Medtronic

Medtronic Public Limited Company
Directors' Report and Financial Statements
Financial Year Ended April 29, 2016

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Directors' Report
For the Financial Year Ended April 29, 2016

The directors present their report, including the audited consolidated financial statements of Medtronic plc and its subsidiaries (the Group) for the financial year ended April 29, 2016, which are set out on pages 35 to 125, and audited entity financial statements of Medtronic plc (the Company or Medtronic) for the financial year ended April 29, 2016, which are set out on pages 126 to 135.

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish Law.

Irish law requires the directors to prepare financial statements for each financial year that give a true and fair view of the consolidated and company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the group for the financial year. Under that law, the directors have prepared the consolidated financial statements in accordance with U.S. accounting standards, as defined in Section 279(1) of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Act or of any regulations made thereunder and the Parent Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state that the consolidated financial statements of the Group comply with accounting principles generally accepted in the United States of America (U.S. GAAP) to the extent that is does not contravene Irish Company Law and that the entity financial statements of the Company comply with accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish Law;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.medtronic.com). Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Basis of Presentation

The following discussion and analysis provides information the directors believe to be relevant to understanding the financial condition and results of operations of the Group. The directors have elected to prepare the consolidated financial statements in accordance with Section 279 of the Companies Act 2014, which provides that a true and fair view of the assets and liabilities, financial position and profit or loss may be given by preparing the financial statements in accordance with US accounting standards

("US GAAP"), as defined in that section to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

On June 12, 2014, the Company was incorporated as a private limited company organized under the laws of Ireland in order to facilitate the Transactions described in the following paragraph. The Company did not have significant business or operations prior to closing of the Transactions on January 26, 2015 (Acquisition Date), at which time the Company re-registered as a public limited company organized under the laws of Ireland and became the successor to Medtronic, Inc. as a publicly-traded company on the New York Stock Exchange. The historical consolidated financial statements of Medtronic, Inc. for periods prior to the Acquisition Date are considered to be the historical consolidated financial statements of the Group. You should read this discussion and analysis along with our consolidated financial statements and related notes thereto as of and for the financial years ended April 29, 2016 (fiscal year 2016) and April 24, 2015 (fiscal year 2015).

On the Acquisition Date, pursuant to a transaction agreement, dated as of June 15, 2014 (the Transaction Agreement), the Company acquired Covidien plc (Covidien) and Medtronic, Inc. (collectively, the Transactions). Following the consummation of the Transactions, Medtronic, Inc. and Covidien became subsidiaries of the Company. The total cash and stock value of the Transactions was approximately $50.0 billion. Covidien was a global leader in the development, manufacture and sale of healthcare products for use in clinical and home settings and had turnover for its fiscal year ended September 26, 2014 of $10.7 billion. For fiscal year 2015, the results of operations of Covidien are reflected in Medtronic's results of operations for only the fourth quarter due to the timing of the Transactions, which will affect comparability throughout this report.

We report our results based on a 52-53 week year ending on the last Friday of April. Fiscal year 2016 ended on April 29, 2016 and consisted of 53 weeks, with the additional week occurring in the first quarter. Fiscal year 2015 was a 52-week year.

Principal Activities

Medtronic plc, headquartered in Dublin, Ireland, is among the world's largest medical technology, services and solutions companies - alleviating pain, restoring health, and extending life for millions of people around the world. Medtronic was founded in 1949 and today serves hospitals, physicians, clinicians, and patients in approximately 160 countries worldwide. We remain committed to a mission written by our founder 56 years ago that directs us "to contribute to human welfare by the application of biomedical engineering in the research, design, manufacture, and sale of products to alleviate pain, restore health, and extend life."

With innovation and market leadership, we have pioneered advances in medical technology in all of our businesses. Our commitment to enhance our offerings by developing and acquiring new products, wrap-around programs, and solutions to meet the needs of a broader set of stakeholders is driven by the following primary strategies:

- Therapy Innovation: Delivering a strong launch cadence of meaningful therapies and procedures.
- Globalization: Addressing the inequity in health care access globally, primarily in emerging markets.
- Economic Value: Becoming a leader in value-based health care by offering new services and solutions to improve outcomes and efficiencies, lower costs by reducing hospitalizations, improve remote clinical management, and increase patient engagement.

