committee, in its sole discretion may impose, which restrictions generally will expire on a specified date,

upon the occurrence of an event and/or on an accelerated basis under certain circumstances, as specified in this Plan or the Award Agreement relating to the Restricted Stock.

“Restriction Period” means the period during which Restricted Stock remains nontransferable and subject to a risk of forfeiture.

“Retirement” means termination of employment with or service as a Director of Stryker on or after the Participant’s 65th birthday or the Participant’s 60th birthday if the Participant has completed or is otherwise credited with ten (10) years of service as an Employee or Director of Stryker.

“Shares” means the shares of common stock, \$.10 par value, of the Company.

“Subsidiary” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Code Section 424(f).

Article 3. Administration

3.1 The Committee. This Plan will be administered by the Committee. The Board of Directors may from time to time remove members from the Committee or add members thereto, and vacancies in such Committee, however caused, shall be filled by the Board.

3.2 Authority of the Committee. Except as limited by law and subject to the provisions of this Plan and such orders or resolutions not inconsistent with the provisions of this Plan as may from time to time be adopted by the Board, the Committee will have full power to (a) select Employees and Non-Employee Directors to whom Awards may from time to time be granted under this Plan, (b) determine the type or types of Awards to be granted to each Participant, (c) determine the number of Shares to be covered by or relating to each Award granted under this Plan (d) determine the terms and conditions of Awards in a manner consistent with this Plan, (e) determine whether, to what extent and under what circumstances Awards may be settled in Shares, cash or any other form of property, (f) determine whether, to what extent and under what circumstances payment of cash, Shares other property and other amounts payable with respect to an Award made under this Plan shall be deferred either automatically or at the election of the Participant consistent with the terms of this Plan, (g) construe and interpret this Plan and any Award Agreement (h) establish, amend or waive rules and regulations and appoint such agents as it shall deem appropriated for the proper administration of this Plan and (i) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Plan. The Committee shall be authorized to make adjustments in the terms and conditions of Awards in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in applicable laws, regulations or accounting principles. The interpretation and construction by the Committee of any provision of this Plan or any Award granted pursuant hereto shall be final and conclusive. No member of the Committee or the Board of Directors shall be liable for any action or determination made in good faith with respect to this Plan or any Award granted pursuant hereto.

3.3 Delegation. Subject to the terms of this Plan and terms and limitations as the Committee shall determine, the Committee may delegate its authority to make Awards to Employees to the Company's Chief Executive Officer, subject to annual limits of 20,000 Shares subject to Awards per Employee and in 300,000 Shares subject to Awards in the aggregate, with any Share issuable in connection with an Award other than an Option or stock appreciation right being counted against such limit as two (2) Shares, except that no such delegation may be made in the case of Awards to persons who are subject to the provisions of Section 16 of the Exchange Act or in the case of Awards intended to be qualified under Section 162(m) of the Code. To the extent that the Committee delegates its authority as provided by this Section 3.3, all references in this Plan to the Committee's authority to make Awards shall be deemed to include the Chief Executive Officer. The annual limit described in this Section 3.3 shall be subject to adjustment as provided in Section 4.4.

3.4 Change in Control. In the event of a Change in Control, the Committee shall have the discretion to accelerate the vesting of Awards, eliminate any restriction applicable to Awards, deem the performance measures, if any, to be satisfied, or take such other action as it deems appropriate, in its sole discretion. In addition, notwithstanding any other provision of this Plan, during the sixty (60)-day period from and after a Change in Control (the "Exercise Period"), if the Committee shall determine at, or at any time after, the time of grant, a Participant holding an Option shall have the right, whether or not the Option is fully exercisable and in lieu of the payment of the Exercise Price for the Shares being purchased under the Option and by giving written notice to the Company, to elect (within the Exercise Period) to surrender all or part of the Option to the Company and to receive in cash, within thirty (30) days of such notice an amount equal to the amount by which the Fair Market Value per Share on the date of such election shall exceed the Exercise Price per Share under the Option multiplied by the number of Shares granted under the Option as to which the right granted under this Section 3.4 shall have been exercised.

Article 4. Shares Subject to this Plan and Maximum Awards

4.1 Number of Shares Available for Awards. The maximum number of Shares that may be subject to Awards under this Plan is 20,000,000. The maximum number of Shares that may be subject to all Awards, in the aggregate, granted during any calendar year to any one Participant is 2,000,000; provided, however, that, to the extent required by Section 162(m) of the Code, Shares subject to Options or stock appreciation rights that are canceled shall continue to be counted against the foregoing limit and provided, further, that such limit will apply whether the Awards are paid in Shares or settled in cash. Any Share for which an Award other than an Option or stock appreciation right is granted shall be counted against the limits described above as two (2) Shares. All limits described in this Section 4.1 are subject to adjustment as provided in Section 4.4.

4.2 Lapsed Awards. If any Award is canceled, terminates, expires, or lapses for any reason, any Shares subject to such Award shall not count against the aggregate number of Shares that may be issued under this Plan set forth in Section 4.1 above.

4.3 Shares Used to Pay Exercise Price and Withholding Taxes. If a Participant pays the Exercise Price for an Option by surrendering previously owned Shares to the Company (either by actual delivery or attestation to the ownership) in accordance with the provisions of Section 6.2(a)(ii) herein or pursuant to a net exercise arrangement in accordance with the provisions of Section 6.2(a)(iii) herein or satisfies any tax withholding requirement with respect to any Award by having the Company withhold Shares or by surrendering Shares in accordance with Section 11 herein, then such Shares surrendered or withheld to pay the Exercise Price or used to satisfy such tax withholding requirement shall count against the aggregate number of Shares that may be issued under this Plan set forth in Section 4.1 above.

4.4 Adjustments of and Changes in Shares.

- (a) In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, split-up, share combination, or other change in the corporate structure of the Company affecting the Shares or of any stock or other securities into which the Shares shall have been changed or for which Shares shall have been exchanged, such adjustment shall be made in the number and class of Shares that may be delivered under this Plan, and in the number and class of and/or price of Shares subject to outstanding Awards granted under this Plan, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights and provided that the number of Shares subject to any Award shall always be a whole number.
- (b) Fractional Shares resulting from any adjustment in Awards pursuant to this Section 4.4 may be settled in cash or otherwise as the Committee determines.
- (c) The Company will give written notice of any adjustment to each Participant who holds an Award that has been adjusted and the adjustment (whether or not that notice is given) will be effective and binding for all Plan purposes.

Article 5. Eligibility and Participation

Any Employee or Non-Employee Director shall be eligible to be selected as a Participant as provided herein; provided, however, that Incentive Stock Options shall only be awarded to Employees. Notwithstanding any provision in this Plan to the contrary, the Board (not the Committee) shall have the authority, in its sole and absolute discretion, to select Non-Employee Directors as Participants who are eligible to receive Awards other than Incentive Stock Options under this Plan and all references in this Plan to the Committee, insofar as they relate to Awards to Non-Employee Directors, shall be deemed references to the Board. The Board shall set the terms of Awards to Non-Employee Directors in its sole and absolute discretion, and the Board shall be responsible for administering and construing such Awards in substantially the same manner that the Committee administers and construes Awards to Employees.

Article 6. Options

6.1 Grant of Options. Subject to the terms and provisions of this Plan, Options may be granted to Employees and Non-Employee Directors in the number, and upon the terms, and at any time and from time to time, as determined by the Committee.

6.2 Terms and Conditions. Except as hereinafter provided, all Options granted pursuant to this Plan shall be subject to the following terms and conditions:

- (a) Price. The Exercise Price of the Shares issuable upon exercise of Options granted under this Plan shall be not less than 100% of the Fair Market Value of the Shares on the date of the grant of the Option. The Exercise Price shall be paid in full at the time of purchase by any combination of the methods set forth below. The Committee shall have the authority to grant Options that do not entitle the Participant to use all methods or that require prior written consent of the Company to use certain of the methods. The methods of payment are: (i) cash, (ii) by surrender to the Company (either by actual delivery or attestation to the ownership) of Shares with an aggregate Fair Market Value on the date of purchase that is sufficient to cover the aggregate Exercise Price or (iii) by a net exercise arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares with an aggregate Fair Market Value on the date of purchase that is sufficient to cover the aggregate Exercise Price. The Exercise Price shall be subject to adjustment, but only as provided in Section 4.4 hereof.
- (b) Duration and Exercise of Options. Options may be granted for terms of up to but not exceeding ten (10) years from the date the particular Option is granted. Options shall be exercisable as provided by the Committee at the time of grant thereof.
- (c) Termination of Employment or Service as a Director. Upon the termination of the Participant's employment or service as a Director, except as otherwise provided under terms of the Award Agreement, his or her rights to exercise an Option shall be as follows:

Retirement. If a Participant's employment or service as a Director terminates by reason of Retirement, the Participant or the Participant's estate (in the event of death after such termination) may, at any time prior to the fixed termination date provided in the Option, exercise the Option with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase such Shares had accrued on or before the last day on which the Participant was either an Employee or Director. Anything in this Plan to the contrary notwithstanding, if a Participant were eligible for Retirement but ceased to be an Employee or Director by reason of Disability, death or any other reason before such Participant retired, his or her rights to exercise an Option shall be as if such Participant's employment or service as a Director ceased by reason of Retirement.

Disability or Death. If a Participant's employment or service as a Director terminates by reason of Disability or death, the Participant or the Participant's estate may, within one (1) year following such termination, exercise the Option with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase such Shares had accrued on or before the date of termination.

Other Reasons. If a Participant's employment or service as a Director terminates for any reason other than Retirement, Disability or death, the Participant or the Participant's estate (in the event of the Participant's death after such termination) may, within thirty (30) days following such termination, exercise the Option with respect to only such number of Shares as to which the right of exercise had accrued on or before the Termination Date unless the Committee determines that the Option shall be exercisable as to a greater portion thereof. Except as otherwise provided in the following sentence, "Termination Date" means the effective date of termination of a Participant's employment or service as a Director. If a Participant is employed outside the United States, "Termination Date" shall be the earliest of (i) the date on which notice of termination of employment is provided to the Participant, (ii) the last day of the Participant's active service with the Company or a Subsidiary, or (iii) the last day on which the Participant is an Employee of the Company or any Subsidiary, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

General. Notwithstanding the foregoing, no Option shall be exercisable in whole or in part (i) after the termination date provided in the Option, or (ii) except as provided in Section 3.4 or in the event of termination of employment or service as a Director because of Disability, Retirement or death, unless the Participant shall have continued in the employ of Stryker or to serve as a Director for one year following the date the Option was granted. A Participant's "estate" shall mean the Participant's legal representatives upon the Participant's death or any person who acquires the right under the laws of descent and distribution to exercise an Option by reason of the Participant's death. The Board of Directors or the Committee may determine that the transfer of employment of one or more Employees at the Company's request or with its permission to an entity that has a contractual relation with Stryker shall not be deemed a termination of employment for purposes of this Section 6.2(c). In the case of a person who is both an Employee and a Director, the provisions of this Section 6.2(c) shall not apply until such time as such person is neither an Employee nor a Director.

- (d) Surrender of Options. Subject to the provisions of Section 10.2 of this Plan, the Committee may require the surrender of outstanding Options as a condition precedent to the grant of new Options. Upon each such surrender,
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the Option or Options surrendered shall be canceled and the Shares previously subject to the Option or Options under this Plan shall thereafter be available for the grant of Options under this Plan.

- (e) Other Terms and Conditions. Options may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Committee shall deem appropriate.
- (f) Incentive Stock Options. Incentive Stock Options granted pursuant to this Plan shall be subject to all the terms and conditions included in subsections (a) through (e) of this Section 6.2 and to the following terms and conditions:
 - (i) No Incentive Stock Option shall be granted to an individual who is not an Employee;
 - (ii) No Incentive Stock Option shall be granted to an Employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company; (iii) No Incentive Stock Option may be granted under this Plan if such grant, together with any applicable prior grants that are Incentive Stock Options within the meaning of Section 422(b) of the Code, would exceed any maximum established under the Code for Incentive Stock Options that may be granted to an individual Employee; and
 - (iv) An Incentive Stock Option will cease to qualify as an Incentive Stock Option and shall be treated as a Nonstatutory Stock Option if not exercised on or before the earliest of (i) the time specified in the Award Agreement, (ii) three (3) months after the Participant's termination of service for a reason other than death or Disability, or (iii) twelve (12) months after the Participant's termination of service for Disability.

Article 7. Restricted Stock

7.1 Grant of Restricted Stock. Subject to the terms and provisions of this Plan, the Committee may, at any time and from time to time, grant Restricted Stock to Participants in such amounts as it determines. Restricted Stock may be issued for no cash consideration or for such minimum consideration as may be required by applicable law.

7.2 Award Agreement. Each grant of Restricted Stock will be evidenced by an Award Agreement that specifies the Restriction Period, the number of Shares granted and such other provisions as the Committee determines.

7.3 Other Restrictions. The Committee may impose such conditions or restrictions on any Restricted Stock as it deems advisable, including, without limitation, restrictions based upon the achievement of specific performance objectives (Company-wide, business unit, individual, or any combination of them), time-based restrictions on vesting and restrictions under applicable federal or state securities laws. The Committee may provide that restrictions established under this Section 7.3 as to any given Award will

lapse all at once or in installments. The Company will retain the certificates representing Restricted Stock in its possession until all conditions and restrictions applicable to the Shares have been satisfied.

7.4 Payment of Awards. Except as otherwise provided in this Article 7, Shares covered by each Restricted Stock grant will become freely transferable by the Participant after the last day of the applicable Restriction Period or on the date provided in the Award Agreement.

7.5 Voting Rights. During the Restriction Period, Participants holding Restricted Stock may exercise full voting rights with respect to those Shares.

7.6 Termination of Service. Each Award Agreement will set forth the extent to which the Participant has the right to retain unvested Restricted Stock after his or her termination of employment or service as a Non-Employee Director. These terms will be determined by the Committee in its sole discretion, need not be uniform among all Awards of Restricted Stock, and may reflect, among other things, distinctions based on the reasons for termination of employment or service.

Article 8. Other Stock Awards

8.1 Stock and Administration. Other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares (collectively, "Other Stock Awards") may be granted hereunder to Participants, either alone or in addition to other Awards granted under this Plan, and such Other Stock Awards shall also be available as a form of payment in the settlement of other Awards granted under this Plan. Other Stock Awards may include Awards based on the achievement of pre-established performance criteria during a specified period. Other Stock Awards shall be subject to such other terms and conditions as the Committee shall deem advisable or appropriate, consistent with the provisions of this Plan as herein set forth. Unless the Committee determines otherwise to address specific considerations, Other Stock Awards granted to Participants shall have a vesting period of not less than one year.

8.2 Other Provisions. Shares purchased pursuant to a purchase right awarded under Section 8.1 shall be purchased for such consideration as the Committee shall in its sole discretion determine, which shall not be less than the Fair Market Value of such Shares as of the date such purchase right is awarded. Otherwise, Shares subject to Other Stock Awards granted under Section 8.1 may be issued for no cash consideration or for such minimum consideration as may be required by applicable law.

Article 9. Rights of Participants

9.1 Employment and Service. Nothing in this Plan will confer upon any Participant any right to continue in the employ of Stryker, or interfere with or limit in any way the right of Stryker to terminate any Participant's employment or service as a Director at any time.

9.2 Participation. No Employee or Director will have the right to receive an Award under this Plan or, having received an Award, to receive a future Award.

9.3 Dividends and Other Distributions. Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award (other than an Option or stock appreciation right) may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, all cash or stock dividends that are or would be payable with respect to each Share underlying such Award ("Dividend Equivalents"). Notwithstanding the foregoing, with respect to Awards that are earned based on the achievement of performance objectives, Dividend Equivalents will only be paid upon the achievement of the respective performance objectives. The Committee may provide that the Dividend Equivalents shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Dividend Equivalents that are to be paid on a deferred basis shall be granted and administered in accordance with all applicable provisions of Code Section 409A.

Article 10. Amendment, Modification and Termination

10.1 Amendment, Modification and Termination. The Committee may at any time and from time to time, alter, amend, modify or terminate this Plan in whole or in part. The Committee will not, however, increase the number of Shares that may be issued to Participants under this Plan, as described in Section 4.1 (and subject to adjustment as provided in Section 4.4), extend the term of this Plan or of Awards granted hereunder, change the eligibility criteria in Article 5 or reduce the Exercise Price of Options or stock appreciation rights below Fair Market Value without the approval of the Company's shareholders. No termination, amendment or modification of this Plan may adversely affect in any material way any Award already granted, without the written consent of the Participant who holds the Award.

10.2 Awards Previously Granted. Subject to the terms and conditions of this Plan, the Committee may modify, extend or renew outstanding Awards under this Plan, or accept the surrender of outstanding Awards (to the extent not already exercised) and grant new Awards in substitution of them (to the extent not already exercised). The Committee will not, however, modify any outstanding Option or stock appreciation right so as to specify a lower Exercise Price. Furthermore, no Option or stock appreciation right will be canceled in exchange for cash or Other Stock Awards or replaced with an Option or stock appreciation right having a lower Exercise Price, without the approval of the Company's shareholders. Notwithstanding the foregoing, no modification of an Award will materially alter or impair any right or obligation under any Award already granted under this Plan without the prior written consent of the Participant.

Article 11. Withholding

The Company shall be authorized to withhold from any Award granted or payment due under this Plan the amount determined by the Company as appropriate to cover up to the maximum withholding taxes in respect of an Award or payment hereunder and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. The Committee shall be authorized to establish procedures for election by Participants to satisfy the obligation for the payment of such taxes, including by surrender to the Company (either by actual delivery or attestation to the ownership) of Shares or by directing the Company to retain Shares otherwise deliverable in connection with the Award.

Article 12. Successors

All obligations of the Company under this Plan or any Award Agreement will be binding on any successor to the Company, whether the existence of the successor results from a direct or indirect purchase of all or substantially all of the business or assets of the Company or both, or a merger or consolidation or otherwise.

Article 13. Breach of Restrictive Covenants

An Award Agreement may provide that, notwithstanding any other provision of this Plan to the contrary, if the Participant breaches any noncompetition, nonsolicitation or nondisclosure provision or provision as to Stryker's ownership of inventions contained in the Award Agreement or otherwise required as a condition to an Award, whether during or after termination of employment or service as a Director, the Participant will forfeit such Award or the Shares issued or payment received in respect thereof (in which case the Company will repay the lesser of any Exercise Price or other amount paid by the Participant or the then Fair Market Value) or pay to the Company any gain realized as a result of the disposition of Shares issued in respect of such Award, all as provided in the applicable Award Agreement.

Article 14. Miscellaneous

14.1 Number. Except where otherwise indicated by the context, any plural term used in this Plan includes the singular and a singular term includes the plural.

14.2 Severability. If any provision of this Plan is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify this Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable law or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of this Plan, it shall be stricken and the remainder of this Plan shall remain in full force and effect.

14.3 Requirements of Law. The granting of Awards and the issuance of Shares or cash payouts under this Plan will be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies or national securities exchanges as may be required.

14.4 Securities Law Compliance. As to any individual who is, on the relevant date, an officer, Director or ten percent beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 under the Exchange Act or any successor rule. To the extent any provision of this Plan or action by the Committee fails to so comply, it will be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.

No Option or stock appreciation right granted pursuant to this Plan shall be exercisable in whole or in part, and no Shares shall be issued pursuant to an Award, if such

exercise or issuance would, in the opinion of counsel for the Company, violate the Securities Act of 1933 (or other federal or state statutes having similar requirements), as in effect at that time. Each Award shall be subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to such Award under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the issue of Shares thereunder, such Award may not be exercised and no Shares may be issued in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Board of Directors.

14.5 Code Section 162(m) Provisions. Notwithstanding any other provision of this Plan, if the Committee determines at the time an Award based on the achievement of performance objectives (a "Performance Award") is granted to a Participant who is then an officer of the Company that such Participant is, or may be as of the end of the tax year in which the Company would ordinarily claim a tax deduction in connection with such Award, a covered employee within the meaning of Section 162(m)(3) of the Code, then the Committee may provide that this Section 14.5 shall be applicable to such Award. If a Performance Award is subject to this Section 14.5, then the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals established by the Committee, which shall be based on the attainment of specified levels of one or any combination of revenues, cost reductions, operating income, income before taxes, net income, adjusted net income, earnings per share, adjusted earnings per share, operating margins, working capital measures, return on assets, return on equity, return on invested capital, cash flow measures, market share, shareholder return, economic value added, quality initiatives or compliance initiatives in respect of the Company or the Subsidiary or division of the Company within which the Participant is primarily employed. Such performance goals also may be based on the achievement of specified levels of Company performance (or performance of an applicable Subsidiary or division of the Company) under one or more of the measures described above relative to the performance of other corporations or external indices. Such performance goals shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m) of the Code, or any successor provision thereto, and the regulations thereunder. Notwithstanding any provision of this Plan other than Section 3.4, with respect to any Performance Award that is subject to this Section 14.5, the Committee may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance goals except in the case of the death or Disability of the Participant, or under such other conditions where such waiver will not jeopardize the treatment of other Performance Awards as "performance-based compensation" under Section 162(m) of the Code. In addition, at the time of granting Performance Awards or at any time thereafter, in either case to the extent permitted under Section 162(m) of the Code without adversely affecting the treatment of the Performance Award as "performance-based compensation under Section 162(m)", the Committee may provide for the manner in which performance will be measured against the performance goals or may adjust the performance goals to reflect the impact of specified corporate transactions, accounting or tax law changes and other extraordinary or

nonrecurring events. The Committee shall have the power to impose such other restrictions on Awards as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code, or any successor provision thereto.

14.6 Section 409A Compliance. Awards under this Plan are intended to either comply with, or be exempt from, the requirements of Code Section 409A and this Plan shall be interpreted and administered in a manner consistent with such intent. If an operational failure occurs with respect to Code Section 409A requirements, the Company shall require any affected Participant or beneficiary to fully cooperate with the Company to correct the failure, to the extent possible, in accordance with any correction procedure established by the Internal Revenue Service. Payments made to a Participant in error shall be returned to the Company and do not create a legally binding right to such payments.

14.7 Awards to Foreign Nationals and Employees Outside the United States. To the extent the Committee deems it necessary, appropriate or desirable to comply with foreign law or practice and to further the purposes of this Plan, the Committee may, without amending this Plan, establish rules applicable to Awards granted to Participants who are foreign nationals or are employed outside the United States, or both, including rules that differ from those set forth in this Plan, and grant Awards to such Participants in accordance with those rules. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees on assignments outside their home country.

