STRYKER CORP
Form 424B5
January 17, 2017
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-209526

CALCULATION OF REGISTRATION FEE

Title of each class of securities offered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee(1)
1.800% Senior Notes due 2019	500,000,000	99.979%	$499,895,000	$57,937.84

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended, and relates to the Registration Statement on Form S-3 (File No. 333-209526) filed by the Registrant on February 12, 2016.

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PROSPECTUS SUPPLEMENT

(To prospectus dated February 12, 2016)

$500,000,000

STRYKER CORPORATION

1.800% Notes due 2019

We are offering for sale $500,000,000 aggregate principal amount of 1.800% notes due 2019 (the notes). We will pay interest on the notes semi-annually in arrears on January 15 and July 15, beginning July 15, 2017. The notes will mature on January 15, 2019.

We may redeem the notes prior to their maturity at our option for cash, any time in whole or from time to time in part, at the applicable redemption prices described in this prospectus supplement under Description of the Notes Optional Redemption. If a Change of Control Repurchase Event as described in this prospectus supplement under the heading Description of the Notes Repurchase at the Option of Holders Upon Change of Control Repurchase Event occurs, we will be required to offer to purchase the notes from their holders for cash.

The notes will be our senior unsecured obligations and will rank equally with our other existing and future senior unsecured indebtedness. The notes will be issued only in registered form in minimum denominations of $2,000 and integral multiples of $1,000 above that amount.

The notes will be a new issue of securities for which there is currently no established trading market. We do not intend to list the notes on a national securities exchange.

Investing in the notes involves risks that are described under Risk Factors beginning on page S-7 of this prospectus supplement.

	Public Offering Price (1)	Underwriting Discount	Proceeds, before expenses, to us (1)(2)
Per Note	99.979%	0.250%	99.729%
Total	$ 499,895,000	$ 1,250,000	$ 498,645,000

(1) Plus accrued interest, if any, from January 18, 2017
(2)

The underwriter has agreed to reimburse us for certain of our expenses relating to this offering. See Underwriting (Conflicts of Interest) on page S-27.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, SA, on or about January 18, 2017.

Book-Running Manager

J.P. Morgan

The date of this prospectus supplement is January 12, 2017.

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains information regarding this offering of notes. The second part is the accompanying prospectus dated February 12, 2016, which is part of our Registration Statement on Form S-3.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in Where You Can Find More Information in this prospectus supplement and the accompanying prospectus.

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus or the documents incorporated by reference in this prospectus supplement or the accompanying prospectus, the information in this prospectus supplement will apply and will supersede the information in the accompanying prospectus or any documents incorporated by reference, as applicable.

You should rely only on information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus issued by us. No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus issued by us and, if given or made, such information or representations must not be relied upon as having been authorized. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any time subsequent to the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or the underwriter, to subscribe to or purchase any of the notes and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See Underwriting (Conflicts of Interest).

Unless otherwise stated or the context otherwise requires, as used in this prospectus supplement, the words we, us, our, the Company or Stryk refer to Stryker Corporation and its consolidated subsidiaries.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us and this offering. It does not contain all of the information that may be important to you in deciding whether to invest in the notes. We encourage you to read the entire prospectus supplement, the accompanying prospectus and the documents that we have filed with the Securities and Exchange Commission, or the SEC, that are incorporated by reference in this prospectus supplement or the accompanying prospectus.

Our Company

Stryker is one of the world s leading medical technology companies and, together with our customers, we are driven to make healthcare better. We offer a diverse array of innovative products and services in Orthopaedics, Medical and Surgical, and Neurotechnology and Spine that help improve patient and hospital outcomes. Our products include implants used in joint replacement and trauma surgeries; surgical equipment and surgical navigation systems; endoscopic and communications systems; patient handling and emergency medical equipment; neurosurgical, neurovascular and spinal devices; as well as other medical device products used in a variety of medical specialties.

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

We have business operations in over 100 countries, with 35 manufacturing locations spread around the world, and we have approximately 33,000 employees.

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.

Recent Developments

Expected 2016 Results

On January 10, 2017, we announced our expected financial results for our fourth quarter and year ended December 31, 2016. Our expected financial results are set forth below. Because the financial statements for our fourth quarter and year ended December 31, 2016 have not yet been finalized, information regarding these periods is subject to change and actual results for these periods may differ materially from these expected results.