Our primary customers include hospitals, clinics, third-party health care providers, distributors, and other institutions, including governmental health care programs and group purchasing organizations (GPOs).

We reorganized our reporting structure and aligned our segments and the underlying divisions and businesses in fiscal year 2015 due to the acquisition of Covidien. The majority of Covidien's operations are included in our Minimally Invasive Therapies Group.

Cardiac and Vascular Group The Cardiac and Vascular Group's products, with specific focus on comprehensive disease management, include pacemakers, insertable and external cardiac monitors, cardiac resynchronization therapy devices (CRT-D), implantable cardioverter defibrillators (ICD), leads and delivery systems, ablation products, electrophysiology catheters, products for the treatment of atrial fibrillation, information systems for the management of patients with Cardiac Rhythm & Heart Failure devices, products designed to reduce surgical site infections, coronary and peripheral stents, balloon, and related delivery systems, endovascular stent graft systems, heart valve replacement technologies, cardiac tissue ablation systems, and open heart and coronary bypass grafting surgical products. The Cardiac and Vascular Group also includes Care Management Services (formerly known as Cardiocom) and Cath Lab Managed Services (CLMS) within the Cardiac Rhythm & Heart Failure division.

Minimally Invasive Therapies Group The Minimally Invasive Therapies Group's goals are to diagnose and intervene earlier, improve treatments, and help patients recover faster. Our technologies and products span the entire continuum of care. The Minimally Invasive Therapies Group looks to enhance patient outcomes through minimally invasive solutions with a focus on diseases of the gastrointestinal tract, lungs, pelvic region, kidneys, obesity, and preventable complications. The Surgical Solutions division's products include those for advanced and general surgical care (stapling, vessel sealing, and other surgical instruments),

sutures, electrosurgery products, hernia mechanical devices, mesh implants, and solutions for gastrointestinal (GI), advanced ablation, and interventional lung. The Patient Monitoring & Recovery division's products include ventilators, capnography and other airway products, sensors, monitors, compression and dialysis products, enteral feeding, wound care, and medical surgical products (including operating room supply products, electrodes, needles, syringes, and sharps disposals).

Restorative Therapies Group The Restorative Therapies Group includes products for various areas of the spine, bone graft substitutes, biologic products, trauma, implantable neurostimulation therapies and drug delivery systems for the treatment of chronic pain, movement disorders, obsessive-compulsive disorder (OCD), overactive bladder, urinary retention, fecal incontinence and gastroparesis, products to treat conditions of the ear, nose, and throat, and systems that incorporate advanced energy surgical instruments. Additionally, the Restorative Therapies Group manufactures and sells image-guided surgery and intra-operative imaging systems. With the addition of the Neurovascular division through the January 2015 Covidien acquisition, the Restorative Therapies Group manufactures and markets products and therapies to treat diseases of the vasculature in and around the brain and includes sales of coils, neurovascular stents and flow diversion products.

Diabetes Group The Diabetes Group is composed of the Intensive Insulin Management (IIM), Non-Intensive Diabetes Therapies (NDT) and Diabetes Service & Solutions (DSS) divisions. The Diabetes Group products include insulin pumps, continuous glucose monitoring (CGM) systems, insulin pump consumables, and therapy management software.

Key Performance Indicators

Consolidated Results of Operations Profit for fiscal year 2016 was $3.5 billion, $2.44 per diluted share, as compared to profit for fiscal year 2015 of $2.7 billion, $2.41 per diluted share, representing an increase of 30 percent and one percent, respectively.

The table below illustrates turnover by operating segment for fiscal years 2016 and 2015:

	Turnover		
	Fiscal Year		
(in millions)	2016	2015	% Change
Cardiac and Vascular Group	$ 10,196	$ 9,361	9%
Minimally Invasive Therapies Group [(1)]	9,563	2,387	301
Restorative Therapies Group	7,210	6,751	7
Diabetes Group	1,864	1,762	6
Total Turnover [(1)]	$ 28,833	$ 20,261	42%

(1) The Minimally Invasive Therapies Group was created in the fourth quarter of fiscal year 2015 and contains the majority of Covidien's former operations. Turnover growth is compared to a full year of operations in fiscal year 2016.