14.8 No Restriction on Other Compensation Arrangements. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

14.9 Non-Transferability of Awards. Unless the Committee determines otherwise at the time an Award is granted, Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised during the Participant's lifetime only by him or her or, if permissible under applicable law, by the Participant's guardian or legal representative. An Award and all rights thereunder shall terminate immediately if a Participant attempts to sell, pledge, assign, hypothecate, transfer or otherwise dispose of an Award or any rights therein to any person except as permitted herein or pursuant to the terms of such Award.

14.10 Governing Law. To the extent not preempted by federal law, this Plan and all agreements hereunder will be construed in accordance with and governed by the laws of the State of Michigan.

14.11 No Limitation on Rights of the Company. The grant of an Award does not and will not in any way affect the right or power of the Company to make adjustments, reclassifications or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

14.12 Participant to Have No Rights as a Shareholder. Before the date as of which he or she is recorded on the books of the Company as the holder of any Shares underlying an Award, a Participant will have no rights as a shareholder with respect to those Shares.

1998 Stock Option Plan
of
STRYKER CORPORATION

As Amended through February 7, 2017
and As Adjusted for the two-for-one stock splits effective May 12, 2000 and May 14, 2004

1 . Purpose. The purpose of the 1998 Stock Option Plan of Stryker Corporation (the "Plan") is to advance the interests of Stryker Corporation (the "Company") and its subsidiaries by providing a larger personal and financial interest in the success of the Company and its subsidiaries to employees and directors upon whose judgment, interest and special efforts the Company and its subsidiaries are dependent for the successful conduct of its and their operations and to enable the Company and its subsidiaries to compete effectively with others for the services of new employees and directors as may be needed for the continued improvement of the enterprise. It is believed that the acquisition of such interest will stimulate the efforts of such employees and directors on behalf of the Company and its subsidiaries and strengthen their desire to continue to serve the Company and its subsidiaries.

2 . Grantees. Options may be granted under this Plan to any employee or director of the Company and its subsidiaries. The employees and directors of the Company and its subsidiaries to whom options are granted and the terms of such options shall be determined by the Compensation Committee appointed pursuant to Section 10 hereof, except that the full Board of Directors, acting by affirmative vote of a majority of the directors then in office, shall make such determinations in the case of directors who are not also employees of the Company or any subsidiary ("Non-Employee Directors"). A grantee may hold more than one option. The number of shares of Common Stock, par value \$.10 per share (the "Common Stock"), of the Company subject to options that may be granted under this Plan in any calendar year to any employee or director shall not exceed 2,000,000 (the "Annual Limit"). To the extent required by Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), shares subject to options that are canceled shall continue to be counted against the Annual Limit.

Nothing contained in this Plan, nor in any option granted pursuant to this Plan, shall confer upon any employee or director any right to the continuation of his or her employment or directorship nor limit in any way the right of the Company or its subsidiaries to terminate such employment or directorship at any time.

As used herein, the term "subsidiary" shall mean any present or future entity that is controlled by the Company, directly or through one or more intermediaries.

3 . Effectiveness and Termination of Plan. This Plan shall become effective upon approval thereof by the holders of a majority of the votes cast at a meeting held, among other things, for such purpose, provided that the total vote cast on the proposal represents over 50% in interest of the Common Stock entitled to vote at the meeting. The date of the meeting at which such approval is given shall be the adoption date of this Plan. This Plan shall terminate on the

earliest of (i) ten (10) years from its adoption date (ii) when all shares of Common Stock that may be issued under this Plan shall have been issued through exercise of options granted under this Plan or (iii) at any earlier time that the Board of Directors may determine.

Any option outstanding under this Plan at the time of its termination shall remain in effect in accordance with its terms and conditions and those of this Plan.

4 . The Common Stock. The aggregate number of shares of Common Stock of the Company that may be issued under this Plan shall consist of 40,000,000 shares, subject to further adjustment as provided in Section 7 hereof. Such number of shares may be set aside out of the authorized but unissued shares of Common Stock of the Company not reserved for any other purpose or out of shares of Common Stock held in or acquired for the treasury of the Company. All or any shares of Common Stock subjected under this Plan to an option that, for any reason, is canceled, terminates, lapses or expires unexercised as to such shares may again be subjected to an option under this Plan. If a grantee pays the purchase price for an option by surrendering previously owned shares of Common Stock to the Company (either by actual delivery or attestation to the ownership) in accordance with the provisions of Section 5(b)(i)(B) herein or pursuant to a net exercise arrangement in accordance with the provisions of Section 5(b)(i)(C) herein or satisfies any tax withholding requirement with respect to any option by having the Company withhold shares of Common Stock or by surrendering shares of Common Stock in accordance with Section 9 herein, then such shares surrendered or withheld to pay the purchase price or used to satisfy such tax withholding requirement shall count against the aggregate number of shares of Common Stock that may be issued under this Plan set forth above in this Section 4.

5. Types of Options and Terms and Conditions.

(a) Options granted under this Plan shall be in the form of (i) incentive stock options as defined in Section 422 of the Code ("incentive stock options") or (ii) options not qualifying under said Section ("nonstatutory stock options").

(b) Options may be granted at any time and from time to time prior to the termination of this Plan. Except as hereinafter provided, all options granted pursuant to this Plan shall be subject to the following terms and conditions:

(i) Price. The purchase price of the shares of Common Stock issuable upon exercise of options granted under this Plan shall be not less than 100% of the fair market value of the Common Stock on the date of the grant of the option. For purposes of this Plan, "fair market value" of the Common Stock shall mean the closing sales price of the Common Stock (or the closing bid, if no sales were reported) as reported on the New York Stock Exchange-Composite Transactions for the last market trading day prior to the time of determination or, if the Common Stock is not then listed on the New York Stock Exchange, the price determined in good faith by the Compensation Committee (or the Board of Directors in the case of options granted to Non-Employee Directors). The purchase price shall be paid in full at the time of exercise by any combination of the methods set forth below. The Compensation Committee (or the Board of Directors in the case of options granted to Non-Employee Directors) shall have the authority to grant options that do not entitle the grantee to use all methods or that require prior written consent

of the Company to use certain of the methods. The methods of payment of the purchase price are: (A) cash, (B) by surrender to the Company (either by actual delivery or attestation to the ownership) of shares of Common Stock with an aggregate fair market value on the date of purchase that is sufficient to cover the aggregate purchase price or (C) by a net exercise arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise by the number of shares of Common Stock with an aggregate fair market value on the date of purchase that is sufficient to cover the aggregate purchase price. The purchase price shall be subject to adjustment, but only as provided in Section 7 hereof.

(ii) Duration and Exercise of Options. Options may be granted for terms of up to but not exceeding ten (10) years from the date the particular option is granted. Options shall be exercisable as provided by the Compensation Committee (or the Board of Directors in the case of options granted to Non-Employee Directors) at the time of grant thereof.

[Note: The lead in to Section 5(b)(iii) and the paragraphs entitled “Retirement,” “Disability or Death” and “Other Reasons” as set forth below apply to options granted on or after February 7, 2006. See the relevant terms and conditions of each option grant for the termination provisions applicable with respect to options granted before that date.]

(iii) Termination of Employment or Service as a Director. Upon the termination of the grantee’s employment or service as a director, except as otherwise provided under terms of a particular grant, his or her rights to exercise an option shall be as follows:

Retirement. If a grantee’s employment or service as a director terminates by reason of retirement, the grantee or the grantee’s estate (in the event of death after such termination) may, at any time prior to the fixed termination date provided in the option, exercise the option with respect to all or any part of the shares of Common Stock subject thereto, regardless of whether the right to purchase such shares had accrued on or before the last day on which the grantee was either an employee or director of the Company or any subsidiary. Anything in this Plan to the contrary notwithstanding, if a grantee were eligible for retirement but ceased to be an employee or director by reason of disability, death or any other reason before such grantee retired, his or her rights to exercise an option shall be as if such grantee’s employment or service as a director ceased by reason of retirement. If an incentive stock option is exercised after the exercise period that is applicable for purposes of Section 422 of the Code, such option shall be treated as a nonstatutory stock option. For purposes of this Plan, “retirement” means termination of employment with or service as a director of the Company and/or its subsidiaries on or after the grantee’s 65th birthday or the grantee’s 60th birthday if the grantee has completed or is otherwise credited with ten (10) years of service as an employee or director of the Company and/or its subsidiaries.

Disability or Death. If a grantee's employment or service as a director of the Company and/or its subsidiaries terminates by reason of disability or death, the grantee or the grantee's estate may, within one year following such termination, exercise the option with respect to all or any part of the shares of Common Stock subject thereto, regardless of whether the right to purchase such shares had accrued on or before the date of such termination. If an incentive stock option is exercised after the exercise period that is applicable for purposes of Section 422 of the Code, such option shall be treated as a nonstatutory stock option. For purposes of this Plan, "disability" means (i) when used in the context of an option other than an incentive stock option, a physical or mental condition that qualifies as a disability under the long-term disability pay plan of the Company and/or its subsidiaries then in effect for United States employees (irrespective of whether the grantee is eligible to participate in such plan), which disability has, in the case of an employee prevented such employee from being in the full-time, active service of the Company and/or its subsidiaries for the entire period of one hundred-eighty (180) days immediately preceding termination of employment; and (ii) when used in the context of an incentive stock option, a physical or mental condition that qualifies as a disability within the meaning of Code Section 22(e)(3).

Other Reasons. If a grantee's employment or service as a director of the Company and/or its subsidiaries terminates for any reason other than retirement, disability or death, the grantee or the grantee's estate (in the event of the grantee's death after such termination) may, within thirty (30) days following such termination, exercise the option with respect to only such number of shares of Common Stock as to which the right of exercise had accrued on or before the termination date unless the Compensation Committee (or the Board of Directors in the case of options granted to Non-Employee Directors) determines that the option shall be exercisable as to a greater portion thereof. Except as otherwise provided in the following sentence, for purposes of the preceding sentence, the termination date means the effective date of termination of a grantee's employment or service as a director. If a grantee is employed outside the United States, the termination date shall be the earliest of (i) the date on which notice of termination of employment is provided to the grantee, (ii) the last day of the grantee's active service with the Company or a subsidiary, or (iii) the last day on which the grantee is an employee of the Company or any subsidiary, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

General. Notwithstanding the foregoing, no option shall be exercisable in whole or in part (A) after the termination date provided in the option, or (B) except as provided in the fourth paragraph of Section 10 or in the event of termination of employment or service as a director because of disability, retirement or death, unless the grantee shall have continued in the employ

of, or to serve as a director of, the Company or one of its subsidiaries for one year following the date the option was granted. A grantee's "estate" shall mean the grantee's legal representatives upon the grantee's death or any person who acquires the right under the laws of descent and distribution to exercise an option by reason of the grantee's death. The Board of Directors or the Compensation Committee may determine that the transfer of employment of one or more employees at the Company's request or with its permission to an entity that has a contractual relation with the Company or one or more of its subsidiaries shall not be deemed a termination of employment for purposes of this Section 5(b)(iii). In the case of a person who is both an employee and a director of the Company, the provisions of this Section 5(b)(iii) shall not apply until such time as such person is neither an employee nor a director of the Company.

(iv) Transferability of Option. Except as otherwise provided herein, options shall be transferable only by will or the laws of descent and distribution and shall be exercisable during the grantee's lifetime only by him or her. A grantee may transfer any nonstatutory stock option granted under this Plan to members of his or her immediate family (defined as a spouse, children and/or grandchildren) or to one or more trusts for the benefit of such family members if the instrument evidencing such option expressly so provides and the grantee does not receive any consideration for the transfer; provided, however, that any such transferred option shall continue to be subject to the same terms and conditions that were applicable to such option immediately prior to its transfer (except that such transferred option may not be further transferred by the transferee during the transferee's lifetime). An option and all rights thereunder shall terminate immediately if the holder attempts to or does sell, assign, transfer, pledge, hypothecate or otherwise dispose of the option or any rights thereunder to any person except as permitted herein.

(v) Surrender of Options. The Compensation Committee (or the Board of Directors in the case of options granted to Non-Employee Directors) may require the surrender of outstanding options as a condition precedent to the grant of new options. Upon each such surrender, the option or options surrendered shall be canceled and the shares of Common Stock of the Company previously subject to the option or options under this Plan shall thereafter be available for the grant of options under this Plan.

(vi) Other Terms and Conditions. Options may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Compensation Committee (or the Board of Directors in the case of options granted to Non-Employee Directors) shall deem appropriate.

(c) Incentive stock options granted pursuant to this Plan shall be subject to all the terms and conditions included in subsection (b) and to the following terms and conditions:

(i) No incentive stock option shall be granted to an individual who is not an employee of the Company or a "subsidiary corporation" as defined in Section 424(f) of the Code;

(ii) No incentive stock option shall be granted to an employee who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company; and

(iii) No incentive stock option may be granted under this Plan if such grant, together with any applicable prior grants that are incentive stock options within the meaning of Section 422(b) of the Code, would exceed any maximum established under the Code for incentive stock options that may be granted to an individual employee.

6 . Rights of a Shareholder. A recipient of an option shall have no rights as a shareholder with respect to any shares issuable or transferable upon exercise thereof until the date of issuance of a stock certificate for such shares. Except as otherwise provided pursuant to Section 7 hereof, no adjustment shall be made for dividends or other rights for which the record date is prior to the date of such stock certificate.

7. Adjustment of and Changes in Common Stock. In the event that the shares of Common Stock of the Company, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or if the number of such shares of Common Stock shall be increased through the payment of a stock dividend or a dividend on the shares of Common Stock of rights or warrants to purchase securities of the Company shall be made, then there shall be substituted for or added to each share of Common Stock theretofore appropriated or thereafter subject or that may become subject to an option under this Plan, the number and kind of shares of stock or other securities into which each outstanding share of Common Stock of the Company shall be so changed, or for which each such share shall be exchanged, or to which each such share shall be entitled, as the case may be, and references herein to the Common Stock shall be deemed to be references to any such stock or other securities as appropriate. Outstanding options shall also be appropriately amended as to price and other terms as may be necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding shares of the Common Stock of the Company, or of any stock or other securities into which such Common Stock shall have been changed or for which it shall have been exchanged, then if the Board of Directors shall, in its sole discretion, determine that such change equitably requires an adjustment in any option theretofore granted or that may be granted under this Plan, such adjustments shall be made in accordance with such determination. Fractional shares resulting from any adjustment in options pursuant to this Section 7 may be settled in cash or otherwise as the Board of Directors shall determine. Notice of any adjustment shall be given by the Company to each holder of an option that shall have been so adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes of this Plan.

8. Securities Act Requirements. No option granted pursuant to this Plan shall be exercisable in whole or in part, and the Company shall not be obligated to sell any shares of Common Stock subject to any such option, if such exercise and sale would, in the opinion of counsel for the Company, violate the Securities Act of 1933 (or other Federal or State statutes having similar requirements), as in effect at that time. Each option shall be subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the shares of Common Stock subject to such option under any securities

exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the issue of shares thereunder, such option may not be exercised in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

9 . Withholding. Appropriate provision, which may include the election by the grantee to have the Company withhold from the Common Stock to be issued upon exercise of an option a number of shares having an aggregate fair market value that is determined by the Company to be appropriate to cover up to the maximum tax withholding amount or to surrender to the Company (either by actual delivery or attestation to the ownership) of shares of Common Stock already owned having an aggregate fair market value to satisfy the desired withholding amount, shall be made for all taxes required to be withheld from shares of Common Stock issued under this Plan under the applicable laws or other regulations of any governmental authority, whether federal, state or local, and domestic or foreign. To that end, the Company may at any time take such steps as it may deem necessary or appropriate (including sale or retention of shares) to provide for payment of such taxes.

10 . Administration and Amendment of Plan. The Board of Directors shall appoint a Compensation Committee composed of two or more directors. The Board of Directors (but not the Compensation Committee) may from time to time remove members from such Committee or add members thereto, and vacancies in such Committee, however caused, shall be filled by the Board. The Compensation Committee (or the Board of Directors in the case of options granted to Non-Employee Directors) from time to time may adopt rules and regulations for carrying out this Plan. The interpretation and construction by the Compensation Committee (or the Board of Directors in the case of options granted to Non-Employee Directors) of any provision of this Plan or any option granted pursuant hereto shall be final and conclusive. No member of the Compensation Committee or the Board of Directors shall be liable for any action or determination made in good faith with respect to this Plan or any option granted pursuant thereto. Subject to the terms and conditions of this Plan, the Compensation Committee (or the Board of Directors in the case of options granted to Non-Employee Directors) may modify, extend or renew outstanding options granted under this Plan, or accept the surrender of outstanding options (to the extent not already exercised) and grant new options in substitution of them (to the extent not already exercised). The Compensation Committee (or the Board of Directors in the case of options granted to Non-Employee Directors) will not, however, modify any outstanding option so as to specify a lower purchase price or cancel any outstanding option and issue a new option in its place with a lower purchase price, without the approval of the Company's shareholders. Notwithstanding the foregoing, no modification of an option will materially alter or impair any right or obligation under any option already granted under this Plan, without the prior written consent of the grantee.

Subject to the terms of this Plan and terms and limitations as the Compensation Committee shall determine, the Compensation Committee may delegate its authority to grant options to employees to the Company's Chief Executive Officer, subject to an annual limit per employee of 10,000 shares of Common Stock of the Company subject to options, except that no such delegation may be made in the case of options granted to persons who are subject to the provisions of Section 16 of the Exchange Act or in the case of option grants intended to be qualified under Section 162(m) of the Code. The annual limit described in the preceding sentence shall be subject to

adjustment as provided in Section 7. To the extent that the Compensation Committee delegates its authority as provided by this Section 10, all references in this Plan to the Compensation Committee's authority to grant options shall be deemed to include the Chief Executive Officer.

The Board of Directors (but not the Compensation Committee) may from time to time make such changes in and additions to this Plan as it may deem proper and in the best interests of the Company, without further action on the part of the shareholders of the Company except as required by law, regulation or by the rules of the principal trading market of the Company's Common Stock at that time; provided, however, that, unless the shareholders of the Company shall have first approved thereof (i) except as provided in Section 7 hereof, the total number of shares of Common Stock subject to this Plan and the Annual Limit shall not be increased and the minimum purchase price shall not be changed, (ii) no option shall be exercisable more than ten (10) years after the date it is granted and (iii) the expiration date of this Plan shall not be extended.

The Board of Directors shall have the power, in the event of any disposition of substantially all of the assets of the Company, its dissolution or of any consolidation or merger of the Company with or into any other corporation, to amend all outstanding options to permit the exercise of all such options prior to the effectiveness of any such transaction and to terminate such options as of such effectiveness. If the Board of Directors shall exercise such power, all options then outstanding and subject to such requirement shall be deemed to have been amended to permit the exercise thereof in whole or in part by the grantee at any time or from time to time as determined by the Board of Directors prior to the effectiveness of such transaction and such options shall be deemed to terminate upon such effectiveness.

11. Breach of Restrictive Covenants. The terms of an option grant may provide that, notwithstanding any other provision of this Plan to the contrary, if the grantee breaches any noncompetition, nonsolicitation or nondisclosure provision or provision as to the Company's ownership of inventions contained in the grant or otherwise required as a condition to a grant, whether during or after termination of employment or service as a director of the Company or any of its subsidiaries, the grantee will forfeit such option or the shares issued upon exercise thereof (in which case the Company will repay the lesser of the option price or the then fair market value of a share of Common Stock) or pay to the Company any gain realized as a result of the disposition of shares of Common Stock issued upon exercise, all as provided in the terms of a particular grant.



Kevin A. Lobo

Chairman and CEO

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Personal and confidential

February 8, 2017

First Name Last Name

Dear First Name:

I am pleased to inform you that you are one of a select group of individuals receiving a stock option award in 2017. We use these awards to reward performers who we believe will be key contributors to our growth well into the future. The total Award Date Value (ADV) of your awards is approximately \$xx,xxx.

We are awarding you a nonstatutory stock option for xxx shares of Stryker Corporation Common Stock at a price of \$xx.xx per share. Except as otherwise provided in the Terms and Conditions, you may exercise this option at 20% per year beginning on February 8, 2018, and it will expire on February 7, 2027.

You must "Accept" the award online via the UBS One Source web site located at www.ubs.com/onesource/SYK between March 1 and March 31, 2017. The detailed terms of the option are in the Terms and Conditions, any applicable country addendum and the provisions of the Company's 2011 Long-Term Incentive Plan. Those documents, together with the related Prospectus, are available on the UBS One Source web site, and you should read them before accepting the award.

You can find additional educational materials on the UBS One Source web site in the Library section, including Stock Option brochures, Stock Option Frequently Asked Questions and Stock Option Tax Questions & Answers.

Stryker's success makes it possible for us to invest in people like you. Thank you for your efforts in helping us deliver great results. With your help, I look forward to another successful year.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Lobo".

Kevin A. Lobo
Chairman and CEO

STRYKER CORPORATION

TERMS AND CONDITIONS

RELATING TO NONSTATUTORY STOCK OPTIONS GRANTED PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN, AS AMENDED AND RESTATED

1. The Options to purchase Shares of Stryker Corporation (the “Company”) granted to you during 2017 are subject to these Terms and Conditions Relating to Nonstatutory Stock Options Granted Pursuant to the 2011 Long-Term Incentive Plan, as Amended and Restated (the “Terms and Conditions”) and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as Amended and Restated (the “2011 Plan”), which is incorporated herein by reference. In the case of a conflict between these Terms and Conditions and the terms of the 2011 Plan, the provisions of the 2011 Plan will govern. Capitalized terms used but not defined herein have the meaning provided therefor in the 2011 Plan. For purposes of these Terms and Conditions, “Employer” means the Company or any Subsidiary that employs you on the applicable date.

2. Upon the termination of your employment with your Employer, your right to exercise the Options shall be only as follows:

(a) If your employment is terminated by Retirement (as such term is defined in the 2011 Plan or determined under local law), you or your estate (in the event of your death after your termination by Retirement) shall have the right, at any time on or prior to the 10th anniversary of the grant date, to exercise the Options with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase Shares had vested on or before the date of your termination by Retirement.

(b) If your employment is terminated by reason of Disability (as such term is defined in the 2011 Plan or determined under local law) or death, you, your legal representative or your estate shall have the right, for a period of one year following such termination, to exercise the Options with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase such Shares had vested on or before the date of your termination by Disability or death.

(c) If you cease to be an Employee for any reason other than those provided in (a) or (b) above, you or your estate (in the event of your death after such termination) may, within the thirty (30)-day period following such termination, exercise the Options with respect to only such number of Shares as to which the right of exercise had vested on or before the Termination Date. If you are a resident of or employed in the United States, “Termination Date” shall mean the effective date of termination of your employment with your Employer. If you are resident or employed outside of the United States, “Termination Date” shall mean the earliest of (i) the date on which notice of termination is provided to you, (ii) the last day of your active service with your Employer or (iii) the last day on which you are an Employee of your Employer, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

(d) Notwithstanding the foregoing, the Options shall not be exercisable in whole or in part (i) after the 10th anniversary of the grant date or (ii) except as provided in Section 3(c) hereof or in the event of termination of employment because of Disability, Retirement or death, unless you shall have continued in the employ of the Company or one of its Subsidiaries for one (1) year following the date of grant of the Options.