Preliminary consolidated net sales of \$3.2 billion and \$11.3 billion increased 16.3% and 13.9% as reported in the fourth quarter and full year. Excluding the impact of foreign currency and acquisitions, net sales increased 6.7% and 6.4% in the fourth quarter and full year. The acquisitions of Sage Products LLC and Physio-Control International, Inc., which closed in early April 2016, contributed \$258 million and \$740 million to our consolidated net sales in the fourth quarter and full year.

Domestic net sales of \$2.3 billion and \$8.2 billion increased 17.9% and 15.9% as reported in the fourth quarter and full year. International net sales of \$834 million and \$3.1 billion increased 11.9% and 8.8% as reported in the fourth quarter and full year. In constant currency, international net sales increased 13.9% and 10.3%. Orthopaedics net sales of $1.2 billion and $4.4 billion increased 5.3% and 4.7% as reported in the fourth quarter and full year. In constant currency and excluding the impact of acquisitions, Orthopaedics net sales increased 5.2% and 4.8%. MedSurg net sales of $1.4 billion and $4.9 billion increased 31.4% and 25.7% as reported in the fourth quarter and full year. In constant currency and excluding the impact of acquisitions, MedSurg net sales increased 8.5% and 7.2%. Neurotechnology and Spine net sales of $524 million and $2.0 billion increased 8.3% and 9.8% as reported in the fourth quarter and full year. In constant currency and excluding the impact of acquisitions, Neurotechnology and Spine net sales increased 6.3% and 8.3%.

You should read the preceding discussion of our expected 2016 results in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements, including the related notes, in each case, in our Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. See Where You Can Find More Information.

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; and percentage sales growth in constant currency and excluding the impact of acquisitions. We believe that these non-GAAP measures provide meaningful information to assist 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 sales growth in constant currency and excluding the impact of acquisitions, we remove the impact of changes in foreign currency exchange rates and such year s acquisitions that affect the comparability and trend of sales. Percentage sales growth in constant currency and excluding the impact of acquisitions is calculated by translating current year results at prior year average foreign currency exchange rates excluding the impact of such year s acquisitions.

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, the most directly comparable GAAP financial measure. 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 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.

Stryker Corporation is a Michigan corporation. Our common stock is listed on the New York Stock Exchange under the symbol SYK. Our principal executive offices are located at 2825 Airview Boulevard,

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Kalamazoo, Michigan 49002, and our telephone number is (269) 385-2600. Our Internet website address is www.stryker.com. The information contained on our website is not incorporated by reference in this prospectus supplement or the accompanying prospectus, and you should not consider it a part of this prospectus supplement or the accompanying prospectus.

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THE OFFERING

Issuer	Stryker Corporation
Securities Offered	$500,000,000 aggregate principal amount of 1.800% notes due 2019, which we refer to herein as the notes.
Maturity	The notes will mature on January 15, 2019.
Interest Rate	The notes will bear interest at 1.800%.
Interest Payment Dates	Interest on the notes will accrue from January 18, 2017 and will be payable semi-annually in arrears on January 15 and July 15 of each year, commencing July 15, 2017.
Optional Redemption	We may redeem the notes prior to their maturity at our option for cash, any time in whole or from time to time in part, at the applicable redemption price described in this prospectus supplement under Description of the Notes Optional Redemption.
Repurchase at the Option of Holders Upon Change of Control Repurchase Event	If a Change of Control Repurchase Event (as defined in this prospectus supplement) occurs, we will be required to offer to repurchase the notes for cash at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of such repurchase. See Description of the Notes Repurchase at the Option of Holders Upon Change of Control Repurchase Event.
Ranking	The notes will be our senior unsecured obligations and will rank equally with our other existing and future senior unsecured indebtedness. At September 30, 2016, we had approximately $37 million of indebtedness outstanding on a consolidated basis that would rank structurally senior to the notes and approximately $6,811 million of indebtedness outstanding on a consolidated basis that would rank equally with the notes.
Certain Covenants	The Indenture governing the notes contains certain restrictions, including restrictions on our ability and the ability of certain of our subsidiaries to create or incur secured indebtedness and our ability to enter into certain sale and leaseback transactions. See Description of the Notes Certain Covenants.
Use of Proceeds	We estimate that the net proceeds from this offering will be approximately $498 million after deducting the underwriting discount and our expenses related to the offering. We intend to use these net proceeds for general corporate purposes, including working capital, repaying outstanding commercial paper at its maturity, acquisitions, stock repurchases and other business opportunities. See Use of Proceeds.