Our performance for fiscal year 2016 was favorably impacted by an additional selling week during the first quarter of fiscal year 2016 due to our 52/53 week fiscal year calendar. Currency translation had an unfavorable impact of $1.4 billion on turnover for fiscal year 2016. The Cardiac and Vascular Group's performance was primarily a result of the addition of the Covidien Peripheral business into the Aortic & Peripheral Vascular division and strong turnover across all three divisions: Cardiac Rhythm & Heart Failure, Coronary & Structural Heart, and Aortic & Peripheral Vascular. The Surgical Solutions and Patient Monitoring & Recovery divisions, within the Minimally Invasive Therapies Group, contributed $5.3 billion and $4.3 billion of turnover, respectively. The Restorative Therapies Group's performance was a result of solid growth in Surgical Technologies, and was favorably impacted by the addition of the Covidien Neurovascular division, partially offset by declines in Spine and Neuromodulation. The Diabetes Group's performance was primarily due to growth in international markets, driven by the next-generation MiniMed 640G System with the Enhanced Enlite Sensor.

Operations by Market Geography The table below illustrates turnover by market geography for each of our operating segments for fiscal years 2016 and 2015:

	Fiscal Year 2016			Fiscal Year 2015		
(in millions)	U.S.	Non-U.S. Developed Markets	Emerging Markets	U.S.	Non-U.S. Developed Markets	Emerging Markets
Cardiac and Vascular Group	$ 5,347	$ 3,283	$ 1,566	$ 4,435	$ 3,412	$ 1,514
Minimally Invasive Therapies Group	5,014	3,299	1,250	1,230	856	301
Restorative Therapies Group	4,921	1,542	747	4,569	1,556	626
Diabetes Group	1,140	584	140	1,071	548	143
Total	$ 16,422	$ 8,708	$ 3,703	$ 11,305	$ 6,372	$ 2,584

For fiscal year 2016, turnover for the U.S. increased 45 percent, developed markets outside the U.S. increased 37 percent, and emerging markets increased 43 percent compared to the prior fiscal year. Currency translation had an unfavorable impact of $1.4 billion on turnover for fiscal year 2016. Turnover growth in the U.S. was led by strong growth in the Cardiac and Vascular Group and solid growth in the Restorative Therapies Group and Diabetes Group. The growth in all markets was primarily driven by the addition of Minimally Invasive Therapies Group turnover totaling $9.6 billion for fiscal year 2016 and was also favorably impacted by an additional selling week during the first quarter of fiscal year 2016.

For fiscal year 2015, turnover for the U.S increased 22 percent, non-U.S. developed markets increased 13 percent, and emerging markets increased 23 percent over the prior fiscal year. Currency translation had an unfavorable impact of $666 million on turnover for fiscal year 2015. Turnover growth in non-U.S. developed markets was driven by the addition of the Minimally Invasive Therapies Group in the fourth quarter, as a result of the Covidien acquisition, offset by unfavorable currency translation. Emerging markets growth was led by strong growth in the Restorative Therapies Group and Diabetes, solid growth in the Cardiac and Vascular Group, and the addition of the Minimally Invasive Therapies Group in the fourth quarter as a result of the Covidien acquisition, partially offset by unfavorable currency translation.

U.S. GAAP to U.S. Non-GAAP Reconciliation The following is a reconciliation of our turnover, operating profit, profit on ordinary activities before taxation, profit for the financial year, taxation, and effective tax rate prepared in accordance with U.S. GAAP to those results after giving effect to adjustments relating to charges or gains that management believes may or may not recur with similar materiality or impact on profit for the financial year in future periods (U.S. Non-GAAP Adjustments). We have provided these U.S. non-GAAP financial measures, because we believe they provide meaningful information regarding our results on a consistent and comparable basis for the periods presented. Management uses these U.S. non-GAAP financial measures to facilitate management's review of the operational performance of the Group and as a basis for strategic planning. Management believes that the resulting U.S. non-GAAP financial measures provide useful information to investors regarding the underlying business trends and performance of the Group's ongoing operations and are useful for period over period comparisons of such operations. These U.S. non-GAAP financial measures reflect an additional way of viewing aspects of the Group's operations. Investors should not consider results reflecting U.S. non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with U.S. GAAP and are cautioned that Medtronic may calculate results reflecting U.S. non-GAAP financial measures in a manner that is different from other companies.