(e) Notwithstanding the foregoing, if you are eligible for Retirement but cease to be an Employee for any other reason before you retire, the right to exercise the Options shall be determined as if your employment ceased by reason of Retirement.

(f) If you are both an Employee and a Director, the provisions of this Section 2 shall not apply until such time as you are neither an Employee nor a Director.

3. The number of Shares subject to the Options and the price to be paid therefor shall be subject to adjustment and the term and exercise dates hereof may be accelerated as follows:

(a) In the event that the Shares, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or if the number of such Shares shall be increased through the payment of a stock dividend or a dividend on the Shares of rights or warrants to purchase securities of the Company shall be made, then there shall be substituted for or added to each Share theretofore subject to the Options the number and kind of shares of stock or other securities into which each outstanding Share shall be so changed, or for which each such Share shall be exchanged, or to which each such Share shall be entitled. The Options shall also be appropriately amended as to price and other terms as may be necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding Shares, or of any stock or other securities into which such Common Stock shall have been exchanged, then if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the Options, such adjustment shall be made in accordance with such determination.

(b) Fractional Shares resulting from any adjustment in the Options may be settled in cash or otherwise as the Committee shall determine, in its sole discretion. Notice of any adjustment will be given to you and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes hereof.

(c) The Committee shall have the power to amend the Options to permit the exercise of the Options (and to terminate any unexercised Options) prior to the effectiveness of (i) any disposition of substantially all of the assets of the Company or your Employer, (ii) the shutdown, discontinuance of operations or dissolution of the Company or your Employer, or (iii) the merger or consolidation of the Company or your Employer with or into any other unrelated corporation.

4. To exercise the Options, you must complete the on-line exercise procedures as established through UBS, the outsourced stock plan administration vendor, at www.ubs.com/onesource/SYK or by telephone at +1 860 727 1515 (or such other direct dial-in number that may be established from time to time). As part of such procedures, you shall be required to specify the number of Shares that you elect to purchase and the date on which such purchase is to be made, and you shall be required to make full

payment of the Exercise Price. An Option shall not be deemed to have been exercised (i.e., the exercise date shall not be deemed to have occurred) until the notice of such exercise and payment in full of the Exercise Price are provided. The exercise date will be defined by the New York Stock Exchange (NYSE) trading hours. If an exercise is completed after the market close or on a weekend, the exercise will be dated the next following trading day.

The Exercise Price may be paid in such manner as the Committee may specify from time to time in its sole discretion and as established through UBS, including (but not limited to) the two following methods: (i) by a net exercise arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares with an aggregate Fair Market Value on the date of purchase sufficient to cover the aggregate Exercise Price or (ii) cash payment. In cases where you utilize the net exercise arrangement and the Fair Market Value of the number of whole Shares withheld is greater than the aggregate Exercise Price, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable.

5. Regardless of any action the Company and/or your Employer take with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and your Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including the grant of the Options, the vesting of the Options, the exercise of the Options, the subsequent sale of any Shares acquired pursuant to the Options and the receipt of any dividends and (ii) do not commit to structure the terms of the grant or any aspect of the Options to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country between the grant date and the date of any relevant taxable or tax withholding event, as applicable, 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 country.

Prior to the delivery of Shares upon exercise of your Options, if your country of residence (and/or your country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold a number of whole Shares otherwise issuable upon exercise of the Options that have an aggregate Fair Market Value that the Company, taking into account local requirements and administrative issues, determines in its sole discretion is appropriate to cover withholding for Tax-Related Items with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. In cases where the Fair Market Value of the number of whole Shares withheld at the time of exercise is greater than the amount required to be paid to the relevant government authorities with respect to withholding for Tax-Related Items, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. Alternatively, your Employer may withhold the Tax-Related Items required to be withheld with respect to the Shares in cash from your regular salary and/or wages or other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares or through your regular salary and/or wages or any other amounts payable to you by your Employer, no Shares will be issued to you (or your estate) upon exercise of the Options unless and until satisfactory arrangements (as determined by the Board of Directors) have been made by you with respect to the payment of any Tax-Related Items that the Company or your Employer determines, in its sole discretion, should be

withheld or collected with respect to such Options. By accepting these Options, you expressly consent to the withholding of Shares and/or withholding from your regular salary and/or wages or other amounts payable to you as provided for hereunder. All other Tax-Related Items related to the Options and any Shares delivered in payment thereof are your sole responsibility.

6. The Options are intended to be exempt from the requirements of Code Section 409A. The 2011 Plan and these Terms and Conditions shall be administered and interpreted in a manner consistent with this intent. If the Company determines that these Terms and Conditions are subject to Code Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion and without your consent, amend these Terms and Conditions to cause them to comply with Code Section 409A or be exempt from Code Section 409A.

7. If you were required to sign the "Stryker Confidentiality, Intellectual Property, Non-Competition and Non-Solicitation Agreement" or a similar agreement in order to receive the Options or have previously signed such an agreement and you breach any non-competition, non-solicitation or non-disclosure provision or provision as to ownership of inventions contained therein at any time while employed by the Company or a subsidiary or during the one-year period following termination of employment, any unexercised portion of the Options shall be rescinded and you shall return to the Company all Shares that were acquired upon exercise of the Options that you have not disposed of and the Company shall repay you an amount for each such Share equal to the lesser of the Exercise Price or the Fair Market Value of a Share at such time. Further, you shall pay to the Company an amount equal to the profit realized by you (if any) on all Shares that were acquired upon exercise of the Options that you have disposed of. For purposes of the preceding sentence, the profit shall be the positive difference between the Fair Market Value of the Shares at the time of disposition and the Exercise Price.

8. The Options shall be transferable only by will or the laws of descent and distribution and shall be exercisable during your lifetime only by you. If you purport to make any transfer of the Options, except as aforesaid, the Options and all rights thereunder shall terminate immediately.

9. If you are resident or employed outside of the United States, you agree, as a condition of the grant of the Options, to repatriate all payments attributable to the Shares and/or cash acquired under the 2011 Plan (including, but not limited to, dividends and any proceeds derived from the sale of the Shares acquired pursuant to the Options) if required by and in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence (and country of employment, if different).

10. If you are resident or employed in a country that is a member of the European Union, the grant of the Options and these Terms and Conditions are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of these Terms and Conditions is invalid or unenforceable, in whole or in part, under the

Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

11. The Options shall not be exercisable in whole or in part, and the Company shall not be obligated to issue any Shares subject to the Options, if such exercise and sale would, in the opinion of counsel for the Company, violate the Securities Act of 1933 or any other U.S. federal, state or non-U.S. statute having similar requirements as it may be in effect at the time. The Options are subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to the Options under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the issuance of Shares pursuant to the Options, the Options may not be exercised in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

12. The grant of the Options shall not confer upon you any right to continue in the employ of your Employer nor limit in any way the right of your Employer to terminate your employment at any time. You shall have no rights as a shareholder of the Company with respect to any Shares issuable upon the exercise of the Options until the date of issuance of such Shares.

13. You acknowledge and agree that the 2011 Plan is discretionary in nature and may be amended, cancelled or terminated by the Company, in its sole discretion, at any time. The grant of the Options under the 2011 Plan is a one-time benefit and does not create any contractual or other right to receive a grant of stock options or benefits in lieu of stock options in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of Shares subject to the grant, the vesting provisions and the exercise price. Any amendment, modification or termination of the 2011 Plan shall not constitute a change or impairment of the terms and conditions of your employment with your Employer.

14. Your participation in the 2011 Plan is voluntary. The value of the Options and any other awards granted under the 2011 Plan is an extraordinary item of compensation outside the scope of your employment (and your employment contract, if any). Any grant under the 2011 Plan, including the grant of the Options, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.

15. These Terms and Conditions shall bind and inure to the benefit of the Company, its successors and assigns and you and your estate in the event of your death.

16. The Options are Nonstatutory Stock Options and shall not be treated as Incentive Stock Options.

17. The Company and your Employer hereby notify you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the grant of the Options and your participation in the 2011 Plan pursuant to applicable personal data protection laws. The collection, processing and transfer of your personal data is necessary for the Company's

administration of the 2011 Plan and your participation in the 2011 Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your ability to participate in the 2011 Plan. As such, you voluntarily acknowledge, consent and agree (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and your Employer hold certain personal information about you, including (but not limited to) your name, home address and telephone number, date of birth, social security number or other employee identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor for the purpose of managing and administering the 2011 Plan (“Data”). The Data may be provided by you or collected, where lawful, from third parties, and the Company and your Employer will process the Data for the exclusive purpose of implementing, administering and managing your participation in the 2011 Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company’s organization only by those persons requiring access for purposes of the implementation, administration and operation of the 2011 Plan and for your participation in the 2011 Plan.

The Company and your Employer will transfer Data as necessary for the purpose of implementation, administration and management of your participation in the 2011 Plan, and the Company and your Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2011 Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. You hereby authorize (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the 2011 Plan, including any requisite transfer of such Data as may be required for the administration of the 2011 Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the 2011 Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data, and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the 2011 Plan and your participation in the 2011 Plan. You may seek to exercise these rights by contacting your local HR manager.

18. The grant of the Options is not intended to be a public offering of securities in your country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise you on whether you should purchase Shares under the 2011 Plan or provide you with any legal, tax or financial advice with respect to the grant of your Options. Investment in Shares involves a degree of risk. Before**

deciding to purchase Shares pursuant to the Options, you should carefully consider all risk factors and tax considerations relevant to the acquisition of Shares under the 2011 Plan or the disposition of them. Further, you should carefully review all of the materials related to the Options and the 2011 Plan, and you should consult with your personal legal, tax and financial advisors for professional advice in relation to your personal circumstances.

19. All questions concerning the construction, validity and interpretation of the Options and the 2011 Plan shall be governed and construed according to the laws of the state of Michigan, without regard to the application of the conflicts of laws provisions thereof. Any disputes regarding the Options or the 2011 Plan shall be brought only in the state or federal courts of the state of Michigan.

20. The Company may, in its sole discretion, decide to deliver any documents related to the Options or other awards granted to you under the 2011 Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the 2011 Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

21. The invalidity or unenforceability of any provision of the 2011 Plan or these Terms and Conditions shall not affect the validity or enforceability of any other provision of the 2011 Plan or these Terms and Conditions.

22. If you are resident outside of the United States, you acknowledge and agree that it is your express intent that these Terms and Conditions, the 2011 Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Options be drawn up in English. If you have received these Terms and Conditions, the 2011 Plan or any other documents related to the Options translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

23. Notwithstanding any provisions of these Terms and Conditions to the contrary, the Options shall be subject to any special terms and conditions for your country of residence (and country of employment, if different) set forth in an addendum to these Terms and Conditions (an "Addendum"). Further, if you transfer your residence and/or employment to another country reflected in an Addendum to these Terms and Conditions at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, any applicable Addendum shall constitute part of these Terms and Conditions.

24. The Company reserves the right to impose other requirements on the Options, any Shares acquired pursuant to the Options and your participation in the 2011 Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

25. **This Section 25 applies only to those persons whom the Company's Recoupment Policy applies (the corporate officers elected by the Company's Board of Directors other than Assistant Controllers, Assistant Secretaries and Assistant Treasurers).** Notwithstanding any other provision of this Agreement to the contrary, you acknowledge and agree that your Options, any Shares acquired pursuant thereto and/or any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's Recoupment Policy as in effect on the date of grant (a copy of which has been furnished to you) and as the Recoupment Policy may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to such Options and Shares. You agree and consent to the Company's application, implementation and enforcement of (a) the Recoupment Policy and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation and expressly agree that the Company may take such actions as are necessary to effectuate the Recoupment Policy (as applicable to you) or applicable law without further consent or action being required by you. For purposes of the foregoing, you expressly and explicitly authorize the Company to issue instructions, on your behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold your Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company. To the extent that the terms of this Agreement and the Recoupment Policy conflict, the terms of the Recoupment Policy shall prevail.

26. **By accepting the grant of Options, you acknowledge that you have read these Terms and Conditions, the Addendum to these Terms and Conditions (as applicable) and the 2011 Plan and specifically accept and agree to the provisions therein.**

STRYKER CORPORATION
ADDENDUM TO
TERMS AND CONDITIONS
RELATING TO NONSTATUTORY STOCK OPTIONS GRANTED
PURSUANT TO THE 2011 PLAN, AS AMENDED AND RESTATED

In addition to the terms of the 2011 Plan and the Terms and Conditions, the Options are subject to the following additional terms and conditions (the "Addendum"). All capitalized terms as contained in this Addendum shall have the same meaning as set forth in the 2011 Plan and the Terms and Conditions. Pursuant to Section 23 of the Terms and Conditions, if you transfer your residence and/or employment to another country reflected in an Addendum at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

ARGENTINA

1. Net Exercise Only. Notwithstanding anything in Section 4 or Section 5 of the Terms and Conditions to the contrary, if you are a local national of Argentina, you may exercise the Options only by means of a net exercise arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares with an aggregate Fair Market Value on the date of purchase sufficient to cover the aggregate Exercise Price and any Tax-Related Items.

AUSTRALIA

1. Options Conditioned on Satisfaction of Regulatory Obligations. If you are (a) a director of a Subsidiary incorporated in Australia, or (b) a person who is a management-level executive of a Subsidiary incorporated in Australia and who also is a director of a Subsidiary incorporated outside of the Australia, the grant of the Options is conditioned upon satisfaction of the shareholder approval provisions of section 200B of the Corporations Act 2001 (Cth) in Australia.

The Australian Offer Document can be accessed at [UBS INSERT LINK HERE]

BELGIUM

Name: _____ **Number of Shares:** _____

Date of Grant: _____ **Exercise Price:** _____

1. Acceptance of Options. For the Options to be subject to taxation at the time of grant, you must affirmatively accept the Options in writing within 60 days of the date of grant specified above by signing below and returning this original executed Addendum to:

Stock Plan Administration Department

2825 Airview Blvd.
Kalamazoo, Michigan 49002 (U.S.A)

I hereby accept the _____ (number) Options granted to me by the Company on the date of grant. I also acknowledge that I have been encouraged to discuss the acceptance of the Options and the applicable tax treatment with a financial and/or tax advisor, and that my decision to accept the Options is made with full knowledge of the applicable consequences.

Employee Signature: _____

Employee Printed Name: _____

Date of Acceptance: _____

If you fail to affirmatively accept the Options in writing within 60 days of the date of grant, the Options will not be subject to taxation at the time of grant but instead will be subject to taxation on the date you exercise the Options (or such other treatment as may apply under Belgian tax law at the time of exercise).

2. Payment of Exercise Price Limited to Cash Payment. Notwithstanding anything to the contrary in Section 4 of the Terms and Conditions, you shall be permitted to pay the Exercise Price only by means of a cash payment (and the net exercise method shall not be permitted).

3. Undertaking for Qualifying Options. If you are accepting the Options in writing within 60 days of the date of grant and wish to have the Options subject to a lower valuation for Belgium tax purposes pursuant to the article 43, §6 of the Belgian law of 26 March 1999, you may agree and undertake to (a) not exercise the Options before the end of the third calendar year following the calendar year in which the date of grant falls, and (b) not transfer the Options under any circumstances (except on rights your heir might have in the Options upon your death). If you wish to make this undertaking, you must sign below and return this executed Addendum to the address listed above.

Employee Signature: _____

Employee Printed Name: _____

BRAZIL

1. Labor Law Acknowledgment. By accepting the Options, you acknowledge and agree, for all legal purposes, that (a) the benefits provided under the Terms and Conditions and the 2011 Plan are the result of commercial transactions unrelated to your employment; (b) the Terms and Conditions and the 2011 Plan are not a part of the terms and conditions of your employment; and (c) the income from the Options, if any, is not part of your remuneration from employment.

2. Compliance with Law. By accepting the Options, you acknowledge and agree your agreement to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the exercise of the Options, the issuance and/or sale of Shares acquired under the Plan and the receipt of any dividends.

CANADA

1. No Exercise by Using Previously Owned Shares. Notwithstanding anything in Section 4 of the Terms and Conditions to the contrary, if you are resident in Canada, you shall not be permitted to use previously-owned Shares for exercising the Options.

2. Use of English Language. If you are a resident of Quebec, by accepting the Options, you acknowledge and agree that it is your express wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your Option, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de votre Options, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de votre Option, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM. PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2017 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

DENMARK

1. Treatment of Options upon Termination of Employment. Notwithstanding any provision in the Terms and Conditions or the Plan to the contrary, unless you are a member of registered management who is not considered a salaried employee, the treatment of the Option upon a termination of service which is not a result of death shall be governed by Sections 4 and 5 of the Danish Act on Stock Option in Employment Relations. However, if the provisions in the Terms and Conditions or the Plan governing the treatment of the Option upon a termination of service are more favorable, then the provisions of the Award Certificate or the Plan will govern.

FINLAND

1. Withholding of Tax-Related Items. Notwithstanding anything in Section 5 of the Terms and Conditions to the contrary, if you are a local national of Finland, any Tax-Related Items shall be withheld only in cash from your regular salary/wages or other amounts payable to you in cash or such other withholding methods as may be permitted under the 2011 Plan and allowed under local law.

FRANCE

1. Use of English Language. By accepting the Options, you acknowledge and agree that it is your express wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your Option, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de votre Option, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de votre Option, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2017 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

HONG KONG

1. Lapse of Restrictions. If, for any reason, Shares are issued to you within six (6) months of the grant date, you agree that you will not sell or otherwise dispose of any such Shares prior to the six-month anniversary of the grant date.

MEXICO

1. Commercial Relationship. You expressly recognize that your participation in the 2011 Plan and the Company's grant of the Options do not constitute an employment relationship between you and the Company. You have been granted the Options as a consequence of the commercial relationship between the Company and the Subsidiary in Mexico that employs you, and the Company's Subsidiary in Mexico is your sole employer. Based on the foregoing, (a) you expressly recognize the 2011 Plan and the benefits you may derive from your participation in the 2011 Plan do not establish any rights between you and the Company's Subsidiary in Mexico that employs you, (b) the 2011 Plan and the benefits you may derive from your participation in the 2011 Plan are not part of the employment conditions and/or benefits provided by the Company's Subsidiary in Mexico that employs you, and (c) any modification or amendment of the 2011 Plan by the Company, or a termination of the 2011 Plan by the Company, shall not constitute a change or impairment of the terms and conditions of your employment with the Company's Subsidiary in Mexico that employs you.

2. Extraordinary Item of Compensation. You expressly recognize and acknowledge that your participation in the 2011 Plan is a result of the discretionary and unilateral decision of the Company, as well as your free and voluntary decision to participate in the 2011 Plan in accord with the terms and conditions of the 2011 Plan, the Terms and Conditions, and this Addendum. As such, you acknowledge and agree that the Company may, in its sole discretion, amend and/or discontinue your participation in

the 2011 Plan at any time and without any liability. The value of the Options is an extraordinary item of compensation outside the scope of your employment contract, if any. The Options are not part of your regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of the Company's Subsidiary in Mexico that employs you.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2017 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

NETHERLANDS

1. Waiver of Termination Rights. As a condition to the grant of the Options, you hereby waive any and all rights to compensation or damages as a result of the termination of your employment with the Company and the Employer for any reason whatsoever, insofar as those rights result or may result from (a) the loss or diminution in value of such rights or entitlements under the 2011 Plan, or (b) you ceasing to have rights under or ceasing to be entitled to any awards under the 2011 Plan as a result of such termination.

NEW ZEALAND

1. WARNING. You are being offered Options in Stryker Corporation. If the Company runs into financial difficulties and is wound up, 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 requires those offering financial products to have disclosed information that is important for investors to make an informed decision. The usual rules do not apply to this offer because it is an offer made under the Employee Share Scheme exemption. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment. You should ask questions, read all documents carefully, and seek independent financial advice before accepting the offer. The Company's Shares are currently traded on the New York Stock Exchange under the ticker symbol "SYK" and Shares acquired under the Plan may be sold through this exchange. You may end up selling the Shares at a price that is lower than the value of the Shares when you acquired them. The price will depend on the demand for the Company's Shares. *The Company's most recent annual report (which includes the Company's financial statements) is available at <http://phx.corporate-ir.net/phoenix.zhtml?c=118965&p=irol-irhome>. You are entitled to receive a copy of this report, free of charge, upon written request to the Company at STOCKPLANADMINISTRATION@STRYKER.COM.*

SINGAPORE

1. Qualifying Person Exemption. The following provision shall replace Section 18 of the Terms and Conditions:

The grant of the Options under the 2011 Plan is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2011 Ed.) (“SFA”). The 2011 Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that, as a result, the Options are subject to section 257 of the SFA and you will not be able to make (a) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the Options in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289, 2011 Ed.).

SOUTH AFRICA

1. Withholding Taxes. The following provision supplements Section 5 of the Terms and Conditions: By accepting the Options, you agree to notify your Employer in South Africa of the amount of any gain realized upon exercise of the Options. If you fail to advise the Company of the gain realized upon exercise, you may be liable for a fine. You will be responsible for paying any difference between the actual tax liability and the amount withheld.

2. Exchange Control Obligations. You are solely responsible for complying with applicable exchange control regulations and rulings (the “Exchange Control Regulations”) in South Africa. As the Exchange Control Regulations change frequently and without notice, you should consult your legal advisor prior to the acquisition or sale of Shares under the 2011 Plan to ensure compliance with current Exchange Control Regulations. Neither the Company nor any of its Subsidiaries will be liable for any fines or penalties resulting from your failure to comply with applicable laws.

3. Securities Law Information and Deemed Acceptance of Options. Neither the Options nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority. Pursuant to Section 96 of the Companies Act, the Options offer must be finalized on or before the 60th day following the grant date. If you do not want to accept the Options, you are required to decline the Options no later than the 60th day following the grant date. If you do not reject the Options on or before the 60th day following the grant date, you will be deemed to accept the Options.

SOUTH KOREA

1. Consent to Collection, Processing and Transfer of Personal Data. By electronically accepting the Terms and Conditions, you agree to the collection, use, processing and transfer of Data as described in Section 17 of the Terms and Conditions; and you agree to the processing of your unique identifying information (resident registration number) as described in Section 17 of the Terms and Conditions.