Further Issues	We may from time to time, without notice to, or the consent of, the holders of the notes, create and issue additional notes having the same

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	ranking and terms and conditions as the notes offered hereby, except for the issue date, the public offering price and, in some cases, the first interest payment date, as described under Description of the Notes General. Any additional notes having such similar terms, together with the notes offered hereby, will constitute a single series of securities under the Indenture.
Denomination and Form	We will issue the notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company, or DTC. Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, SA and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositaries, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the Indenture. The notes will be issued only in minimum denominations of $2,000 and integral multiples of $1,000 above that amount.
Risk Factors	Investing in the notes involves risks. See Risk Factors for a description of certain risks you should particularly consider before investing in the notes.
Listing	The notes will be a new issue of securities for which there is currently no established trading market. We do not intend to list the notes on a national securities exchange.
Trustee	U.S. Bank National Association
Governing Law	New York

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth our summary consolidated financial information as of and for the fiscal years ended December 31, 2015, 2014, 2013, 2012 and 2011 and as of and for the nine months ended September 30, 2016 and 2015. The information as of and for the fiscal years ended December 31, 2015, 2014, 2013, 2012 and 2011 was derived from our audited annual consolidated financial statements. The information as of and for the nine months ended September 30, 2016 and 2015 was derived from our unaudited interim consolidated financial statements that include, in the opinion of management, all normal and recurring adjustments necessary to present fairly the information for the periods and at the dates presented. The results of operations for the nine months ended September 30, 2016 are not necessarily indicative of the results to be expected for the full year ending December 31, 2016. You should read the following summary consolidated financial information together with Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical consolidated financial statements, including the related notes, in each case in our Annual Report on Form 10-K for the year ended December 31, 2015 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2016, which are incorporated by reference in this prospectus supplement and the accompanying prospectus. See Where You Can Find More Information.

	For the Nine Months Ended September 30, (unaudited)		For The Year Ended December 31, (In millions)				
	2016	2015	2015	2014	2013	2012	2011
Statement of Earnings:							
Net sales	$ 8,168	$ 7,231	$ 9,946	$ 9,675	$ 9,021	$ 8,657	$ 8,307
Cost of sales	2,759	2,449	3,344	3,319	3,002	2,806	2,834
Gross profit	5,409	4,782	6,602	6,356	6,019	5,851	5,473
Research, development and engineering expenses	526	461	625	614	536	471	462
Selling, general and administrative expenses	3,044	2,640	3,610	3,547	3,467	3,342	3,203
Recall charges, net of insurance proceeds	104	316	296	761	622	174	
Intangible asset amortization	230	152	210	188	138	123	122
Total operating expenses	3,904	3,569	4,741	5,110	4,763	4,110	3,787
Operating income	1,505	1,213	1,861	1,246	1,256	1,741	1,686
Other income (expense), net	(172)	(90)	(126)	(86)	(44)	(36)	
Earnings before income taxes	1,333	1,123	1,735	1,160	1,212	1,705	1,686
Income taxes	196	206	296	645	206	407	341
Net earnings	$ 1,137	$ 917	$ 1,439	$ 515	$ 1,006	$ 1,298	$ 1,345
Financial Data (end of period):							
Cash, cash equivalents and current marketable securities	$ 3,022	$ 3,372	$ 4,079	$ 5,000	$ 3,980	$ 4,285	$ 3,418
Property, plant and equipment, net	$ 1,505	$ 1,128	$ 1,199	$ 1,098	$ 1,081	$ 948	$ 888
Total assets (1) (2)	$ 20,187	$ 15,500	$ 16,223	$ 17,258	$ 15,383	$ 13,025	$ 11,965
Debt, including current maturities (1)	$ 6,848	$ 3,464	$ 3,998	$ 3,952	$ 2,748	$ 1,752	$ 1,755
Shareholders equity	$ 9,332	$ 8,484	$ 8,511				