Refer to the "Cost and Expenses" and "Liquidity and Capital Resources" sections of this directors' report for more information on the U.S. Non-GAAP Adjustments.

(in millions)	Fiscal Year 2016					
	Turnover	Operating Profit	Profit on Ordinary Activities Before Taxation	Profit for the Financial Year	Taxation [1]	Effective Tax Rate
U.S. GAAP	$ 28,833	$ 5,209	$ 4,254	$ 3,486	$ 768	18.1%
U.S. Non-GAAP Adjustments:						
Impact of inventory step-up	—	226	226	165	61	27.0
Special charges	—	70	70	44	26	37.1
Restructuring charges	—	299	299	221	78	26.1
Certain litigation charges	—	108	108	69	39	36.1
Acquisition-related items	—	283	283	212	71	25.1
Amortization of intangible assets	—	1,931	1,931	1,467	464	24.0
Loss on previously held forward starting interest rate swaps	—	—	45	29	16	35.6
Debt tender premium	—	—	183	118	65	35.5
Certain tax adjustments	—	—	—	417	(417)	—
U.S. Non-GAAP	$ 28,833	$ 8,126	$ 7,399	$ 6,228	$ 1,171	15.8%

(1) The tax effect of each U.S. Non-GAAP Adjustment is based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

(in millions)	Fiscal Year 2015					
	Turnover	Operating Profit	Profit on Ordinary Activities Before Taxation	Profit for the Financial Year	Taxation [1]	Effective Tax Rate
U.S. GAAP	$ 20,261	$ 3,766	$ 3,486	$ 2,675	$ 811	23.3%
U.S. Non-GAAP Adjustments:						
Impact of inventory step-up	—	623	623	455	168	27.0
Impact of product technology upgrade commitment	—	74	74	61	13	17.6
Special gains	—	(38)	(38)	(23)	(15)	39.5
Restructuring charges	—	252	252	180	72	28.6
Certain litigation charges	—	42	42	27	15	35.7
Acquisition-related items	—	550	550	433	117	21.3
Amortization of intangible assets	—	733	733	538	195	26.6
Impact of acquisition on interest expense	—	—	77	49	28	36.4
Certain tax adjustments	—	—	—	349	(349)	—
U.S. Non-GAAP	$ 20,261	$ 6,002	$ 5,799	$ 4,744	$ 1,055	18.2%

(1) The tax effect of each U.S. Non-GAAP Adjustment is based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

Free Cash Flow Free cash flow, a U.S. non-GAAP financial measure, is calculated by subtracting tangible asset additions from operating cash flows. Management uses this U.S. non-GAAP financial measure, in addition to U.S. GAAP financial measures to evaluate our operating results. Free cash flow should be considered supplemental to, and not a substitute for, our reported financial results prepared in accordance with U.S. GAAP. Reconciliations between net cash provided by operating activities (the most comparable U.S. GAAP measure) and free cash flow are as follows:

	Fiscal Year	
(in millions)	**2016**	**2015**
Net cash provided by operating activities	$ 5,218	$ 4,902
Net cash provided by (used in) investing activities	2,245	(17,058)
Net cash (used in) provided by financing activities	(9,543)	15,949
Net cash provided by operating activities	5,218	4,902
Additions to tangible assets	(1,046)	(571)
Free cash flow	$ 4,172	$ 4,331
Dividends to shareholders	$ 2,139	$ 1,337
Repurchase of ordinary shares	2,830	1,920
Issuances of ordinary shares	(491)	(649)
Return to shareholders	$ 4,478	$ 2,608
Return of operating cash flow percentage	86%	53%
Return of free cash flow percentage	107%	60%

Turnover

The table below illustrates turnover by operating segment and division for fiscal years 2016 and 2015:

	Turnover		
	Fiscal Year		
(in millions)	**2016**	**2015**	**% Change**
Cardiac Rhythm & Heart Failure	$ 5,465	$ 5,245	4%
Coronary & Structural Heart	3,093	3,038	2
Aortic & Peripheral Vascular [(1)]	1,638	1,078	52
Total Cardiac and Vascular Group	10,196	9,361	9
Surgical Solutions [(1)]	5,265	1,293	307
Patient Monitoring & Recovery [(1)]	4,298	1,094	293
Total Minimally Invasive Therapies Group [(1)]	9,563	2,387	301
Spine	2,924	2,971	(2)
Neuromodulation	1,926	1,977	(3)
Surgical Technologies	1,773	1,671	6
Neurovascular [(1)]	587	132	345
Total Restorative Therapies Group	7,210	6,751	7
Diabetes Group	1,864	1,762	6
Total [(1)]	$ 28,833	$ 20,261	42%

(1) Growth rates are impacted by the acquisition of Covidien in the fourth quarter of fiscal year 2015. Turnover growth is compared to a full year of operations in fiscal year 2016.

Cardiac and Vascular Group The Cardiac and Vascular Group's turnover for fiscal year 2016 was $10.2 billion, an increase of 9 percent compared to the prior fiscal year. Currency translation had an unfavorable impact on turnover of $572 million for fiscal year 2016. The Cardiac and Vascular Group's performance was favorably impacted by an additional selling week during the first quarter of fiscal year 2016. The Cardiac and Vascular Group's performance for fiscal year 2016 also benefited from the addition

of the Covidien Peripheral business into the Aortic & Peripheral Vascular division and strong turnover across all three divisions. See the more detailed discussion of each division's performance below.

Cardiac Rhythm & Heart Failure turnover for fiscal year 2016 was $5.5 billion, an increase of 4 percent compared to the prior fiscal year. The increase in Cardiac Rhythm & Heart Failure turnover was driven by strong growth in AF Solutions, with the continued global acceptance of our Arctic Front Advance Cardiac CryoAblation Catheter (Artic Front) system. Additionally, turnover was driven by the continued adoption of the Reveal LINQ insertable cardiac monitor, and the launch of the Evera MRI SureScan ICD in the U.S. during the second quarter of fiscal year 2016, with continued strong adoption through the fourth quarter fiscal year 2016. Turnover for the Cardiac Rhythm & Heart Failure division was also affected by continued pricing pressures.

Coronary & Structural Heart turnover for fiscal year 2016 was $3.1 billion, an increase of 2 percent compared to the prior fiscal year. Turnover was driven by the CoreValve Evolut R recapturable system in the U.S., which was launched late in the first quarter of fiscal year 2016, and a strong CoreValve launch in Japan in the fourth quarter of fiscal year 2016. In addition, turnover of Coronary & Structural Heart division was driven by drug-eluting stents, including the Resolute Onyx drug-eluting stent in Europe and the Resolute Integrity drug-eluting stent in the U.S., and the recent launches of the NC Euphora and SC Euphora balloon dilatation catheters. Turnover was partially offset by continued pricing pressures in our Coronary business.

Aortic & Peripheral Vascular turnover for fiscal year 2016 was $1.6 billion, an increase of 52 percent compared to the prior fiscal year. The Aortic & Peripheral Vascular division performance benefited from the addition of the Covidien Peripheral business. The increase in Aortic & Peripheral Vascular turnover was driven by strong growth of the IN.PACT Admiral drug-coated balloon in the U.S. and globally, continued strength in Valiant Captiva TAA stent graft turnover, continued solid adoption of our Aptus Heli-FX endoanchor, and continued adoption of the Endurant IIs Abdominal Aortic Aneurysm 3-piece system in the U.S. Turnover for the Aortic & Peripheral Vascular division was affected by increased competition in international markets and reimbursement cuts in Japan.

The Cardiac and Vascular Group's turnover for fiscal year 2015 was $9.4 billion, an increase of 6 percent compared to the prior fiscal year. The Cardiac and Vascular Group’s performance was primarily a result of strong turnover in Cardiac Rhythm & Heart Failure and Aortic & Peripheral Vascular and solid growth in Coronary & Structural Heart.

Cardiac Rhythm & Heart Failure turnover for fiscal year 2015 was $5.2 billion, an increase of 5 percent compared to the prior fiscal year. The increase in Cardiac Rhythm & Heart Failure turnover was driven by the ongoing acceptance of the Reveal LINQ insertable cardiac monitor and the launches of the Viva XT CRT-D with Attain Performa quadripolar CRT-D lead system in the U.S. in September 2014 and Evera MRI SureScan ICD in Japan in November 2014. Turnover of the Cardiac Rhythm & Heart failure division was also driven by the continued global acceptance of the Arctic Front Advance Cardiac CryoAblation Catheter system, turnover from Cardiocom and our CLMS business, which includes the August 2014 acquisition of NGC Medical S.p.A.