SPAIN

1. Acknowledgement of Discretionary Nature of the 2011 Plan; No Vested Rights. In accepting the Options, you acknowledge that you consent to participation in the 2011 Plan and have received a copy of the 2011 Plan. You understand that the Company has unilaterally, gratuitously and in its sole discretion granted Options under the 2011 Plan to individuals who may be employees of the Company or its Subsidiaries throughout the world. 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 of its Subsidiaries on an ongoing basis. Consequently, you understand that the Options are granted on the assumption and condition that the Options and the Shares acquired upon exercise of the Options shall not become a part of any employment contract (either with the Company or any of its Subsidiaries) 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 this grant would not be made to you but for the assumptions and conditions referenced 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, the Options shall be null and void.

You understand and agree that, as a condition of the grant of the Options, any unvested Options as of the date you cease active employment and any vested portion of the Options not exercised within the post-termination exercise period set out in the Terms and Conditions will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of the termination of employment by reason of, but not limited to, (i) material modification of the terms of employment under Article 41 of the Workers' Statute or (ii) relocation under Article 40 of the Workers' Statute. You acknowledge that you have read and specifically accept the conditions referred to in the Terms and Conditions regarding the impact of a termination of employment on your Options.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2017 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

SWEDEN

1. Exercise by Cash Payment Only. Notwithstanding anything in Section 4 of the Terms and Conditions to the contrary, if you are a local national of Sweden, you may exercise the Options only by means of a cash payment or such other methods as may be permitted under the 2011 Plan and allowed under local law.

2. Withholding of Tax-Related Items. Notwithstanding anything in Section 5 of the Terms and Conditions to the contrary, if you are a local national of Sweden, any Tax-Related Items shall be withheld only in cash from your regular salary/wages or other amounts payable to you in cash, or such other withholding methods as may be permitted under the 2011 Plan and allowed under local law.

UNITED KINGDOM

1. No Exercise by Using Existing Shares. Notwithstanding anything in Section 4 of the Terms and Conditions to the contrary, if you are resident in the United Kingdom, you shall not be permitted to use existing Shares for exercising the Options and paying the Exercise Price.

2. Income Tax and Social Insurance Contribution Withholding. The following provision shall replace Section 5 of the Terms and Conditions:

(a) Regardless of any action the Company or the Employer takes with respect to any or all income tax, primary and secondary Class 1 National Insurance contributions, payroll tax, payment on account or other tax-related withholding attributable to or payable in connection with or pursuant to the grant or exercise of the Options and the acquisition of Shares, or the release or assignment of the Options for consideration, or the receipt of any other benefit in connection with the Options ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility. Furthermore, the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including the grant or exercise of the Options and the acquisition of Shares, the subsequent sale of any Shares acquired upon exercise and the receipt of any dividends; and (b) do not commit to structure the terms of the grant or any aspect of the Options to reduce or eliminate your liability for Tax-Related Items.

(b) As a condition of the issuance of Shares (or cash payment) upon exercise of the Options, the Company and/or the Employer shall be entitled to withhold and you agree to pay, or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy, all obligations of the Company and/or the Employer to account to HM Revenue & Customs ("HMRC") for any Tax-Related Items. In this regard, you authorize the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by you from any salary/wages or other cash compensation payable to you. Alternatively, or in addition, you authorize the Company and/or the Employer, taking into account local requirements and administrative issues, pursuant to such procedures as it may specify from time to time, to satisfy the obligations with regard to all Tax-Related Items legally payable by you by one of the following: (a) having the Company withhold from the Shares to be issued upon exercise of the Options a number of whole Shares having an aggregate Fair Market Value that would satisfy the withholding amount, provided, however, that in no event may the whole number of Shares withheld in the case of this clause (a) exceed the applicable statutory maximum withholding rates (if any); or (b) in cash. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described herein, you shall be deemed to have been issued the full number of Shares subject to the Options, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Options.

(c) If, by the date on which the event giving rise to the Tax-Related Items occurs (the "Chargeable Event"), you have relocated to a jurisdiction other than the United Kingdom, you

acknowledge that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction, including the United Kingdom. You also agree that the Company and the Employer may determine the amount of Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right which you may have to recover any overpayment from the relevant tax authorities.

(d) You shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to account to HMRC with respect to the Chargeable Event that cannot be satisfied by the means previously described. If payment or withholding is not made within 90 days of the Chargeable Event or within 90 days after the end of the UK tax year in which the Chargeable Event occurs or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), you agree that the amount of any uncollected Tax-Related Items shall (assuming you are not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), constitute a loan owed by you to the Employer, effective on the Due Date. You agree that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to above. If any of the foregoing methods of collection are not allowed under applicable laws or if you fail to comply with your obligations in connection with the Tax-Related Items as described in this section, the Company may refuse to deliver the Shares acquired under the 2011 Plan.

3. Exclusion of Claim. You acknowledge and agree that you will have no entitlement to compensation or damages in consequence of the termination of your employment with the Company and the Subsidiary that employs you for any reason whatsoever and whether or not in breach of contract, insofar as any purported claim to such entitlement arises or may arise from your ceasing to have rights under or to be entitled to exercise the Options as a result of such termination of employment (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the Options. Upon the grant of the Options, you shall be deemed irrevocably to have waived any such entitlement.

**Kevin A. Lobo****Chairman and CEO**

2825 Airview Boulevard
Kalamazoo MI 49002 USA
P 269 389 7353
F 269 389 7209
www.stryker.com

Personal and confidential

February 8, 2017

First Name Last Name

Dear First Name:

I am pleased to inform you that you are one of a select group of individuals receiving a restricted stock units (RSUs) award in 2017. We use these awards to reward performers who we believe will be key contributors to our growth well into the future. The total Award Date Value (ADV) of your award is approximately \$xx,xxx.

You are receiving xx RSUs with respect to Common Stock of Stryker Corporation. Except as otherwise provided in the Terms and Conditions, one-third of these RSUs will vest on March 21 of each of the three years beginning March 21, 2018.

You must "Accept" the award online via the UBS One Source web site located at www.ubs.com/onesource/SYK between March 1 and March 31, 2017. The detailed terms of the RSUs are in the Terms and Conditions, any applicable country addendum and the provisions of the Company's 2011 Long-Term Incentive Plan. Those documents, together with the related Prospectus, are available on the UBS One Source web site, and you should read them before accepting the award.

You can find additional educational materials on the UBS One Source web site in the Library section, including RSUs brochures, RSUs Frequently Asked Questions and RSUs Tax Questions & Answers.

Stryker's success makes it possible for us to invest in people like you. Thank you for your efforts in helping us deliver great results. With your help, I look forward to another successful year.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Lobo".

Kevin A. Lobo
Chairman and CEO

STRYKER CORPORATION

TERMS AND CONDITIONS RELATING TO RESTRICTED STOCK UNITS GRANTED PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN, AS AMENDED AND RESTATED

1. The Restricted Stock Units ("RSUs") with respect to Common Stock of Stryker Corporation (the "Company") granted to you during 2017 are subject to these Terms and Conditions Relating to Restricted Stock Units Granted Pursuant to the 2011 Long-Term Incentive Plan, as Amended and Restated (the "Terms and Conditions") and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as Amended and Restated (the "2011 Plan"), which is incorporated herein by reference. In the case of a conflict between these Terms and Conditions and the terms of the 2011 Plan, the provisions of the 2011 Plan will govern. Capitalized terms used but not defined herein have the meaning provided therefor in the 2011 Plan. For purposes of these Terms and Conditions, "Employer" means the Company or any Subsidiary that employs you on the applicable date.

2. Your right to receive the Shares issuable pursuant to the RSUs shall be only as follows:

(a) If you continue to be an Employee, you will receive the Shares underlying the RSUs that have become vested as soon as administratively possible following the vesting date as set forth in the award document.

(b) If you cease to be an Employee by reason of Disability (as such term is defined in the 2011 Plan or determined under local law) or death prior to the date that your RSUs become fully vested, you or your estate will become fully vested in your RSUs, and you, your legal representative or your estate will receive all of the underlying Shares as soon as administratively practicable following your termination by Disability or death.

(c) If you cease to be an Employee prior to the date that your RSUs become fully vested for any reason other than those provided in (b) above, you shall cease vesting in your RSUs effective as of your Termination Date. If you are a resident of or employed in the United States, "Termination Date" shall mean the effective date of termination of your employment with your Employer. If you are resident or employed outside of the United States, "Termination Date" shall mean the earliest of (i) the date on which notice of termination is provided to you, (ii) the last day of your active service with your Employer or (iii) the last day on which you are an Employee of your Employer, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

(d) Notwithstanding the foregoing, the Company may, in its sole discretion, settle your RSUs in the form of: (i) a cash payment to the extent settlement in Shares (1) is prohibited under local law, (2) would require you or the Company to obtain the approval of any governmental and/or regulatory body in your country of residence (and country of employment, if different) or (3) is administratively burdensome or (ii) Shares, but require you to immediately sell such Shares (in which case, the Company shall have the authority to issue sales instructions in relation to such Shares on your behalf).

3. The number of Shares subject to the RSUs shall be subject to adjustment and the vesting dates hereof may be accelerated as follows:

(a) In the event that the Shares, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or if the number of such Shares shall be increased through the payment of a stock dividend or a dividend on the Shares of rights or warrants to purchase securities of the Company shall be made, then there shall be substituted for or added to each Share theretofore subject to the RSUs the number and kind of shares of stock or other securities into which each outstanding Share shall be so changed, or for which each such Share shall be exchanged, or to which each such Share shall be entitled. The other terms of the RSUs shall also be appropriately amended as may be necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding Shares, or of any stock or other securities into which such Shares shall have been exchanged, then if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the RSUs, such adjustment shall be made in accordance with such determination.

(b) Fractional Shares resulting from any adjustment in the RSUs may be settled in cash or otherwise as the Committee shall determine, in its sole discretion. Notice of any adjustment will be given to you and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes hereof.

(c) The Committee shall have the power to amend the RSUs to permit the immediate vesting of the RSUs (and to terminate any unvested RSUs) and the distribution of the underlying Shares prior to the effectiveness of (i) any disposition of substantially all of the assets of the Company or your Employer; (ii) the shutdown, discontinuance of operations or dissolution of the Company or your Employer; or (iii) the merger or consolidation of the Company or your Employer with or into any other unrelated corporation.

4. If you are resident or employed outside of the United States, you agree, as a condition of the grant of the RSUs, to repatriate all payments attributable to the Shares and/or cash acquired under the 2011 Plan (including, but not limited to, dividends, dividend equivalents and any proceeds derived from the sale of the Shares acquired pursuant to the RSUs) if required by and in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence (and country of employment, if different).

5. If you are resident and/or employed in a country that is a member of the European Union, the grant of the RSUs and these Terms and Conditions are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of the Terms and Conditions are invalid or unenforceable, in whole or in part, under the

Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

6. Regardless of any action the Company and/or your Employer take with respect to any or all income tax (including U.S. federal, state and local taxes or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and your 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 RSUs, the vesting of the RSUs, the subsequent sale of any Shares acquired pursuant to the RSUs and the receipt of any dividends or dividend equivalents and (ii) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country between the grant date and the date of any relevant taxable or tax withholding event, as applicable, 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 country.

Prior to the delivery of Shares upon vesting of your RSUs, if your country of residence (and/or your country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a number of whole Shares otherwise issuable upon vesting of the RSUs that have an aggregate Fair Market Value that the Company, taking into account local requirements and administrative issues, determines in its sole discretion is appropriate to cover withholding for Tax-Related Items with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. In cases where the Fair Market Value of the number of whole Shares withheld at the time of vest is greater than the amount required to be paid to the relevant government authorities with respect to withholding for Tax-Related Items, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. In the event that withholding in shares is prohibited or problematic under applicable law or otherwise may trigger adverse consequences to the Company or your Employer, your Employer shall withhold the Tax-Related Items required to be withheld with respect to the Shares in cash from your regular salary and/or wages or other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares or through your regular salary and/or wages or any other amounts payable to you by your Employer, no Shares will be issued to you (or your estate) upon vesting of the RSUs unless and until satisfactory arrangements (as determined by the Board of Directors) have been made by you with respect to the payment of any Tax-Related Items that the Company or your Employer determines, in its sole discretion, should be withheld or collected with respect to such RSUs. By accepting these RSUs, you expressly consent to the withholding of Shares and/or withholding from your regular salary and/or wages or other amounts payable to you as provided for hereunder. All other Tax-Related Items related to the RSUs and any Shares delivered in payment thereof are your sole responsibility.

7. The RSUs are intended to be exempt from the requirements of Code Section 409A. The 2011 Plan and these Terms and Conditions shall be administered and interpreted in a manner consistent with this intent. If the Company determines that these Terms and Conditions are subject to Code Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion and without your consent, amend these Terms and Conditions to cause them to comply with Code Section 409A or be exempt from Code Section 409A.

8. If you were required to sign the “Stryker Confidentiality, Intellectual Property, Non-Competition and Non-Solicitation Agreement” or a similar agreement in order to receive the RSUs or have previously signed such an agreement and you breach any non-competition, non-solicitation or non-disclosure provision or provision as to ownership of inventions contained therein at any time while employed by the Company or a Subsidiary, or during the one-year period following termination of employment, any unvested RSUs shall be rescinded and you shall return to the Company all Shares that were acquired upon vesting of the RSUs that you have not disposed of. Further, you shall pay to the Company an amount equal to the profit realized by you (if any) on all Shares that were acquired upon vesting of the RSUs that you have disposed of. For purposes of the preceding sentence, the profit shall be the Fair Market Value of the Shares at the time of disposition.

9. The RSUs shall be transferable only by will or the laws of descent and distribution. If you purport to make any transfer of the RSUs, except as aforesaid, the RSUs and all rights thereunder shall terminate immediately.

10. The RSUs shall not be vested in whole or in part, and the Company shall not be obligated to issue any Shares subject to the RSUs, if such issuance would, in the opinion of counsel for the Company, violate the Securities Act of 1933 or any other U.S. federal, state or non-U.S. statute having similar requirements as it may be in effect at the time. The RSUs are subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to the RSUs under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the issuance of shares pursuant to the RSUs, the RSUs may not be vested in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. The grant of the RSUs shall not confer upon you any right to continue in the employ of your Employer nor limit in any way the right of your Employer to terminate your employment at any time. You shall have no rights as a shareholder of the Company with respect to any Shares issuable upon the vesting of the RSUs until the date of issuance of such Shares.

12. You acknowledge and agree that the 2011 Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the RSUs under the 2011 Plan is a one-time benefit and does not create any contractual or other right to receive a grant of RSUs or any other award under the 2011 Plan or other benefits in lieu thereof in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of Shares subject to the grant, and the vesting provisions. Any amendment, modification or termination of the 2011 Plan shall not constitute a change or impairment of the terms and conditions of your employment with your Employer.

13. Your participation in the 2011 Plan is voluntary. The value of the RSUs and any other awards granted under the 2011 Plan is an extraordinary item of compensation outside the scope of your employment (and your employment contract, if any). Any grant under the 2011 Plan, including the grant of the RSUs, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.

14. These Terms and Conditions shall bind and inure to the benefit of the Company, its successors and assigns and you and your estate in the event of your death.

15. The Company and your Employer hereby notify you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the grant of the RSUs and your participation in the 2011 Plan pursuant to applicable personal data protection laws. The collection, processing and transfer of your personal data is necessary for the Company's administration of the 2011 Plan and your participation in the 2011 Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your ability to participate in the 2011 Plan. As such, you voluntarily acknowledge, consent and agree (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and your Employer hold certain personal information about you, including (but not limited to) your name, home address and telephone number, date of birth, social security number or other employee 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 entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor for the purpose of managing and administering the 2011 Plan ("Data"). The Data may be provided by you or collected, where lawful, from third parties, and the Company and your Employer will process the Data for the exclusive purpose of implementing, administering and managing your participation in the 2011 Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the 2011 Plan and for your participation in the 2011 Plan.

The Company and your Employer will transfer Data as necessary for the purpose of implementation, administration and management of your participation in the 2011 Plan, and the Company and your Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2011 Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. You hereby authorize (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the 2011 Plan, including any requisite transfer of such Data as may be required for the administration of the 2011 Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the 2011 Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion or blockage (for breach of applicable laws) of the Data and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the 2011 Plan and your participation in the 2011 Plan. You may seek

to exercise these rights by contacting your local HR manager.

16. The grant of the RSUs is not intended to be a public offering of securities in your country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise you on whether you should acquire Shares under the 2011 Plan or provide you with any legal, tax or financial advice with respect to the grant of the RSUs. The acquisition of Shares involves certain risks, and you should carefully consider all risk factors and tax considerations relevant to the acquisition of Shares under the 2011 Plan and the disposition of them. Further, you should carefully review all of the materials related to the RSUs and the 2011 Plan, and you should consult with your personal legal, tax and financial advisors for professional advice in relation to your personal circumstances.**

17. All questions concerning the construction, validity and interpretation of the RSUs and the 2011 Plan shall be governed and construed according to the laws of the state of Michigan, without regard to the application of the conflicts of laws provisions thereof. Any disputes regarding the RSUs or the 2011 Plan shall be brought only in the state or federal courts of the state of Michigan.

18. The Company may, in its sole discretion, decide to deliver any documents related to the RSUs or other awards granted to you under the 2011 Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the 2011 Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

19. The invalidity or unenforceability of any provision of the 2011 Plan or these Terms and Conditions shall not affect the validity or enforceability of any other provision of the 2011 Plan or these Terms and Conditions.

20. If you are resident outside of the United States, you acknowledge and agree that it is your express intent that these Terms and Conditions, the 2011 Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the RSUs be drawn up in English. If you have received these Terms and Conditions, the 2011 Plan or any other documents related to the RSUs translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

21. Notwithstanding any provisions of these Terms and Conditions to the contrary, the RSUs shall be subject to any special terms and conditions for your country of residence (and country of employment, if different) set forth in an addendum to these Terms and Conditions (an "Addendum"). Further, if you transfer your residence and/or employment to another country reflected in an Addendum to these Terms and Conditions at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, any applicable Addendum shall constitute part of these Terms and Conditions.

22. The Company reserves the right to impose other requirements on the RSUs, any Shares acquired pursuant to the RSUs and your participation in the 2011 Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

23. **This Section 23 applies only to those persons whom the Company's Recoupment Policy applies (the corporate officers elected by the Company's Board of Directors other than Assistant Controllers, Assistant Secretaries and Assistant Treasurers).** Notwithstanding any other provision of this Agreement to the contrary, you acknowledge and agree that your RSUs, any Shares acquired pursuant thereto and/or any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's Recoupment Policy as in effect on the date of grant (a copy of which has been furnished to you) and as the Recoupment Policy may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to such RSUs and Shares. You agree and consent to the Company's application, implementation and enforcement of (a) the Recoupment Policy and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation and expressly agree that the Company may take such actions as are necessary to effectuate the Recoupment Policy (as applicable to you) or applicable law without further consent or action being required by you. For purposes of the foregoing, you expressly and explicitly authorize the Company to issue instructions, on your behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold your Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company. To the extent that the terms of this Agreement and the Recoupment Policy conflict, the terms of the Recoupment Policy shall prevail.

24. **By accepting the grant of the RSUs, you acknowledge that you have read these Terms and Conditions, the Addendum to these Terms and Conditions (as applicable) and the 2011 Plan and specifically accept and agree to the provisions therein.**

STRYKER CORPORATION
ADDENDUM TO
TERMS AND CONDITIONS
RELATING TO RESTRICTED STOCK UNITS GRANTED
PURSUANT TO THE 2011 PLAN, AS AMENDED AND RESTATED

In addition to the terms of the 2011 Plan and the Terms and Conditions, the RSUs are subject to the following additional terms and conditions (the "Addendum"). All capitalized terms as contained in this Addendum shall have the same meaning as set forth in the 2011 Plan and the Terms and Conditions. Pursuant to Section 21 of the Terms and Conditions, if you transfer your residence and/or employment to another country reflected in an Addendum at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

AUSTRALIA

1. RSUs Conditioned on Satisfaction of Regulatory Obligations. If you are (a) a director of a Subsidiary incorporated in Australia, or (b) a person who is a management-level executive of a Subsidiary incorporated in Australia and who also is a director of a Subsidiary incorporated outside of the Australia, the grant of the RSUs is conditioned upon satisfaction of the shareholder approval provisions of section 200B of the Corporations Act 2001 (Cth) in Australia.

The Australian Offer document can be accessed here [UBS INSERT LINK HERE]

BRAZIL

1. Labor Law Acknowledgment. By accepting the RSUs, you acknowledge and agree, for all legal purposes, that (a) the benefits provided under the Terms and Conditions and the 2011 Plan are the result of commercial transactions unrelated to your employment; (b) the Terms and Conditions and the 2011 Plan are not a part of the terms and conditions of your employment; and (c) the income from the RSUs, if any, is not part of your remuneration from employment.

2. Compliance with Law. By accepting the RSUs, you acknowledge and agree your agreement to comply with applicable Brazilian laws and to pay any and all applicable taxes associated with the vesting of the RSUs, the issuance and/or sale of Shares acquired under the Plan and the receipt of any dividends.

CANADA

1. Settlement in Shares. Notwithstanding anything to the contrary in the Terms and Conditions or the 2011 Plan, the RSUs shall be settled only in Shares (and may not be settled in cash).

2. Use of English Language. If you are a resident of Quebec, by accepting your RSUs, you acknowledge and agree that it is your wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your RSUs, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de vos RSUs, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de vos RSUs, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2017 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

CHILE

1. Private Placement. The following provision shall replace Section 16 of the Terms and Conditions:

The grant of the RSUs hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement.

- a) The starting date of the offer will be the grant date, and this offer conforms to General Ruling no. 336 of the Chilean Superintendence of Securities and Insurance;
 - b) The offer deals with securities not registered in the registry of securities or in the registry of foreign securities of the Chilean Superintendence of Securities and Insurance, and therefore such securities are not subject to its oversight;
 - c) The Company, as the issuer, is not obligated to provide public information in Chile regarding the foreign securities, as such securities are not registered with the Chilean Superintendence of Securities and Insurance; and
 - d) The Shares, as foreign securities, shall not be subject to public offering as long as they are not registered with the corresponding registry of securities in Chile.
-
- a) La fecha de inicio de la oferta será el de la fecha de otorgamiento y esta oferta se acoge a la norma de Carácter General n° 336 de la Superintendencia de Valores y Seguros Chilena;
 - b) La oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la Superintendencia de Valores y Seguros Chilena, por lo que tales valores no están sujetos a la fiscalización de ésta;

- c) Por tratar de valores no inscritos no existe la obligación por parte del emisor de entregar en Chile información pública respecto de esos valores; y
- d) Esos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.

CHINA

1. RSUs Conditioned on Satisfaction of Regulatory Obligations. If you are a People's Republic of China ("PRC") national, the grant of the RSUs is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange to permit the operation of the 2011 Plan and the participation of PRC nationals employed by the Employer, as determined by the Company in its sole discretion.

2. Sale of Shares. Notwithstanding anything to the contrary in the 2011 Plan, upon any termination of employment with the Employer, you shall be required to sell all Shares acquired under the 2011 Plan within such time period as may be established by the PRC State Administration of Foreign Exchange.

3. Exchange Control Restrictions. You acknowledge and agree that you will be required immediately to repatriate to the PRC the proceeds from the sale of any Shares acquired under the 2011 Plan, as well as any other cash amounts attributable to the Shares acquired under the 2011 Plan (collectively, "Cash Proceeds"). Further, you acknowledge and agree that the repatriation of the Cash Proceeds must be effected through a special bank account established by your Employer, the Company or one of its Subsidiaries, and you hereby consent and agree that the Cash Proceeds may be transferred to such account by the Company on your behalf prior to being delivered to you. The Cash Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the Cash Proceeds are paid to you in U.S. dollars, you understand that a U.S. dollar bank account must be established and maintained in China so that the proceeds may be deposited into such account. If the Cash Proceeds are paid to you in local currency, you acknowledge and agree that the Company is under no obligation to secure any particular exchange conversion rate and that the Company may face delays in converting the Cash Proceeds to local currency due to exchange control restrictions. You agree to bear any currency fluctuation risk between the time the Shares are sold and the Cash Proceeds are converted into local currency and distributed to you. You further agree to comply with any other requirements that may be imposed by your Employer, the Company and its Subsidiaries in the future in order to facilitate compliance with exchange control requirements in the PRC.

FINLAND

1. Withholding of Tax-Related Items. Notwithstanding anything in Section 6 of the Terms and Conditions to the contrary, if you are a local national of Finland, any Tax-Related Items shall be withheld only in cash from your regular salary/wages or other amounts payable to you in cash or such other withholding methods as may be permitted under the 2011 Plan and allowed under local law.

FRANCE

1. Use of English Language. By accepting your RSUs, you acknowledge and agree that it is your wish that the Terms and Conditions, this Addendum, as well as all other documents, notices and legal proceedings entered into, given or instituted pursuant to your RSUs, either directly or indirectly, be drawn up in English.

Langue anglaise. En acceptant l'allocation de vos RSUs, vous reconnaissez et acceptez avoir souhaité que le Termes et Conditions, le présent avenant, ainsi que tous autres documents exécutés, avis donnés et procédures judiciaires intentées, relatifs, directement ou indirectement, à l'allocation de vos RSUs, soient rédigés en anglais.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2017 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

HONG KONG

1. IMPORTANT NOTICE. WARNING: The contents of the Terms and Conditions, the Addendum, the 2011 Plan, and all other materials pertaining to the RSUs and/or the 2011 Plan have not been reviewed by any regulatory authority in Hong Kong. You are hereby advised to exercise caution in relation to the offer thereunder. If you have any doubts about any of the contents of the aforesaid materials, you should obtain independent professional advice.

2. Nature of the Plan. The Company specifically intends that the 2011 Plan will not be treated as an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance ("ORSO"). To the extent any court, tribunal or legal/regulatory body in Hong Kong determines that the 2011 Plan constitutes an occupational retirement scheme for the purposes of ORSO, the grant of the RSUs shall be null and void.

MEXICO

1. Commercial Relationship. You expressly recognize that your participation in the 2011 Plan and the Company's grant of the RSUs do not constitute an employment relationship between you and the Company. You have been granted the RSUs as a consequence of the commercial relationship between the Company and the Subsidiary in Mexico that employs you, and the Company's Subsidiary in Mexico is your sole employer. Based on the foregoing, (a) you expressly recognize the 2011 Plan and the benefits you may derive from your participation in the 2011 Plan do not establish any rights between you and the Company's Subsidiary in Mexico that employs you, (b) the 2011 Plan and the benefits you

may derive from your participation in the 2011 Plan are not part of the employment conditions and/or benefits provided by the Company's Subsidiary in Mexico that employs you, and (c) any modification or amendment of the 2011 Plan by the Company, or a termination of the 2011 Plan by the Company, shall not constitute a change or impairment of the terms and conditions of your employment with the Company's Subsidiary in Mexico that employs you.

2. Extraordinary Item of Compensation. You expressly recognize and acknowledge that your participation in the 2011 Plan is a result of the discretionary and unilateral decision of the Company, as well as your free and voluntary decision to participate in the 2011 Plan in accord with the terms and conditions of the 2011 Plan, the Terms and Conditions, and this Addendum. As such, you acknowledge and agree that the Company may, in its sole discretion, amend and/or discontinue your participation in the 2011 Plan at any time and without any liability. The value of the RSUs is an extraordinary item of compensation outside the scope of your employment contract, if any. The RSUs are not part of your regular or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits, or any similar payments, which are the exclusive obligations of the Company's Subsidiary in Mexico that employs you.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2017 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

NETHERLANDS

1. Waiver of Termination Rights. As a condition to the grant of the RSUs, you hereby waive any and all rights to compensation or damages as a result of the termination of your employment with the Company and the Employer for any reason whatsoever, insofar as those rights result or may result from (a) the loss or diminution in value of such rights or entitlements under the 2011 Plan, or (b) you ceasing to have rights under or ceasing to be entitled to any awards under the 2011 Plan as a result of such termination.

NEW ZEALAND

1. WARNING. You are being offered RSUs to be settled in the form of shares of Stryker Corporation common stock. If the Company runs into financial difficulties and is wound up, 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 requires those offering financial products to have disclosed information that is important for investors to make an informed decision. The usual rules do

not apply to this offer because it is an offer made under the Employee Share Scheme exemption. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment. You should ask questions, read all documents carefully, and seek independent financial advice before accepting the offer. The Company's Shares are currently traded on the New York Stock Exchange under the ticker symbol "SYK" and Shares acquired under the Plan may be sold through this exchange. You may end up selling the Shares at a price that is lower than the value of the Shares when you acquired them. The price will depend on the demand for the Company's Shares. *The Company's most recent annual report (which includes the Company's financial statements) is available at <http://phx.corporate-ir.net/phoenix.zhtml?c=118965&p=irol-irhome>. You are entitled to receive a copy of this report, free of charge, upon written request to the Company at STOCKPLANADMINISTRATION@STRYKER.COM.*

RUSSIA

1. **IMPORTANT EMPLOYEE NOTIFICATION.** If you are a citizen of the Russian Federation, any cash proceeds derived from the 2011 Plan (including any dividend equivalents payable in cash but excluding cash dividends) must be remitted directly to a personal bank account opened with an authorized bank in the Russian Federation (an "Authorized Russian Account"). Thereafter, you may, in your sole discretion, personally transfer such amounts from your Authorized Russian Account to a bank account legally established outside of the Russian Federation with a non-Russian bank located in the Organization for Economic Co-operation and Development or the Financial Action Task Force countries (an "Authorized Foreign Account"). Cash dividends (but not dividend equivalents payable in cash) can be remitted directly to an Authorized Foreign Account. However, you are required to notify the Russian tax authorities within one month of opening or closing an Authorized Foreign Account or changing the account details. You also are required to file quarterly reports of any transactions involving any Authorized Foreign Account you hold with the Russian tax authorities.

2. **SECURITIES LAW NOTIFICATION.** The grant of RSUs and the issuance of Shares upon vesting are not intended to be an offering of securities with the Russian Federation, and the Terms and Conditions, the 2011 Plan, this Addendum and all other materials that you receive in connection with the grant of RSUs and your participation in the 2011 Plan (collectively, "Grant Materials") do not constitute advertising or a solicitation within the Russian Federation. In connection with your grant of RSUs, the Company has not submitted any registration statement, prospectus or other filing with the Russian Federal Bank or any other governmental or regulatory body within the Russian Federation, and the Grant Materials expressly may not be used, directly or indirectly, for the purpose of making a securities offering or public circulation of Shares within the Russian Federation.

SINGAPORE

1. **Qualifying Person Exemption.** The following provision shall replace Section 16 of the Terms and Conditions:

The grant of the RSUs under the 2011 Plan is being made pursuant to the "Qualifying Person" exemption" under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2011 Ed.) ("SFA"). The 2011 Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that, as a result, the RSUs are subject to section 257 of the SFA and you will not be able to make (a) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the RSUs in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289, 2011 Ed.).

SOUTH AFRICA

1. Withholding Taxes. The following provision supplements Section 6 of the Terms and Conditions: By accepting the RSUs, you agree to notify your Employer in South Africa of the amount of any gain realized upon vesting of the RSUs. If you fail to advise your Employer of the gain realized upon vesting of the RSUs, you may be liable for a fine. You will be responsible for paying any difference between the actual tax liability and the amount withheld.

2. Exchange Control Obligations. You are solely responsible for complying with applicable exchange control regulations and rulings (the "Exchange Control Regulations") in South Africa. As the Exchange Control Regulations change frequently and without notice, you should consult your legal advisor prior to the acquisition or sale of Shares under the 2011 Plan to ensure compliance with current Exchange Control Regulations. Neither the Company nor any of its Subsidiaries will be liable for any fines or penalties resulting from your failure to comply with applicable laws.

3. Securities Law Information and Deemed Acceptance of RSUs. Neither the RSUs nor the underlying Shares shall be publicly offered or listed on any stock exchange in South Africa. The offer is intended to be private pursuant to Section 96 of the Companies Act and is not subject to the supervision of any South African governmental authority. Pursuant to Section 96 of the Companies Act, the RSU offer must be finalized on or before the 60th day following the grant date. If you do not want to accept the RSUs, you are required to decline the RSUs no later than the 60th day following the grant date. If you do not reject the RSUs on or before the 60th day following the grant date, you will be deemed to accept the RSUs.

SOUTH KOREA

1. Consent to Collection, Processing and Transfer of Personal Data. By electronically accepting the Terms and Conditions, you agree to the collection, use, processing and transfer of Data as described in Section 15 of the Terms and Conditions; and you agree to the processing of your unique identifying information (resident registration number) as described in Section 15 of the Terms and Conditions.

SPAIN

1. Acknowledgement of Discretionary Nature of the 2011 Plan; No Vested Rights. In accepting the RSUs, you acknowledge that you consent to participation in the 2011 Plan and have received a copy of the 2011 Plan. You understand that the Company has unilaterally, gratuitously and in its sole discretion granted RSUs under the 2011 Plan to individuals who may be employees of the Company or its Subsidiaries throughout the world. 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 of its Subsidiaries on an ongoing basis. Consequently, you understand that the RSUs are granted on the assumption and condition that the RSUs and the Shares acquired upon vesting of the RSUs shall not become a part of any employment contract (either with the Company or any of its Subsidiaries) 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 this grant would not be

made to you but for the assumptions and conditions referenced 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, the RSUs shall be null and void.

You understand and agree that, as a condition of the grant of the RSUs, any unvested RSUs as of the date you cease active employment will be forfeited without entitlement to the underlying Shares or to any amount of indemnification in the event of the termination of employment by reason of, but not limited to, (i) material modification of the terms of employment under Article 41 of the Workers' Statute or (ii) relocation under Article 40 of the Workers' Statute. You acknowledge that you have read and specifically accept the conditions referred to in the Terms and Conditions regarding the impact of a termination of employment on your RSUs.

BY SIGNING BELOW, YOU ACKNOWLEDGE, UNDERSTAND AND AGREE TO THE PROVISIONS OF THE 2011 PLAN, THE TERMS AND CONDITIONS AND THIS ADDENDUM.

PLEASE SIGN AND RETURN THIS ADDENDUM VIA EMAIL NO LATER THAN APRIL 30, 2017 TO STOCKPLANADMINISTRATION@STRYKER.COM.

Employee Signature

Employee Name (Printed)

Date

UNITED KINGDOM

1. Income Tax and Social Insurance Contribution Withholding. The following provision shall replace Section 6 of the Terms and Conditions:

(a) Regardless of any action the Company or the Employer takes with respect to any or all income tax, primary and secondary Class 1 National Insurance contributions, payroll tax, payment on account or other tax-related withholding attributable to or payable in connection with or pursuant to the grant or vesting of the RSUs and the acquisition of Shares, or the release or assignment of the RSUs for consideration, or the receipt of any other benefit in connection with the RSUs ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility. Furthermore, the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including the grant or vesting of the RSUs and the acquisition of Shares, the subsequent sale of any Shares acquired upon vesting and the receipt of any dividends or dividend-equivalents; and (b) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country between the date of grant and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one country.

(b) As a condition of the issuance of Shares (or cash payment) upon vesting of the RSUs, the

Company and/or the Employer shall be entitled to withhold and you agree to pay, or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy, all obligations of the Company and/or the Employer to account to HM Revenue & Customs ("HMRC") for any Tax-Related Items. In this regard, you authorize the Company and/or the Employer to withhold all applicable Tax-Related Items legally payable by you from any salary/wages or other cash compensation payable to you. Alternatively, or in addition, you authorize the Company and/or the Employer, taking into account local requirements and administrative issues, pursuant to such procedures as it may specify from time to time, to satisfy the obligations with regard to all Tax-Related Items legally payable by you by the Company withholding from the Shares to be issued upon vesting of the RSUs a number of whole Shares having an aggregate Fair Market Value that would satisfy the withholding amount, provided, however, that in no event may the whole number of Shares withheld in the case of this clause exceed the applicable statutory maximum withholding rates (if any). You shall be deemed to have been issued the full number of Shares subject to the RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the RSUs.

(c) If, by the date on which the event giving rise to the Tax-Related Items occurs (the "Chargeable Event"), you have relocated to a jurisdiction other than the United Kingdom, you acknowledge that the Company and/or the Employer may be required to withhold or account for Tax-Related Items in more than one jurisdiction, including the United Kingdom. You also agree that the Company and the Employer may determine the amount of Tax-Related Items to be withheld and accounted for by reference to the maximum applicable rates, without prejudice to any right which you may have to recover any overpayment from the relevant tax authorities.

(d) You shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to account to HMRC with respect to the Chargeable Event that cannot be satisfied by the means previously described. If payment or withholding is not made within 90 days of the Chargeable Event or within 90 days after the end of the UK tax year in which the Chargeable Event occurs or such other period specified in section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), you agree that the amount of any uncollected Tax-Related Items shall (assuming you are not a director or executive officer of the Company (within the meaning of Section 13(k) of the U.S. Securities and Exchange Act of 1934, as amended), constitute a loan owed by you to your Employer, effective on the Due Date. You agree that the loan will bear interest at the then-current HMRC Official Rate and it will be immediately due and repayable, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to above. If any of the foregoing methods of collection are not allowed under applicable laws or if you fail to comply with your obligations in connection with the Tax-Related Items as described in this section, the Company may refuse to deliver the Shares acquired under the 2011 Plan.

2. Exclusion of Claim. You acknowledge and agree that you will have no entitlement to compensation or damages in consequence of the termination of your employment with the Company and the Subsidiary that employs you for any reason whatsoever and whether or not in breach of contract, insofar as any purported claim to such entitlement arises or may arise from your ceasing to have rights under or to be entitled to vest in the RSUs as a result of such termination of employment (whether the termination is in breach of contract or otherwise), or from the loss or diminution in value of the RSUs. Upon the grant of the RSUs, you shall be deemed irrevocably to have waived any such entitlement.

**Kevin A. Lobo****Chairman and CEO**

2825 Airview Boulevard
Kalamazoo MI 49002 USA
P 269 389 7353
F 269 389 7209
www.stryker.com

Personal and confidential

February 8, 2017

First Name Last Name

Dear First Name:

I am pleased to inform you that as an SLT member, you are receiving a performance stock units (PSUs) award in 2017. We use these awards to reward performers who we believe will be key contributors to our growth well into the future. The total Award Date Value (ADV) of your awards is approximately \$xx,xxx.

You are receiving x,xxx PSUs. The number of PSUs actually earned will be dependent upon Stryker's financial performance during the three-year period ending December 31, 2019. Refer to the Terms and Conditions accompanying the 2017 PSUs award for specific criteria associated with vesting in such award. In order to earn any of the PSUs, you must be continuously employed with Stryker through the vesting date of March 21, 2020 except as otherwise provided in the Terms and Conditions.

You must "Accept" the award online via the UBS One Source web site located at www.ubs.com/onesource/SYK between March 1 and March 31, 2017. The detailed terms of the PSUs are in the Terms and Conditions, any applicable country addendum and the provisions of the Company's 2011 Long-Term Incentive Plan. Those documents, together with the related Prospectus, are available on the UBS One Source web site, and you should read them before accepting the awards.

Thank you for your strong performance and I look forward to your future contributions toward positioning Stryker for long-term success.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kevin A. Lobo".

Kevin A. Lobo
Chairman and CEO

STRYKER CORPORATION

TERMS AND CONDITIONS

RELATING TO PERFORMANCE STOCK UNITS GRANTED

PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN, AS AMENDED AND RESTATED

1. The Performance Stock Units with respect to Common Stock of Stryker Corporation (the “Company”) granted to you during 2017 (the “PSUs”) are subject to these Terms and Conditions Relating to Performance Stock Units Granted Pursuant to the 2011 Long-Term Incentive Plan, as Amended and Restated (the “Terms and Conditions”) and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as Amended and Restated (the “2011 Plan”), which is incorporated herein by reference. In the case of a conflict between these Terms and Conditions and the terms of the 2011 Plan, the provisions of the 2011 Plan will govern. Capitalized terms used but not defined herein have the meaning provided therefor in the 2011 Plan. For purposes of these Terms and Conditions, “Stryker” or “Employer” means the Company or any Subsidiary that employs you on the applicable date.

2. Vesting. Except as provided in Section 8(a), the vesting of your PSUs is dependent upon your remaining continuously employed with Stryker through March 21, 2020 (the “Vesting Date”) as well as upon the Company’s financial performance during the three-year period ending December 31, 2019 (the “Performance Period”). Specifically, the vesting of any of the PSUs is dependent upon attainment of the Threshold Performance Target as set forth in Section 3. If the Threshold Performance Target is attained, then the vesting of 50% of the PSUs (the “EPS PSUs”) is dependent on Adjusted EPS Growth as set forth in Section 4, and vesting of the remaining 50% of the PSUs (the “Sales Growth PSUs”) is dependent on the Sales Growth Percentile Ranking as set forth in Section 5. The actual number of your PSUs that become vested, if any, shall be determined based on exercise of negative discretion by the Committee in accordance with Sections 4, 5 and 6 below.

3. Threshold Performance Target. If the Company’s Adjusted EPS Growth as of the last day of the Performance Period is less than 3.0%, none of your PSUs shall become vested and all of your PSUs shall be forfeited as of the last day of the Performance Period. If the Company’s Adjusted EPS Growth as of the last day of the Performance Period is 3.0% or greater (the “Threshold Performance Target”) and, except as provided in Section 8(a), you remain in the continuous employment of Stryker through the Vesting Date, you shall become eligible to vest in up to 200% of your PSUs, although the actual number of your PSUs that become vested shall be determined based on exercise of negative discretion by the Committee in accordance with Sections 4, 5 and 6 below.

4. Adjusted EPS Growth.

(a) If the Threshold Performance Target is attained and, except as provided in Section 8(a), you have remained in the continuous employment of Stryker through the Vesting Date, then subject to Section 6 you shall become vested in the percentage of the EPS PSUs determined based on the Company’s Adjusted EPS Growth using the table below, applying straight line interpolation rounded down to the nearest whole number of EPS PSUs for Adjusted EPS Growth resulting in vested EPS PSUs between 50% and 100% or between 100% and 200%.

	< Minimum	Minimum	Target	Maximum
Adjusted EPS Growth	Less than 6.0%	6.0%	9.0%	12% or more
Vested Percent of EPS PSUs	0%	50%	100%	200%

Any EPS PSUs that do not become vested in accordance with the foregoing shall be forfeited.

(b) As soon as administratively practicable following the Vesting Date (but in no event later than December 31, 2020), the Company shall issue you the Shares underlying the vested EPS PSUs.

(c) For purposes of this Agreement:

(i) "Adjusted EPS" for a calendar year shall mean the Company's diluted net earnings per share for such year as determined under U.S. generally accepted accounting principles ("GAAP") but subject to such adjustments, if any, for non-GAAP financial measures that are reflected in a reconciliation to the GAAP financial statements included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

(ii) "Adjusted EPS Growth" shall mean the sum of the Annual Percentage Change in Adjusted EPS for the three (3) calendar years in the Performance Period divided by three (3).

(iii) "Annual Percentage Change in Adjusted EPS" for a calendar year shall mean the amount by which the Adjusted EPS for such calendar year has increased or decreased relative to the immediately preceding calendar year, expressed as a positive or negative percentage (depending on whether Adjusted EPS increased or decreased) of the Adjusted EPS for such preceding calendar year.

(d) Notwithstanding anything to the contrary herein, the Committee shall have discretion to make such adjustments to the foregoing metrics as it deems appropriate to reflect the impact of corporate transactions, accounting or tax law changes or extraordinary, unusual, nonrecurring or infrequent items; provided, however, that for purposes of calculating the Threshold Performance Target in Section 3, in no case shall such adjustments have the net aggregate effect of increasing Adjusted EPS Growth.

5. Sales Growth Percentile Ranking.

(a) If the Threshold Performance Target is attained and, except as provided in Section 8(a), you have remained in the continuous employment of Stryker through the Vesting Date, then subject to Section 6 you shall become vested in the percentage of the Sales Growth PSUs based upon the Company's Sales Growth Percentile Ranking, as determined using the table below, applying straight line interpolation rounded down to the nearest whole number of Sales Growth PSUs for Sales Growth Percentile Ranking resulting in vested Sales Growth PSUs between 50% and 100% or between 100% and 200%.

Sales Growth Percentile Ranking	75 th and Above	50 th	33 rd	Below 33 rd
Vested Percent of Sales Growth PSUs	200%	100%	50%	0%

Any Sales Growth PSUs that do not become vested in accordance with the foregoing shall be forfeited, and if the Company's Average Sales Growth in the Performance Period is equal to or less than zero, all of the Sales Growth PSUs shall be forfeited (irrespective of the Sales Growth Percentile Ranking).

(b) As soon as administratively practicable following the Vesting Date (but in no event later than December 31, 2020), the Company shall issue you the Shares underlying the vested Sales Growth PSUs.

(c) For purposes of this Agreement and subject to Section 5(d) below:

(i) "Average Sales Growth" shall mean, for the Company and each company in the Comparison Group, the sum of the Sales Growth for each Reporting Period ending within the Performance Period divided by three;

(ii) "Comparison Group" shall mean:

- Abbott Laboratories
- Baxter International Inc.
- Becton, Dickinson and Co.
- Boston Scientific Corporation
- CR Bard Inc.
- Fresenius Medical Care AG & Co. KGaA
- General Electric (Healthcare)
- Johnson & Johnson (Medical Devices & Diagnostics)
- Laboratory Corporation of America Holdings
- Medtronic plc
- Quest Diagnostics Inc.
- Royal Philips (combined segments of Diagnosis & Treatment and Connected Care & Health Informatics)
- Siemens Aktiengesellschaft (Healthcare)
- Smith & Nephew plc
- Thermo Fisher Scientific, Inc.
- 3M Company (Healthcare)
- Zimmer Biomet Holdings, Inc.

For purposes of the foregoing, any company for which Sales Growth cannot be calculated for three full annual Reporting Periods ending within the Performance Period shall be excluded.

(iii) "Net Sales" shall mean, for the Company and each company in the Comparison Group, net sales as publicly reported for the applicable Reporting Period.

(iv) "Reporting Period" shall mean a calendar year in the case of the Company and each company in the Comparison Group that reports on a calendar year basis, and in the case of any other company in the Comparison Group, the four fiscal quarters that include the last fiscal quarter ending prior to December 31 for which such company has publicly reported prior to the following February 28.

(v) "Sales Growth" for a Reporting Period shall mean the amount by which Net Sales has increased or decreased relative to the immediately preceding Reporting Period, expressed as a positive or negative percentage (depending on whether Net Sales increased or decreased) of the Net Sales for such preceding Reporting Period.

(vi) "Sales Growth Percentile Ranking" shall mean the percentile ranking of the Company's Average Sales Growth relative to the Average Sales Growth for each company in the Comparison Group, rounded to the whole nearest percentile. For this purpose, the percentile ranking shall be calculated as $1 - (\text{Rank} - 1) / (\text{Total of the Comparison Group plus the Company} - 1)$. For example, if the Company ranked 5th out of 18 companies including itself, the percentile rank would be calculated as $1 - (5 - 1) / (18 - 1)$ or $1 - (4 / 17)$ or 1-.2353 or the 76th percentile.

(d) The Committee may make such revisions and adjustments to each of the items set forth in Sections 5(c)(i)-(vi) as it may determine necessary and appropriate in its discretion.

6. Section 162(m). All payments under this Agreement are intended to constitute "qualified performance-based compensation" within the meaning of Section 162(m) of the Code. In furtherance thereof, and notwithstanding anything in this Agreement or the 2011 Plan to the contrary, provided that the Threshold Performance Target has been attained, the Committee shall have the power and authority, in its sole and absolute exercise of negative discretion, to reduce or increase the vested PSUs such that the actual earned PSUs will be greater than or less than the vested PSUs, which increase or reduction may be made by taking into account any criteria the Committee deems appropriate; provided further that notwithstanding anything in this Agreement to the contrary you shall not become vested in more than 200% of your PSUs.

7. Dividend Equivalents. In connection with your Award, you shall be entitled to receive all of the cash dividends for which the record date occurs during the period between the commencement of the Performance Period and the Vesting Date with respect to each Share underlying your vested PSUs ("Dividend Equivalents"). Dividend Equivalents shall be converted into their equivalent number of additional PSUs rounded down to the nearest whole number of PSUs based on the Fair Market Value of a Share on the Vesting Date, provided, that the maximum number of additional PSUs you may receive upon such conversion shall be equal to 200% of your originally granted PSUs. Such additional PSUs shall be subject to the terms and conditions applicable to the PSUs to which the Dividend Equivalents relate, including, without limitation, the vesting, forfeiture, and payment form and timing provisions contained herein.

8. In the event you cease to remain in the continuous employment of the Company or a Subsidiary for the entire period commencing on the Date of Grant and ending on the applicable Vesting Date, your right to receive the Shares issuable pursuant to the PSUs shall be only as follows:

(a) If you cease to be an Employee prior to the Vesting Date by reason of Disability (as such term is defined in the 2011 Plan or required under a foreign law that is applicable to you because you are a foreign national or are employed outside the United States, or both, at that time) or death, you

or your estate will become vested on the Vesting Date in a pro-rata portion (determined by dividing (a) the number of days during the Performance Period in which you were an Employee by (b) the total number of days during the Performance Period) of your PSUs based upon the Company's Adjusted EPS Growth and Sales Growth Percentile Ranking for the Performance Period as determined pursuant to Sections 3, 4 and 5 of these Terms and Conditions. You, your legal representative or your estate will receive all of the underlying Shares attributable to the vested PSUs as soon as administratively practicable following (and in no event more than ninety (90) days after) the Vesting Date.

(b) If you cease to be an Employee for any reason other than those provided in (a) above and your Termination Date is prior to the Vesting Date, you shall immediately forfeit all PSUs granted hereunder effective as of your Termination Date. If you are a resident of or employed in the United States, "Termination Date" shall mean the effective date of termination of your employment with your Employer. If you are resident or employed outside of the United States, "Termination Date" shall mean the earliest of (i) the date on which notice of termination is provided to you, (ii) the last day of your active service with your Employer, or (iii) the last day on which you are an Employee of your Employer, as determined in each case without including any required advance notice period and irrespective of the status of the termination under local labor or employment laws.

(c) If you are resident and/or employed in a country that is a member of the European Union, the grant of the PSUs and these Terms and Conditions are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of the Terms and Conditions are invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

9. Notwithstanding the foregoing, the Company may, in its sole discretion, settle the PSUs (and any Dividend Equivalents) in the form of: (i) a cash payment to the extent settlement in Shares (1) is prohibited under local law, (2) would require you or the Company and/or your Employer to obtain the approval of any governmental and/or regulatory body in your country of residence (and country of employment, if different), or (3) is administratively burdensome; or (ii) Shares, but require you to immediately sell such Shares (in which case, the Company shall have the authority to issue sales instructions in relation to such Shares on your behalf).

10. The number of Shares subject to the PSUs shall be subject to adjustment and the vesting dates hereof may be accelerated as follows:

(a) In the event that the Shares, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or if the number of such Shares shall be increased through the payment of a stock dividend or a dividend on the Shares of rights or warrants to purchase securities of the Company shall be made, then there shall be substituted for or added to each Share theretofore subject to the PSUs the number and kind of shares of stock or other securities into which each outstanding Share shall be so changed, or for which each such Share shall be exchanged, or to which each such Share shall be entitled. The other terms of the PSUs shall also be appropriately amended as may be necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the

outstanding Shares, or of any stock or other securities into which such Shares shall have been exchanged, then if the Committee shall, in its sole discretion, determine that such change equitably requires an adjustment in the PSUs, such adjustment shall be made in accordance with such determination.

(b) Fractional Shares resulting from any adjustment in the PSUs may be settled in cash or otherwise as the Committee shall determine, in its sole discretion. Notice of any adjustment will be given to you and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes hereof.

(c) The Committee shall have the power to amend the PSUs to permit the immediate vesting of the PSUs (and to terminate any unvested PSUs) and the distribution of the underlying Shares prior to the effectiveness of (i) any disposition of substantially all of the assets of the Company or your Employer, (ii) the shutdown, discontinuance of operations or dissolution of the Company or your Employer, or (iii) the merger or consolidation of the Company or your Employer with or into any other unrelated corporation.

11. If you are resident or employed outside of the United States, you agree, as a condition of the grant of the PSUs, to repatriate all payments attributable to the Shares and/or cash acquired under the 2011 Plan (including, but not limited to, dividends, dividend equivalents and any proceeds derived from the sale of the Shares acquired pursuant to the PSUs) in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence (and country of employment, if different).

12. Regardless of any action the Company and/or your Employer take with respect to any income tax (including U.S. federal, state and local taxes or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company and your Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the PSUs, including the grant of the PSUs, the vesting of the PSUs, the subsequent sale of any Shares acquired pursuant to the PSUs and the receipt of any dividends or dividend equivalents and (ii) do not commit to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country between the grant date and the date of any relevant taxable or withholding event, as applicable, you acknowledge that the Company and/or your Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one country.

Prior to the delivery of Shares upon vesting of your PSUs, if your country of residence (and/or your country of employment, if different) requires withholding of Tax-Related Items, the Company shall withhold a number of whole Shares otherwise issuable upon vesting of the PSUs that have an aggregate Fair Market Value that the Company, taking into account local requirements and administrative issues, determines in its sole discretion is appropriate to cover withholding for Tax-Related Items with respect to the Shares. The cash equivalent of the Shares withheld will be used to

settle the obligation to withhold the Tax-Related Items. In cases where the Fair Market Value of the number of whole Shares withheld at the time of vest is greater than the amount required to be paid to the relevant government authorities with respect to withholding for Tax-Related Items, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. In the event that withholding in shares is prohibited or problematic under applicable law or otherwise may trigger adverse consequences to the Company or your Employer, your Employer shall withhold the Tax-Related Items required to be withheld with respect to the Shares in cash from your regular salary and/or wages or other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares or through your regular salary and/or wages or any other amounts payable to you by your Employer, no Shares will be issued to you (or your estate) upon vesting of the PSUs unless and until satisfactory arrangements (as determined by the Board of Directors) have been made by you with respect to the payment of any Tax-Related Items that the Company or your Employer determines, in its sole discretion, should be withheld or collected with respect to such PSUs. By accepting these PSUs, you expressly consent to the withholding of Shares and/or withholding from your regular salary and/or wages or other amounts payable to you as provided for hereunder. All other Tax-Related Items related to the PSUs and any Shares delivered in payment thereof are your sole responsibility.

13. The PSUs are intended to be exempt from the requirements of Code Section 409A. The 2011 Plan and these Terms and Conditions shall be administered and interpreted in a manner consistent with this intent. If the Company determines that these Terms and Conditions are subject to Code Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion and without your consent, amend these Terms and Conditions to cause them to comply with Code Section 409A or be exempt from Code Section 409A.

14. If you were required to sign the "Stryker Confidentiality, Intellectual Property, Non-Competition and Non-Solicitation Agreement" or a similar agreement in order to receive the PSUs or have previously signed such an agreement and you breach any non-competition, non-solicitation or non-disclosure provision or provision as to ownership of inventions contained therein at any time while employed by the Company or a Subsidiary, or during the one-year period following termination of employment, any unvested PSUs shall be rescinded and you shall return to the Company all Shares that were acquired upon vesting of the PSUs that you have not disposed of. Further, you shall pay to the Company an amount equal to the profit realized by you (if any) on all Shares that were acquired upon vesting of the PSUs that you have disposed of. For purposes of the preceding sentence, the profit shall be the Fair Market Value of the Shares at the time of disposition.

15. The PSUs shall be transferable only by will or the laws of descent and distribution. If you shall purport to make any transfer of the PSUs, except as aforesaid, the PSUs and all rights thereunder shall terminate immediately.

16. The PSUs shall not be vested in whole or in part, and the Company shall not be obligated to issue any Shares subject to the PSUs, if such issuance would, in the opinion of counsel for the Company, violate the Securities Act of 1933 or any other U.S. federal, state or non-U.S. statute having similar requirements as it may be in effect at the time. The PSUs are subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to the PSUs under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the issuance of Shares pursuant to the PSUs, the PSUs may not be

vested in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

17. The grant of the PSUs shall not confer upon you any right to continue in the employ of your Employer nor limit in any way the right of your Employer to terminate your employment at any time. You shall have no rights as a shareholder of the Company with respect to any Shares issuable upon the vesting of the PSUs until the date of issuance of such Shares.

18. You acknowledge and agree that the 2011 Plan is discretionary in nature and may be amended, cancelled or terminated by the Company, in its sole discretion, at any time. The grant of the PSUs under the 2011 Plan is a one-time benefit and does not create any contractual or other right to receive a grant of PSUs or any other award under the 2011 Plan or other benefits in lieu thereof in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of Shares subject to the grant and the vesting provisions. Any amendment, modification or termination of the 2011 Plan shall not constitute a change or impairment of the terms and conditions of your employment with your Employer.

19. Your participation in the 2011 Plan is voluntary. The value of the PSUs and any other awards granted under the 2011 Plan is an extraordinary item of compensation outside the scope of your employment (and your employment contract, if any). Any grant under the 2011 Plan, including the grant of the PSUs, is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension, or retirement benefits or similar payments.

20. These Terms and Conditions shall bind and inure to the benefit of the Company, its successors and assigns and you and your estate in the event of your death.

21. The Company and your Employer hereby notify you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the grant of the PSUs and your participation in the 2011 Plan pursuant to applicable personal data protection laws. The collection, processing and transfer of your personal data is necessary for the Company's administration of the 2011 Plan and your participation in the 2011 Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your ability to participate in the 2011 Plan. As such, you voluntarily acknowledge, consent and agree (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company and your Employer hold certain personal information about you, including (but not limited to) your name, home address and telephone number; date of birth, social security number or other employee identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all PSUs or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor for the purpose of managing and administering the 2011 Plan ("Data"). The Data may be provided by you or collected, where lawful, from third parties, and the Company and your Employer will process the Data for the exclusive purpose of implementing, administering and managing your participation in the 2011 Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary

for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the 2011 Plan and for your participation in the 2011 Plan.

The Company and your Employer will transfer Data as necessary for the purpose of implementation, administration and management of your participation in the 2011 Plan, and the Company and your Employer may each further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2011 Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. You hereby authorize (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the 2011 Plan, including any requisite transfer of such Data as may be required for the administration of the 2011 Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the 2011 Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion or blockage (for breach of applicable laws) of the Data and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the 2011 Plan and your participation in the 2011 Plan. You may seek to exercise these rights by contacting your local HR manager.

22. The grant of the PSUs is not intended to be a public offering of securities in your country of residence (and country of employment, if different). The Company has not submitted any registration statement, prospectus or other filing(s) with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise you on whether you should acquire Shares under the 2011 Plan or provide you with any legal, tax or financial advice with respect to the grant of the PSUs. The acquisition of Shares involves certain risks, and you should carefully consider all risk factors and tax considerations relevant to the acquisition of Shares under the 2011 Plan or the disposition of them. Further, you should carefully review all of the materials related to the PSUs and the 2011 Plan, and you should consult with your personal legal, tax and financial advisors for professional advice in relation to your personal circumstances.**

23. All questions concerning the construction, validity and interpretation of the PSUs and the 2011 Plan shall be governed and construed according to the laws of the state of Michigan, without regard to the application of the conflicts of laws provisions thereof. Any disputes regarding the PSUs or the 2011 Plan shall be brought only in the state or federal courts of the state of Michigan.

24. The Company may, in its sole discretion, decide to deliver any documents related to the PSUs or other awards granted to you under the 2011 Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the 2011 Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

25. The invalidity or unenforceability of any provision of the 2011 Plan or these Terms and Conditions shall not affect the validity or enforceability of any other provision of the 2011 Plan or these

Terms and Conditions.

26. If you are resident outside of the United States, you acknowledge and agree that it is your express intent that these Terms and Conditions, the 2011 Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the PSUs be drawn up in English. If you have received these Terms and Conditions, the 2011 Plan or any other documents related to the PSUs translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

27. Notwithstanding any provisions of these Terms and Conditions to the contrary, the PSUs shall be subject to any special terms and conditions for your country of residence (and country of employment, if different) set forth in an addendum to these Terms and Conditions (an "Addendum"). Further, if you transfer your residence and/or employment to another country reflected in an Addendum to these Terms and Conditions at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, any applicable Addendum shall constitute part of these Terms and Conditions.

28. The Company reserves the right to impose other requirements on the PSUs, any Shares acquired pursuant to the PSUs and your participation in the 2011 Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

29. Notwithstanding any other provision of this Agreement to the contrary, you acknowledge and agree that your PSUs, any Shares acquired pursuant thereto and/or any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of the Company's Recoupment Policy as in effect on the date of grant (a copy of which has been furnished to you) and as the Recoupment Policy may be amended from time to time in order to comply with changes in laws, rules or regulations that are applicable to such PSUs and Shares. You agree and consent to the Company's application, implementation and enforcement of (a) the Recoupment Policy and (b) any provision of applicable law relating to cancellation, recoupment, rescission or payback of compensation and expressly agree that the Company may take such actions as are necessary to effectuate the Recoupment Policy (as applicable to you) or applicable law without further consent or action being required by you. For purposes of the foregoing, you expressly and explicitly authorize the Company to issue instructions, on your behalf, to any brokerage firm and/or third party administrator engaged by the Company to hold your Shares and other amounts acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company. To the extent that the terms of this Agreement and the Recoupment Policy conflict, the terms of the Recoupment Policy shall prevail.

30. By accepting the grant of the PSUs, you acknowledge that you have read these Terms and Conditions, the Addendum to these Terms and Conditions (as applicable) and the 2011 Plan and specifically accept and agree to the provisions therein.

STRYKER CORPORATION

**ADDENDUM TO
TERMS AND CONDITIONS
RELATING TO PERFORMANCE STOCK UNITS GRANTED
PURSUANT TO THE 2011 PLAN, AS AMENDED AND RESTATED**

SINGAPORE

1. Qualifying Person Exemption. The following provision shall replace Section 16 of the Terms and Conditions:

The grant of the PSUs under the 2011 Plan is being made pursuant to the “Qualifying Person” exemption” under section 273(1)(f) of the Securities and Futures Act (Chapter 289, 2011 Ed.) (“SFA”). The 2011 Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. You should note that, as a result, the PSUs are subject to section 257 of the SFA and you will not be able to make (a) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the PSUs in Singapore, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA (Chapter 289, 2011 Ed.).

**Kevin A. Lobo****Chairman and CEO**

2825 Airview Boulevard
Kalamazoo MI 49002 USA
P 269 389 7353
F 269 389 7209
www.stryker.com

Personal and confidential

February 8, 2017

First Name Last Name

Dear First Name:

This confirms that we are awarding you a nonstatutory stock option for xxx shares of Stryker Corporation Common Stock at a price of \$xx.xx per share. Except as otherwise provided in the Terms and Conditions, you may exercise this option at 20% per year beginning on February 8, 2018, and it will expire on February 7, 2027.

In addition to the nonstatutory option grant, you are receiving xxx RSUs with respect to Common Stock of Stryker Corporation. Except as otherwise provided in the enclosed Terms and Conditions, these RSUs will vest on March 21, 2018.

You can view these awards online at <http://www.ubs.com/onesource/syk> starting on March 1, 2017. The detailed terms of the option and RSUs by which you will be bound are in the Terms and Conditions, any applicable country addendum and the provisions of the Company's 2011 Long-Term Incentive Plan. Those documents, together with the related Prospectus, are available on the UBS One Source web site.

You can find additional educational materials on the UBS One Source web site in the Library section, including Stock Option and RSUs brochures, Stock Option and RSUs Frequently Asked Questions and Stock Option and RSUs Tax Questions & Answers.

Thank you for your partnership and your contributions toward positioning Stryker for long-term success.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Lobo".

Kevin A. Lobo
Chairman and CEO

STRYKER CORPORATION

TERMS AND CONDITIONS

RELATING TO NONSTATUTORY STOCK OPTIONS GRANTED PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN, AS AMENDED AND RESTATED

NON-EMPLOYEE DIRECTORS

1. The Options to purchase Shares of Stryker Corporation (the "Company") granted to you during 2017 are subject to these Terms and Conditions Relating to Nonstatutory Stock Options Granted Pursuant to the 2011 Long-Term Incentive Plan, as Amended and Restated (the "Terms and Conditions") and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as Amended and Restated (the "2011 Plan"), which is incorporated herein by reference. In the case of a conflict between these Terms and Conditions and the terms of the 2011 Plan, the provisions of the 2011 Plan will govern. Capitalized terms used but not defined herein have the meaning provided therefor in the 2011 Plan.

2. Upon the termination of your service as a Director your right to exercise the Options shall be only as follows:

(a) If your service as a Director is terminated by Retirement (as such term is defined in the 2011 Plan or determined under local law), you or your estate (in the event of your death after termination by Retirement) shall have the right, at any time on or prior to the 10th anniversary of the grant date, to exercise the Options with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase Shares had vested on or before the date of your Retirement.

(b) If your service as a Director is terminated by reason of Disability (as such term is defined in the 2011 Plan or determined under local law) or death, you, your legal representative or your estate shall have the right, for a period of one year following such termination, to exercise the Options with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase such Shares had vested on or before the date of your termination by Disability or death.

(c) If you cease to be a Director for any reason other than those provided in (a) or (b) above, you or your estate (in the event of your death after such termination) may, within the thirty (30)-day period following such termination, exercise the Options with respect to only such number of Shares as to which the right of exercise had vested on or before the Termination Date, which shall be the last day of your active service as a Director.

(d) Notwithstanding the foregoing, the Options shall not be exercisable in whole or in part (i) after the 10th anniversary of the grant date or (ii) except as provided in Section 3(c) hereof or in the event of termination of service as a Director because of

Disability, Retirement or death, unless you shall have continued to serve as a Director for one (1) year following the date of grant of the Options.

(e) Notwithstanding the foregoing, if you are eligible for Retirement but cease to be a Director for any other reason before you retire, the right to exercise the Options shall be determined as if your service as a Director ceased by reason of Retirement.

3. The number of Shares subject to the Options and the price to be paid therefor shall be subject to adjustment and the term and exercise dates hereof may be accelerated as follows:

(a) In the event that the Shares, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or if the number of such Shares shall be increased through the payment of a stock dividend or a dividend on the Shares of rights or warrants to purchase securities of the Company shall be made, then there shall be substituted for or added to each Share theretofore subject to the Options the number and kind of shares of stock or other securities into which each outstanding Share shall be so changed, or for which each such Share shall be exchanged, or to which each such Share shall be entitled. The Options shall also be appropriately amended as to price and other terms as may be necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding Shares, or of any stock or other securities into which such Common Stock shall have been exchanged, then if the Board of Directors shall, in its sole discretion, determine that such change equitably requires an adjustment in the Options, such adjustment shall be made in accordance with such determination.

(b) Fractional Shares resulting from any adjustment in the Options may be settled in cash or otherwise as the Board of Directors shall determine, in its sole discretion. Notice of any adjustment will be given to you and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes hereof.

(c) The Board of Directors shall have the power to amend the Options to permit the exercise of the Options (and to terminate any unexercised Options) prior to the effectiveness of (i) any disposition of substantially all of the assets of the Company, (ii) the shutdown, discontinuance of operations or dissolution of the Company, or (iii) the merger or consolidation of the Company with or into any other unrelated corporation.

4. To exercise the Options, you must complete the exercise procedures as established through UBS, the outsourced stock plan administration vendor, at www.ubs.com/onesource/SYK or by telephone at +1 860 727 1515 (or such other direct dial-in number that may be established from time to time). As part of such procedures, you shall be required to specify the number of Shares that you elect to purchase and the date on which such purchase is to be made, and you shall be required to make full payment of the Exercise Price. An Option shall not be deemed to have been exercised (i.e., the exercise date shall not be deemed to have occurred) until the notice of such exercise and payment in full

of the Exercise Price are provided. The exercise date will be defined by the New York Stock Exchange (NYSE) trading hours. If an exercise is completed after the market close or on a weekend, the exercise will be dated the next following trading day.

The Exercise Price may be paid in such manner as the Board of Directors may specify from time to time in its sole discretion and as established through UBS, including (but not limited to) the two following methods: (i) by a net exercise arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares with an aggregate Fair Market Value on the date of purchase sufficient to cover the aggregate Exercise Price, or (ii) cash payment. In cases where you utilize the net exercise arrangement and the Fair Market Value of the number of whole Shares withheld is greater than the aggregate Exercise Price, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable.

5. Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including the grant of the Options, the vesting of the Options, the exercise of the Options, the subsequent sale of any Shares acquired pursuant to the Options and the receipt of any dividends and (ii) does not commit to structure the terms of the grant or any aspect of the Options to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country between the grant date and the date of any relevant taxable or withholding event, as applicable, you acknowledge that the Company may be required to withhold or account for Tax-Related Items in more than one country.

Prior to the delivery of Shares upon exercise of your Options, if your country of residence (and/or the country services as a director occur, if different) requires withholding of Tax-Related Items, the Company may withhold a number of whole Shares otherwise issuable upon exercise of the Options that have an aggregate Fair Market Value that the Company, taking into account local requirements and administrative issues, determines in its sole discretion is appropriate to cover withholding for Tax-Related Items with respect to the Shares. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. In cases where the Fair Market Value of the number of whole Shares withheld at the time of exercise is greater than the amount required to be paid to the relevant government authorities with respect to withholding for Tax-Related Items, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. Alternatively, the Company may withhold the Tax-Related Items required to be withheld with respect to the Shares in cash from your director fees or other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares or through your director fees or other amounts payable to you by the Company, no Shares will be issued to you (or your estate) upon exercise of the Options unless and until satisfactory arrangements have been made by you with respect to the payment of any Tax-Related Items that the Company determines, in its sole discretion,

should be withheld or collected with respect to such Options. By accepting these Options, you expressly consent to the withholding of Shares and/or withholding from your director fees or other amounts payable to you as provided for hereunder. All other Tax-Related Items related to the Options and any Shares delivered in payment thereof are your sole responsibility.

6. The Options are intended to be exempt from the requirements of Code Section 409A. The 2011 Plan and these Terms and Conditions shall be administered and interpreted in a manner consistent with this intent. If the Company determines that these Terms and Conditions are subject to Code Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion, and without your consent, amend these Terms and Conditions to cause them to comply with Code Section 409A or be exempt from Code Section 409A.

7. The Options shall be transferable only by will or the laws of descent and distribution and shall be exercisable during your lifetime only by you. If you purport to make any transfer of the Options, except as aforesaid, the Options and all rights thereunder shall terminate immediately.

8. If you are resident outside of the United States, you agree, as a condition of the grant of the Options, to repatriate all payments attributable to the Shares and/or cash acquired under the 2011 Plan (including, but not limited to, dividends and any proceeds derived from the sale of the Shares acquired pursuant to the Options) if required by and in accordance with local foreign exchange rules and regulations in your country of residence. In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in your country of residence. Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence.

9. If you are resident in a country that is a member of the European Union, the grant of the Options and these Terms and Conditions are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of these Terms and Conditions is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

10. The Options shall not be exercisable in whole or in part, and the Company shall not be obligated to issue any Shares subject to the Options, if such exercise and sale would, in the opinion of counsel for the Company, violate the Securities Act of 1933 or any other U.S. federal, state or non-U.S. statute having similar requirements as it may be in effect at the

time. The Options are subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to the Options under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the issuance of Shares pursuant to the Options, the Options may not be exercised in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. The grant of the Options shall not confer upon you any right to serve as a Director nor limit in any way the right of the Company to terminate your service as a Director at any time. You shall have no rights as a shareholder of the Company with respect to any Shares issuable upon the exercise of the Options until the date of issuance of such Shares.

12. You acknowledge and agree that the 2011 Plan is discretionary in nature and may be amended, cancelled or terminated by the Company, in its sole discretion, at any time. The grant of the Options under the 2011 Plan is a one-time benefit and does not create any contractual or other right to receive a grant of stock options or benefits in lieu of stock options in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of Shares subject to the grant, the vesting provisions and the exercise price. Any amendment, modification or termination of the 2011 Plan shall not constitute a change or impairment of the terms and conditions of your service as a Director of the Company.

13. Your participation in the 2011 Plan is voluntary.

14. These Terms and Conditions shall bind and inure to the benefit of the Company, its successors and assigns and you and your estate in the event of your death.

15. The Company hereby notifies you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the grant of the Options and your participation in the 2011 Plan pursuant to applicable personal data protection laws. The collection, processing and transfer of your personal data is necessary for the Company's administration of the 2011 Plan and your participation in the 2011 Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your ability to participate in the 2011 Plan. As such, you voluntarily acknowledge, consent and agree (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company holds certain personal information about you, including (but not limited to) your name, home address and telephone number, date of birth, social security number or other identification number (e.g., resident registration number), nationality, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor for the purpose of managing and administering the 2011 Plan ("Data"). The Data may be provided by you or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing your

participation in the 2011 Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the 2011 Plan and for your participation in the 2011 Plan.

The Company will transfer Data as necessary for the purpose of implementation, administration and management of your participation in the 2011 Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2011 Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. You hereby authorize (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the 2011 Plan, including any requisite transfer of such Data as may be required for the administration of the 2011 Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the 2011 Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the 2011 Plan and your participation in the 2011 Plan. You may seek to exercise these rights by contacting the Company's HR department.

16. The grant of the Options is not intended to be a public offering of securities in your country of residence. The Company has not submitted any registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise you on whether you should purchase Shares under the 2011 Plan or provide you with any legal, tax or financial advice with respect to the grant of your Options. Investment in Shares involves a degree of risk. Before deciding to purchase Shares pursuant to the Options, you should carefully consider all risk factors and tax considerations relevant to the acquisition of Shares under the 2011 Plan and the disposition of them. Further, you should carefully review all of the materials related to the Options and the 2011 Plan, and you should consult with your personal legal, tax and financial advisors for professional advice in relation to your personal circumstances.**

17. All questions concerning the construction, validity and interpretation of the Options and the 2011 Plan shall be governed and construed according to the laws of the state of Michigan, without regard to the application of the conflicts of laws provisions thereof. Any

disputes regarding the Options or the 2011 Plan shall be brought only in the state or federal courts of the state of Michigan.

18. The Company may, in its sole discretion, decide to deliver any documents related to the Options or other awards granted to you under the 2011 Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the 2011 Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

19. The invalidity or unenforceability of any provision of the 2011 Plan or these Terms and Conditions shall not affect the validity or enforceability of any other provision of the 2011 Plan or these Terms and Conditions.

20. If you are resident outside of the United States, you acknowledge and agree that it is your express intent that these Terms and Conditions, the 2011 Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Options be drawn up in English. If you have received these Terms and Conditions, the 2011 Plan or any other documents related to the Options 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.

21. Notwithstanding any provisions of these Terms and Conditions to the contrary, if your country of residence is Belgium, the Options shall be subject to the special terms and conditions in the addendum to these Terms and Conditions (an "Addendum"). Further, if you transfer your residence to a country that at the time of transfer has special terms and conditions for option grants, those special terms and conditions will apply to you to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, any applicable Addendum shall constitute part of these Terms and Conditions.

22. The Company reserves the right to impose other requirements on the Options, any Shares acquired pursuant to the Options and your participation in the 2011 Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

STRYKER CORPORATION
TERMS AND CONDITIONS
RELATING TO NONSTATUTORY STOCK OPTIONS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN

NON-EMPLOYEE DIRECTORS

1. The Options to purchase Shares of Stryker Corporation (the “Company”) granted to you during 2016 are subject to these Terms and Conditions Relating to Nonstatutory Stock Options Granted Pursuant to the 2011 Long-Term Incentive Plan (the “Terms and Conditions”) and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as amended (the “2011 Plan”), which is incorporated herein by reference. In the case of a conflict between these Terms and Conditions and the terms of the 2011 Plan, the provisions of the 2011 Plan will govern. Capitalized terms used but not defined herein have the meaning provided therefor in the 2011 Plan.

2. Upon the termination of your service as a Director your right to exercise the Options shall be only as follows:

(a) If your service as a Director is terminated by Retirement (as such term is defined in the 2011 Plan or determined under local law), you or your estate (in the event of your death after termination by Retirement) shall have the right, at any time on or prior to the 10th anniversary of the grant date, to exercise the Options with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase Shares had vested on or before the date of your Retirement.

(b) If your service as a Director is terminated by reason of Disability (as such term is defined in the 2011 Plan or determined under local law) or death, you, your legal representative or your estate shall have the right, for a period of one year following such termination, to exercise the Options with respect to all or any part of the Shares subject thereto, regardless of whether the right to purchase such Shares had vested on or before the date of your termination by Disability or death.

(c) If you cease to be a Director for any reason other than those provided in (a) or (b) above, you or your estate (in the event of your death after such termination) may, within the thirty (30)-day period following such termination, exercise the Options with respect to only such number of Shares as to which the right of exercise had vested on or before the Termination Date, which shall be the last day of your active service as a Director.

(d) Notwithstanding the foregoing, the Options shall not be exercisable in whole or in part (i) after the 10th anniversary of the grant date or (ii) except as provided in Section 3(c) hereof or in the event of termination of service as a Director because of Disability, Retirement or death, unless you shall have continued to serve as a Director for one (1) year following the date of grant of the Options.

(e) Notwithstanding the foregoing, if you are eligible for Retirement but cease to be a Director for any other reason before you retire, the right to exercise the Options shall be determined as if your service as a Director ceased by reason of Retirement.

3. The number of Shares subject to the Options and the price to be paid therefor shall be subject to adjustment and the term and exercise dates hereof may be accelerated as follows:

(a) In the event that the Shares, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or if the number of such Shares shall be increased through the payment of a stock dividend or a dividend on the Shares of rights or warrants to purchase securities of the Company shall be made, then there shall be substituted for or added to each Share theretofore subject to the Options the number and kind of shares of stock or other securities into which each outstanding Share shall be so changed, or for which each such Share shall be exchanged, or to which each such Share shall be entitled. The Options shall also be appropriately amended as to price and other terms as may be necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding Shares, or of any stock or other securities into which such Common Stock shall have been exchanged, then if the Board of Directors shall, in its sole discretion, determine that such change equitably requires an adjustment in the Options, such adjustment shall be made in accordance with such determination.

(b) Fractional Shares resulting from any adjustment in the Options may be settled in cash or otherwise as the Board of Directors shall determine, in its sole discretion. Notice of any adjustment will be given to you and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes hereof.

(c) The Board of Directors shall have the power to amend the Options to permit the exercise of the Options (and to terminate any unexercised Options) prior to the effectiveness of (i) any disposition of substantially all of the assets of the Company, (ii) the shutdown, discontinuance of operations or dissolution of the Company, or (iii) the merger or consolidation of the Company with or into any other unrelated corporation.

4. To exercise the Options, you must complete the exercise procedures as established through UBS, the outsourced stock plan administration vendor, at www.ubs.com/onesource/SYK or by telephone at +1 860 727 1515 (or such other direct dial-in number that may be established from time to time). As part of such procedures, you shall be required to specify the number of Shares that you elect to purchase and the date on which such purchase is to be made, and you shall be required to make full payment of the Exercise Price. An Option shall not be deemed to have been exercised (i.e., the exercise date shall not be deemed to have occurred) until the notice of such exercise and payment in full of the Exercise Price are provided. The exercise date will be defined by the New York Stock Exchange (NYSE) trading hours. If an exercise is completed after the market close or on a weekend, the exercise will be dated the next following trading day.

The Exercise Price may be paid in such manner as the Board of Directors may specify from time to time in its sole discretion and as established through UBS, including (but not limited to) the two following methods: (i) by a net exercise arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares with an aggregate Fair Market Value on the date of purchase sufficient to cover the aggregate Exercise Price, or (ii) cash payment. In cases where you utilize the net exercise arrangement and the Fair Market Value of the number of whole Shares withheld is greater than the aggregate Exercise Price, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable.

5. Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding ("Tax-Related Items"), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including the grant of the Options, the vesting of the Options, the exercise of the Options, the subsequent sale of any Shares acquired pursuant to the Options and the receipt of any dividends and (ii) does not commit to structure the terms of the grant or any aspect of the Options to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country between the grant date and the date of any relevant taxable or withholding event, as applicable, you acknowledge that the Company may be required to withhold or account for Tax-Related Items in more than one country.

Prior to the delivery of Shares upon exercise of your Options, if your country of residence requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole Shares otherwise issuable upon exercise of the Options that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. In cases where the Fair Market Value of the number of whole Shares withheld is greater than the minimum Tax-Related Items required to be withheld, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. Alternatively, the Company may withhold the minimum Tax-Related Items required to be withheld with respect to the Shares in cash from your director fees or other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares or through your director fees or any other amounts payable to you, no Shares will be issued to you (or your estate) upon exercise of the Options unless and until satisfactory arrangements have been made by you with respect to the payment of any Tax-Related Items that the Company determines, in its sole discretion, must be withheld or collected with respect to such Options. By accepting these Options, you expressly consent to the withholding of Shares and/or the withholding from your director fees or other amounts payable to you as provided for hereunder. All other Tax-Related Items related to the Options and any Shares delivered in payment thereof are your sole responsibility.

6. The Options are intended to be exempt from the requirements of Code Section 409A. The 2011 Plan and these Terms and Conditions shall be administered and interpreted in a manner consistent with this intent. If the Company determines that these Terms and Conditions are subject to Code Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion, and without your consent, amend these Terms and Conditions to cause them to comply with Code Section 409A or be exempt from Code Section 409A.

7. The Options shall be transferable only by will or the laws of descent and distribution and shall be exercisable during your lifetime only by you. If you purport to make any transfer of the Options, except as aforesaid, the Options and all rights thereunder shall terminate immediately.

8. If you are resident outside of the United States, you agree, as a condition of the grant of the Options, to repatriate all payments attributable to the Shares and/or cash acquired under the 2011 Plan (including, but not limited to, dividends and any proceeds derived from the sale of the Shares acquired pursuant to the Options) if required by and in accordance with local foreign exchange rules and regulations in your country of residence. In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in your country of residence. Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence.

9. If you are resident in a country that is a member of the European Union, the grant of the Options and these Terms and Conditions are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of competent jurisdiction determines that any provision of these Terms and Conditions is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

10. The Options shall not be exercisable in whole or in part, and the Company shall not be obligated to issue any Shares subject to the Options, if such exercise and sale would, in the opinion of counsel for the Company, violate the Securities Act of 1933 or any other U.S. federal, state or non-U.S. statute having similar requirements as it may be in effect at the time. The Options are subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to the Options under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the issuance of Shares pursuant to the Options, the Options may not be exercised in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

11. The grant of the Options shall not confer upon you any right to serve as a Director nor limit in any way the right of the Company to terminate your service as a Director at any time. You shall have no rights as a shareholder of the Company with respect to any Shares issuable upon the exercise of the Options until the date of issuance of such Shares.

12. You acknowledge and agree that the 2011 Plan is discretionary in nature and may be amended, cancelled or terminated by the Company, in its sole discretion, at any time. The grant of the Options under the 2011 Plan is a one-time benefit and does not create any contractual or other right to receive a grant of stock options or benefits in lieu of stock options in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of Shares subject to the grant, the vesting provisions and the exercise price. Any amendment, modification or termination of the 2011 Plan shall not constitute a change or impairment of the terms and conditions of your service as a Director of the Company.

13. Your participation in the 2011 Plan is voluntary.

14. These Terms and Conditions shall bind and inure to the benefit of the Company, its successors and assigns and you and your estate in the event of your death.

15. The Company hereby notifies you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the grant of the Options and your participation in the 2011 Plan pursuant to applicable personal data protection laws. The collection, processing and transfer of your personal data is necessary for the Company's administration of the 2011 Plan and your participation in the 2011 Plan, and your denial and/or objection to the collection, processing and transfer of personal data may affect your ability to participate in the 2011 Plan. As such, you voluntarily acknowledge, consent and agree (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company holds certain personal information about you, including (but not limited to) your name, home address and telephone number, date of birth, social security number or other identification number, nationality, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor for the purpose of managing and administering the 2011 Plan ("Data"). The Data may be provided by you or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing your participation in the 2011 Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the 2011 Plan and for your participation in the 2011 Plan.

The Company will transfer Data as necessary for the purpose of implementation, administration and management of your participation in the 2011 Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2011 Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. You hereby authorize (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the 2011 Plan, including any requisite transfer of such Data as may be required for the administration of the 2011 Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the 2011 Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion, or blockage (for breach of applicable laws) of the Data and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the 2011 Plan and your participation in the 2011 Plan. You may seek to exercise these rights by contacting the Company's HR department.

16. The grant of the Options is not intended to be a public offering of securities in your country of residence. The Company has not submitted any registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law). No employee of the Company is permitted to advise you on whether you should purchase Shares under the 2011 Plan or provide you with any legal, tax or financial advice with respect to the grant of your Options. Investment in Shares involves a degree of risk. Before deciding to purchase Shares pursuant to the Options, you should carefully consider all risk factors and tax considerations relevant to the acquisition of Shares under the 2011 Plan and the disposition of them. Further, you should carefully review all of the materials related to the Options and the 2011 Plan, and you should consult with your personal legal, tax and financial advisors for professional advice in relation to your personal circumstances.

17. All questions concerning the construction, validity and interpretation of the Options and the 2011 Plan shall be governed and construed according to the laws of the state of Michigan, without regard to the application of the conflicts of laws provisions thereof. Any disputes regarding the Options or the 2011 Plan shall be brought only in the state or federal courts of the state of Michigan.

18. The Company may, in its sole discretion, decide to deliver any documents related to the Options or other awards granted to you under the 2011 Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the 2011 Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

19. The invalidity or unenforceability of any provision of the 2011 Plan or these Terms and Conditions shall not affect the validity or enforceability of any other provision of the 2011 Plan or these Terms and Conditions.

20. If you are resident outside of the United States, you acknowledge and agree that it is your express intent that these Terms and Conditions, the 2011 Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Options be drawn up in English. If you have received these Terms and Conditions, the 2011 Plan or any other documents related to the Options 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.

21. Notwithstanding any provisions of these Terms and Conditions to the contrary, if your country of residence is Belgium, the Options shall be subject to the special terms and conditions in the addendum to these Terms and Conditions (an "Addendum"). Further, if you transfer your residence to a country that at the time of transfer has special terms and conditions for option grants, those special terms and conditions will apply to you to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, any applicable Addendum shall constitute part of these Terms and Conditions.

22. The Company reserves the right to impose other requirements on the Options, any Shares acquired pursuant to the Options and your participation in the 2011 Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

STRYKER CORPORATION
ADDENDUM TO
TERMS AND CONDITIONS
RELATING TO NONSTATUTORY STOCK OPTIONS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN
NON-EMPLOYEE DIRECTORS
BELGIUM

In addition to the terms of the 2011 Plan and the Terms and Conditions, the Options are subject to the following additional terms and conditions (the "Addendum"). All capitalized terms as contained in this Addendum shall have the same meaning as set forth in the 2011 Plan and the Terms and Conditions. Pursuant to Section 20 of the Terms and Conditions, if you transfer your residence and/or employment to another country reflected in an Addendum at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law, rules and regulations, or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer).

Director Name: _____ **Number of Shares:** _____

Date of Grant: _____ **Exercise Price:** _____

1. Acceptance of Options. In order for the Options to be subject to taxation at the time of grant, you must affirmatively accept the Options in writing within 60 days of the Date of Grant specified above by signing below and returning this original executed Addendum to:

Stock Plan Administration Department
2825 Airview Blvd.
Kalamazoo, Michigan 49002 (U.S.A)

I hereby accept the _____ (number) Options granted to me by the Company on the Date of Grant. I also acknowledge that I have been encouraged to discuss the acceptance of the Options and the applicable tax treatment with a financial and/or tax advisor, and that my decision to accept the Options is made in full knowledge.

Director Signature: _____

Director Printed Name: _____

Date of Acceptance: _____

If you fail to affirmatively accept the Options in writing within 60 days of the Date of Grant, the Options will not be subject to taxation at the time of grant but instead will be subject to taxation on the date you exercise the Options (or such other treatment as may apply under Belgian tax law at the time of exercise).

2. Payment of Exercise Price Limited to Cash Payment. Notwithstanding anything to the contrary in Section 4 of the Terms and Conditions, you shall be permitted to pay the Exercise Price only by means of a cash payment (and the net exercise method shall not be permitted).

3. Undertaking for Qualifying Options. If you are accepting the Options in writing within 60 days of the Date of Grant and wish to have the Options subject to a lower valuation for Belgium tax purposes pursuant to the article 43, §6 of the Belgian law of 26 March 1999, you may agree and undertake to (a) not exercise the Options before the end of the third calendar year following the calendar year in which the Date of Grant falls, and (b) not transfer the Options under any circumstances (except upon on rights your heir might have in the Options upon your death). If you wish to make this undertaking, you must sign below and return this executed Addendum to the address listed above.

Director Signature: _____

Director Printed Name: _____

* * * * *

STRYKER CORPORATION
TERMS AND CONDITIONS
RELATING TO RESTRICTED STOCK UNITS GRANTED
PURSUANT TO THE 2011 LONG-TERM INCENTIVE PLAN
NON-EMPLOYEE DIRECTORS

1. The Restricted Stock Units (“RSUs”) with respect to Common Stock of Stryker Corporation (the “Company”) granted to you during 2016 are subject to these Terms and Conditions Relating to Restricted Stock Units Granted Pursuant to the 2011 Long-Term Incentive Plan (the “Terms and Conditions”) and all of the terms and conditions of the Stryker Corporation 2011 Long-Term Incentive Plan, as amended (the “2011 Plan”), which is incorporated herein by reference. In the case of a conflict between these Terms and Conditions and the terms of the 2011 Plan, the provisions of the 2011 Plan will govern. Capitalized terms used but not defined herein have the meaning provided therefor in the 2011 Plan.

2. Your right to receive the Shares issuable pursuant to the RSUs shall be only as follows:

(a) If you continue to be a Director, you will receive the Shares underlying the RSUs that have become vested as soon as administratively possible following the vesting date as set forth in the award document.

(b) If you cease to be a Director by reason of Disability (as such term is defined in the 2011 Plan or determined under local law) or death prior to the date that your RSUs become fully vested, you or your estate will become fully vested in your RSUs, and you, your legal representative or your estate will receive all of the underlying Shares as soon as administratively practicable following your termination by Disability or death.

(c) If you cease to be a Director prior to the date that your RSUs become fully vested for any reason other than those provided in (b) above, you shall cease vesting in your RSUs effective as of your Termination Date, which shall be the last day of your active service as a Director.

(d) Notwithstanding the foregoing, the Company may, in its sole discretion, settle your RSUs in the form of: (i) a cash payment to the extent settlement in Shares (1) is prohibited under local law, (2) would require you or the Company to obtain the approval of any governmental and/or regulatory body in your country of residence or (3) is administratively burdensome or (ii) Shares, but require you to immediately sell such Shares (in which case, the Company shall have the authority to issue sales instructions in relation to such Shares on your behalf).

3. The number of Shares subject to the RSUs shall be subject to adjustment and the vesting dates hereof may be accelerated as follows:

(a) In the event that the Shares, as presently constituted, shall be changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or if the number of such Shares shall be increased through the payment of a stock dividend or a dividend on the Shares of rights or warrants to purchase securities of the Company shall be made, then there shall be substituted for or added to each Share theretofore subject to the RSUs the number and kind of shares of stock or other securities into which each outstanding Share shall be so changed, or for which each such Share shall be exchanged, or to which each such Share shall be entitled. The other terms of the RSUs shall also be appropriately amended as may be necessary to reflect the foregoing events. In the event there shall be any other change in the number or kind of the outstanding Shares, or of any stock or other securities into which such Shares shall have been exchanged, then if the Board of Directors shall, in its sole discretion, determine that such change equitably requires an adjustment in the RSUs, such adjustment shall be made in accordance with such determination.

(b) Fractional Shares resulting from any adjustment in the RSUs may be settled in cash or otherwise as the Board of Directors shall determine, in its sole discretion. Notice of any adjustment will be given to you and such adjustment (whether or not such notice is given) shall be effective and binding for all purposes hereof.

(c) The Board of Directors shall have the power to amend the RSUs to permit the immediate vesting of the RSUs (and to terminate any unvested RSUs) and the distribution of the underlying Shares prior to the effectiveness of (i) any disposition of substantially all of the assets of the Company, (ii) the shutdown, discontinuance of operations or dissolution of the Company, or (iii) the merger or consolidation of the Company with or into any other unrelated corporation.

4. If you are resident outside of the United States, you agree, as a condition of the grant of the RSUs, to repatriate all payments attributable to the Shares and/or cash acquired under the 2011 Plan (including, but not limited to, dividends, dividend equivalents and any proceeds derived from the sale of the Shares acquired pursuant to the RSUs) required by and in accordance with local foreign exchange rules and regulations in your country of residence. In addition, you also agree to take any and all actions, and consent to any and all actions taken by the Company and its Subsidiaries, as may be required to allow the Company and its Subsidiaries to comply with local laws, rules and regulations in your country of residence. Finally, you agree to take any and all actions as may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence.

5. If you are resident in a country that is a member of the European Union, the grant of the RSUs and these Terms and Conditions are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the "Age Discrimination Rules"). To the extent that a court or tribunal of

competent jurisdiction determines that any provision of the Terms and Conditions are invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to make it valid and enforceable to the full extent permitted under local law.

6. Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local taxes or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company (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 RSUs, the vesting of the RSUs, the subsequent sale of any Shares acquired pursuant to the RSUs and the receipt of any dividends or dividend equivalents and (ii) do not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country between the grant date and the date of any relevant taxable or withholding event, as applicable, you acknowledge that the Company may be required to withhold or account for Tax-Related Items in more than one country.

Prior to the delivery of Shares upon the vesting of your RSUs, if your country of residence requires withholding of Tax-Related Items, the Company shall withhold a sufficient number of whole Shares otherwise issuable upon the vesting of the RSUs that have an aggregate Fair Market Value sufficient to pay the minimum Tax-Related Items required to be withheld with respect to the Shares. In cases where the Fair Market Value of the number of whole Shares withheld is greater than the minimum Tax-Related Items required to be withheld, the Company shall make a cash payment to you equal to the difference as soon as administratively practicable. The cash equivalent of the Shares withheld will be used to settle the obligation to withhold the Tax-Related Items. Alternatively, the Company may withhold the minimum Tax-Related Items required to be withheld with respect to the Shares in cash from your director fees or any other amounts payable to you. In the event the withholding requirements are not satisfied through the withholding of Shares by the Company or through your director fees or other amounts payable to you, no Shares will be issued to you (or your estate) upon vesting of the RSUs unless and until satisfactory arrangements have been made by you with respect to the payment of any Tax-Related Items that the Company determines, in its sole discretion, must be withheld or collected with respect to such RSUs. By accepting this grant of RSUs, you expressly consent to the withholding of Shares and/or withholding from your director fees or other amounts payable to you as provided for hereunder. All other Tax-Related Items related to the RSUs and any Shares delivered in payment thereof are your sole responsibility.

7. The RSUs are intended to be exempt from the requirements of Code Section 409A. The 2011 Plan and these Terms and Conditions shall be administered and interpreted

in a manner consistent with this intent. If the Company determines that these Terms and Conditions are subject to Code Section 409A and that it has failed to comply with the requirements of that Section, the Company may, at the Company's sole discretion, and without your consent, amend these Terms and Conditions to cause them to comply with Code Section 409A or be exempt from Code Section 409A.

8. The RSUs shall be transferable only by will or the laws of descent and distribution. If you purport to make any transfer of the RSUs, except as aforesaid, the RSUs and all rights thereunder shall terminate immediately.

9. The RSUs shall not be vested in whole or in part, and the Company shall not be obligated to issue any Shares subject to the RSUs, if such issuance would, in the opinion of counsel for the Company, violate the Securities Act of 1933 or any other U.S. federal, state or non-U.S. statute having similar requirements as it may be in effect at the time. The RSUs are subject to the further requirement that, if at any time the Board of Directors shall determine in its discretion that the listing or qualification of the Shares subject to the RSUs under any securities exchange requirements or under any applicable law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the issuance of shares pursuant to the RSUs, the RSUs may not be vested in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors.

10. The grant of the RSUs shall not confer upon you any right to serve as a Director of the Company nor limit in any way the right of the Company to terminate your service as a Director at any time. You shall have no rights as a shareholder of the Company with respect to any Shares issuable upon the vesting of the RSUs until the date of issuance of such Shares.

11. You acknowledge and agree that the 2011 Plan is discretionary in nature and may be amended, cancelled, or terminated by the Company, in its sole discretion, at any time. The grant of the RSUs under the 2011 Plan is a one-time benefit and does not create any contractual or other right to receive a grant of RSUs or any other award under the 2011 Plan or other benefits in lieu thereof in the future. Future grants, if any, will be at the sole discretion of the Company, including, but not limited to, the form and timing of any grant, the number of Shares subject to the grant, and the vesting provisions. Any amendment, modification or termination of the 2011 Plan shall not constitute a change or impairment of the terms and conditions of your service as a Director of the Company.

12. Your participation in the 2011 Plan is voluntary.

13. These Terms and Conditions shall bind and inure to the benefit of the Company, its successors and assigns and you and your estate in the event of your death.

14. The Company hereby notifies you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the grant of the RSUs and your participation in the 2011 Plan pursuant to applicable personal data protection laws. The collection, processing and transfer of your personal data is necessary for the Company's administration of the 2011 Plan and your participation in the 2011 Plan,

and your denial and/or objection to the collection, processing and transfer of personal data may affect your ability to participate in the 2011 Plan. As such, you voluntarily acknowledge, consent and agree (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein.

The Company holds certain personal information about you, including (but not limited to) your name, home address and telephone number, date of birth, social security number or other identification number, nationality, any Shares or directorships held in the Company, details of all RSUs or any other entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor for the purpose of managing and administering the 2011 Plan ("Data"). The Data may be provided by you or collected, where lawful, from third parties, and the Company will process the Data for the exclusive purpose of implementing, administering and managing your participation in the 2011 Plan. The data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which the Data is collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such information is unnecessary for the processing purposes sought. The Data will be accessible within the Company's organization only by those persons requiring access for purposes of the implementation, administration and operation of the 2011 Plan and for your participation in the 2011 Plan.

The Company will transfer Data as necessary for the purpose of implementation, administration and management of your participation in the 2011 Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the 2011 Plan. These recipients may be located in the European Economic Area, the United States or elsewhere throughout the world. You hereby authorize (where required under applicable law) the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for purposes of implementing, administering and managing your participation in the 2011 Plan, including any requisite transfer of such Data as may be required for the administration of the 2011 Plan and/or the subsequent holding of Shares on your behalf to a broker or other third party with whom you may elect to deposit any Shares acquired pursuant to the 2011 Plan.

You may, at any time, exercise your rights provided under applicable personal data protection laws, which may include the right to (a) obtain confirmation as to the existence of the Data, (b) verify the content, origin and accuracy of the Data, (c) request the integration, update, amendment, deletion or blockage (for breach of applicable laws) of the Data and (d) oppose, for legal reasons, the collection, processing or transfer of the Data that is not necessary or required for the implementation, administration and/or operation of the 2011 Plan and your participation in the 2011 Plan. You may seek to exercise these rights by contacting the Company's HR department.

15. The grant of the RSUs is not intended to be a public offering of securities in your country of residence. The Company has not submitted any registration statement, prospectus or other filing with the local securities authorities (unless otherwise required under local law). **No employee of the Company is permitted to advise you on whether**

you should acquire Shares under the 2011 Plan or provide you with any legal, tax or financial advice with respect to the grant of the RSUs. The acquisition of Shares involves certain risks, and you should carefully consider all risk factors and tax considerations relevant to the acquisition of Shares under the 2011 Plan and the disposition of them. Further, you should carefully review all of the materials related to the RSUs and the 2011 Plan, and you should consult with your personal legal, tax and financial advisors for professional advice in relation to your personal circumstances.

16. All questions concerning the construction, validity and interpretation of the RSUs and the 2011 Plan shall be governed and construed according to the laws of the state of Michigan, without regard to the application of the conflicts of laws provisions thereof. Any disputes regarding the RSUs or the 2011 Plan shall be brought only in the state or federal courts of the state of Michigan.

17. The Company may, in its sole discretion, decide to deliver any documents related to the RSUs or other awards granted to you under the 2011 Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the 2011 Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

18. The invalidity or unenforceability of any provision of the 2011 Plan or these Terms and Conditions shall not affect the validity or enforceability of any other provision of the 2011 Plan or these Terms and Conditions.

19. If you are resident outside of the United States, you acknowledge and agree that it is your express intent that these Terms and Conditions, the 2011 Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the RSUs be drawn up in English. If you have received these Terms and Conditions, the 2011 Plan or any other documents related to the RSUs translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

20. Notwithstanding any provisions of these Terms and Conditions to the contrary, the RSUs shall be subject to any special terms and conditions for your country of residence set forth in an addendum to these Terms and Conditions (an "Addendum"). Further, if you transfer your residence to another country reflected in an Addendum to these Terms and Conditions at the time of transfer, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such special terms and conditions is necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). In all circumstances, any applicable Addendum shall constitute part of these Terms and Conditions.

21. The Company reserves the right to impose other requirements on the RSUs, any Shares acquired pursuant to the RSUs, and your participation in the 2011 Plan to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local law, rules and regulations or to facilitate the operation and administration of the award and the 2011 Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

STRYKER CORPORATION LIST OF SUBSIDIARIES
As of January 31, 2017

<u>Name of Subsidiary</u>	<u>State or Country of Incorporation</u>
Alcott Indemnity Company	USA - Vermont
Ascential LLC	USA - Delaware
Berchtold + Fritz GmbH	Germany
Berchtold Asia Sdn. Bhd.	Malaysia
Berchtold China Ltd.	China
Berchtold Consulting GmbH	Switzerland
Berchtold Corporation	USA - Delaware
Berchtold do Brasil Importação e Exportação Ltda. EPP	Brazil
Berchtold Espana S.L.	Spain
Berchtold GmbH & Co. KG	Germany
Berchtold Holding Switzerland GmbH	Switzerland
Cary Corners LLC	USA - Illinois
Cersys Inc.	USA - Delaware
Changzhou Orthomed Medical Instrument Company Limited	China
Charger Holding Corp.	USA - Delaware
Colorado Biomedical, Inc.	USA - Colorado
Concentric Medical Europe SARL	Belgium
Concentric Medical, Inc.	USA - Delaware
Everest Biomedical Instruments Company	USA - Delaware
Gaymar Industries, Inc.	USA - New York
Gongping (Shanghai) Medical Devices Trading Co. Ltd.	China
HeartSine Technologies Limited	United Kingdom
HeartSine Technologies, LLC	USA - Delaware
Howmedica International S. de R.L.	Panama
Howmedica Osteonics Corp.	USA - New Jersey
Image Guided Technologies, Inc.	USA - Colorado
Imorphics Limited	United Kingdom
InstruMedics, L.L.C	USA - Michigan
ITAPCo Limited	United Kingdom
Ivy Sports Medicine AG	Switzerland
Ivy Sports Medicine GmbH	Germany
Ivy Sports Medicine LLC	USA - Delaware
Jiangsu Chuangyi Medical Instrument Company Limited	China
Jolife AB	Sweden
MAKO Surgical Corp	USA - Delaware
Medicycle, Inc.	USA - Arizona
Memometal, Inc.	USA - Delaware
MicroDexterity Systems, Inc.	USA - Delaware
Muka Metal Ticaret ve Sanayi Anaonim Sirketi	Turkey
Nettrick Limited	Ireland
NV Stryker SA	Belgium
OOO "Stryker"	Russia
Orthomed (Hong Kong) Medical Instrument Company Limited	Hong Kong
Orthovita, Inc.	USA - Pennsylvania
OtisMed Corporation	USA - California
P.C. Sweden Holding AB	Sweden
ParaMed Corporation	USA - Utah
Pficonprod Pty. Ltd.	Australia
Physio Portugal Sales, Unipessoal Lda	Portugal
Physio-Control (Shanghai) Sales Co., Ltd.	China
Physio-Control Australia Pty Ltd	Australia
Physio-Control Austria Sales GmbH	Austria
Physio-Control Belgium Sales Sprl	Belgium
Physio-Control Brazil Vendas Ltda.	Brazil
Physio-Control Canada Sales Ltd.	Canada

Physio-Control Czech Sales s.r.o.	Czech Republic
Physio-Control Denmark Sales ApS	Denmark
Physio-Control Finland Sales Oy	Finland
Physio-Control France Sales SARL	France
Physio-Control Germany Sales GmbH	Germany
Physio-Control Holdings Coöperatief U.A.	Netherlands
Physio-Control Hong Kong Sales Limited	Hong Kong
Physio-Control Hungary Sales Kft	Hungary
Physio-Control India Sales Pvt. Ltd	India
Physio-Control International, Inc.	USA - Washington
Physio-Control Italy Sales S.r.l.	Italy
Physio-Control Japan, Inc.	Japan
Physio-Control Lebanon Sales Offshore s.a.l.	Lebanon
Physio-Control Manufacturing, Inc.	USA - Washington
Physio-Control Norway Sales AS	Norway
Physio-Control Operations Netherlands B.V.	Netherlands
Physio-Control Poland Sales sp. z o.o.	Poland
Physio-Control Sales Limited Liability Company	Russia
Physio-Control Singapore Pte. Ltd.	Singapore
Physio-Control South Africa Sales Pty. Ltd.	South Africa
Physio-Control Spain Sales, S.L.	Spain
Physio-Control Switzerland Sales GmbH	Switzerland
Physio-Control UK Sales Ltd.	United Kingdom
Physio-Control, Inc.	USA - Washington
Physio-Control, Investments LLC	USA - Delaware
Pivot Medical, Inc.	USA - Delaware
S.I.R.E. L.L.C.	USA - Michigan
Sage Products Coöperatief U.A.	Netherlands
Sage Products Holdings II, LLC	USA - Delaware
Sage Products Holdings III, LLC	USA - Delaware
Sage Products Sarl	Switzerland
Sage Products, LLC	USA - Delaware
ScanHealth, Inc.	USA - Minnesota
SPI Worldwide, Ltd.	USA - Illinois
SpineCore, Inc.	USA - Delaware
SSI Divestiture, Inc.	USA - Massachusetts
Stanmore Implants France SAS	France
Stanmore Implants Worldwide Limited	United Kingdom
Stanmore, Inc.	USA - Massachusetts
Stryker (Barbados) Foreign Sales Corporation	Barbados
Stryker (Beijing) Healthcare Products Co., Ltd.	China
Stryker (Shanghai) Healthcare Products Co., Ltd.	China
Stryker (Suzhou) Medical Technology Co Ltd	China
Stryker (Thailand) Limited	Thailand
Stryker AB	Sweden
Stryker Acquisitions B.V.	Netherlands
Stryker Asia Holdings C.V.	Netherlands
Stryker Australia LLC	USA - Delaware
Stryker Australia Pty. Ltd.	Australia
Stryker Berchtold B.V.	Netherlands
Stryker Beteiligungs GmbH	Germany
Stryker Canada Holding Company	Canada
Stryker Canada LP	Canada
Stryker Canadian Management, ULC	Canada
Stryker Capital B.V.	Netherlands
Stryker China Limited	Hong Kong
Stryker Colombia SAS	Colombia
Stryker Combo L.L.C.	USA - Michigan
Stryker Communications, Inc.	USA - Delaware
Stryker Corporation (Chile) y Compania Limitada	Chile
Stryker Corporation (Malaysia) Sdn. Bhd.	Malaysia
Stryker Czech Republic s.r.o.	Czech Republic
Stryker do Brasil Ltda	Brazil

Stryker EMEA Supply Chain Services B.V.	Netherlands
Stryker European Coordination Center B.V.	Netherlands
Stryker European Finance B.V.	Netherlands
Stryker European Holdings Coöperatief U.A	Netherlands
Stryker European Holdings I, LLC	USA - Delaware
Stryker European Holdings II, LLC	USA - Delaware
Stryker European Holdings III, LLC	USA - Delaware
Stryker European Holdings IV, LLC	USA - Delaware
Stryker European Holdings V, LLC	USA - Delaware
Stryker European Holdings VI, LLC	USA - Delaware
Stryker European Operations B.V.	Netherlands
Stryker European Technologies C.V.	Netherlands
Stryker Far East, Inc.	USA - Delaware
Stryker Foreign Acquisitions, Inc.	USA - Delaware
Stryker France Holding SNC	France
Stryker France MM Holdings SAS	France
Stryker France SAS	France
Stryker Funding B.V.	Netherlands
Stryker GI Ltd.	Israel
Stryker GI Services C.V.	Netherlands
Stryker Global Technology Center Private Limited	India
Stryker GmbH & Co. KG	Germany
Stryker GmbH	Austria
Stryker GmbH (f/k/a Stryker Trauma SA)	Switzerland
Stryker Grundstücks GmbH & Co KG	Germany
Stryker Grundstücks Verwaltungs GmbH	Germany
Stryker Holdings B.V.	Netherlands
Stryker Iberia SL Unipersonal	Spain
Stryker IFSC Designated Activity Company	Ireland
Stryker (India) Private Limited	India
Stryker International Acquisitions B.V.	Netherlands
Stryker International Holdings B.V.	Netherlands
Stryker Investment Holdings B.V.	Netherlands
Stryker Ireland Holding Unlimited Company	Ireland
Stryker Ireland Limited	Ireland
Stryker Italia S.r.l. S.U.	Italy
Stryker Japan Holdings B.V.	Netherlands
Stryker Japan K.K.	Japan
Stryker Korea Ltd.	South Korea
Stryker Lebanon (Offshore) S.A.L.	Lebanon
Stryker Leibinger GmbH & Co. KG	Germany
Stryker Luxembourg Holdings S.a.r.l.	Luxembourg
Stryker Luxembourg S.a.r.l.	Luxembourg
Stryker Manufacturing S. de R.L. de C.V.	Mexico
Stryker Mauritius Holding Ltd.	Mauritius
Stryker Medical London LP	Canada
Stryker Medtech K.K.	Japan
Stryker Medtech Limited	Ireland
Stryker Mexico SA de C.V.	Mexico
Stryker Nederland B.V.	Netherlands
Stryker New Zealand Limited	New Zealand
Stryker Newplant GmbH	Switzerland
Stryker NV Operations Limited	Ireland
Stryker Osteonics SA	Switzerland
Stryker Pacific Limited	Hong Kong
Stryker Performance Solutions, LLC	USA - New Jersey
Stryker Polska Sp.z.o.o.	Poland
Stryker Portugal - Produtos Medicos, Unipessoal, Lda.	Portugal
Stryker Professional Latin America S. de R.L. de C.V.	Mexico
Stryker Puerto Rico Limited	Ireland
Stryker Romania SRL	Romania
Stryker Sage, Inc.	USA - Delaware
Stryker Sales Corporation	USA - Michigan

Stryker Services SA	Switzerland
Stryker Servicios Administrativos S.de R.L. de C.V.	Mexico
Stryker Singapore Private Limited	Singapore
Stryker South Africa (Proprietary) Limited	South Africa
Stryker Spain Holding SL	Spain
Stryker Spine Sarl	Switzerland
Stryker Spine SAS	France
Stryker Sustainability Solutions, Inc.	USA - Delaware
Stryker Tibbi Cihazlan Sanayi ve Ticaret Limited Sirketi	Turkey
Stryker Trauma GmbH	Germany
Stryker UK Limited	United Kingdom
Stryker US Holding LLC	USA - Delaware
Stryker Verwaltungs GmbH	Germany
Surpass Medical Ltd.	Israel
TG SP Holdings Corp	USA - Delaware
Trauson (China) Medical Instrument Company Limited	China
Trauson (Hong Kong) Company Limited	Hong Kong
Trauson Holdings (BVI) Company Limited	British Virgin Islands
Trauson Holdings (Hong Kong) Company Limited	Hong Kong
Trauson Holdings Company Limited	Cayman Islands
Waterloo Bedding Co.	Canada

Stryker Corporation directly or indirectly owns 100% of the outstanding voting securities of each of the above-named subsidiaries.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 No. 333-209526) of Stryker Corporation, and
- (2) Registration Statement (Form S-8 Nos. 333-78201, 333-140961, 333-150396 and 333-179142) of Stryker Corporation;

of our reports dated February 9, 2017, with respect to the consolidated financial statements and schedule of Stryker Corporation and subsidiaries and the effectiveness of internal control over financial reporting of Stryker Corporation and subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 2016.

/s/ ERNST & YOUNG LLP

Grand Rapids, Michigan
February 9, 2017

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Kevin A. Lobo, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2016 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: February 9, 2017

/s/ KEVIN A. LOBO

Kevin A. Lobo

Chairman and Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Glenn S. Boehnlein, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2016 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: February 9, 2017

/s/ GLENN S. BOEHNLEIN

Glenn S. Boehnlein

Vice President, Chief Financial Officer

**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 on Form 10-K of Stryker Corporation (the "Company") for the year ended December 31, 2016 (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

February 9, 2017

**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 on Form 10-K of Stryker Corporation (the "Company") for the year ended December 31, 2016 (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

February 9, 2017