Coronary & Structural Heart turnover for fiscal year 2015 was $3.0 billion, an increase of 3 percent compared to the prior fiscal year. The increase in Coronary & Structural Heart turnover was driven by ongoing success of the CoreValve transcatheter aortic heart valve in the U.S., the launch of the CoreValve Evolute R recapturable system in markets outside the U.S., and the launch of the Resolute Onyx drug-eluting stent in November 2014. Turnover was partially offset by continued pricing pressures in the U.S., Western Europe, Japan, and India in our Coronary business.

Aortic & Peripheral Vascular turnover for fiscal year 2015 was $1.1 billion, an increase of 20 percent compared to the prior fiscal year. The Aortic & Peripheral Vascular division includes a portion of the Covidien Peripheral business, which contributed strong performance during the fourth quarter of fiscal year 2015 on the strength of its chronic venous insufficiency products. The increase in Aortic & Peripheral Vascular turnover was driven by IN.PACT Admiral drug-coated balloons worldwide. Aortic & Peripheral Vascular turnover was also driven by strong sales of our Valiant Captivia Thoracic Stent Graft System, and growth from the Endurant 2S Abdominal Aortic Aneurysm Stent Graft System in the U.S. and Western Europe. Turnover for the Aortic & Peripheral Vascular division were impacted by increased competitive and pricing pressures in the U.S., Western Europe, and Japan.

Minimally Invasive Therapies Group The Minimally Invasive Therapies Group’s turnover for fiscal year 2016 was $9.6 billion. Currency translation had an unfavorable impact on turnover of $493 million for fiscal year 2016. The Minimally Invasive Therapies Group was favorably impacted by an additional selling week during the first quarter of fiscal year 2016. The Minimally Invasive Therapies Group contains the majority of Covidien's former operations. See the more detailed discussion of each division’s performance below.

Surgical Solutions turnover for fiscal year 2016 was $5.3 billion. The performance in Surgical Solutions was mainly attributable to stapling and energy. Stapling products results benefited from continued worldwide market adoption of the Endo GIA Reinforced Reload and energy products benefited from continued strong adoption of the LigaSure Maryland Jaw and Valleylab FT10 Energy Platform. Further, Early Technologies product performance was driven by gastrointestinal solutions products, more specifically, our gastrointestinal diagnostic product line.

Patient Monitoring & Recovery turnover for fiscal year 2016 was $4.3 billion. Turnover contributions in Patient Monitoring & Recovery were driven mainly by U.S. turnover within Respiratory and Patient Monitoring, Patient Care and Safety, and Nursing Care. Respiratory and Patient Monitoring performance was attributable to sensors, airway products, and acute ventilator turnover. Patient Care and Safety turnover results were primarily due the compression and SharpSafety product lines, and turnover within our electrode and dialysis products. The Nursing Care results were largely driven by incontinence, enteral feeding and wound care products.

Minimally Invasive Therapies Group's turnover from January 26, 2015, the date of the Covidien acquisition, through April 24, 2015 was $2.4 billion. Turnover contributions in Surgical Solutions included strong performance in both stapling and energy. Stapling results benefited from the launch of new products, including the Endo GIA Reinforced Reload, while energy results included strong procedural volumes in vessel sealing. GI solutions, advanced ablation, and interventional lung solutions results in Early Technologies also contributed to turnover. Turnover contributions in Patient Monitoring & Recovery were led by solid performance in patient monitoring as a result of the U.S. flu season, which drove pulse oximetry turnover.

Restorative Therapies Group The Restorative Therapies Group's turnover for fiscal year 2016 was $7.2 billion, an increase of 7 percent over the prior fiscal year. Foreign currency translation had an unfavorable impact on turnover of approximately $244 million for fiscal year 2016. The Restorative Therapies Group's performance was favorably impacted by an additional selling week during the first quarter of fiscal year 2016. The Restorative Therapies Group's performance for fiscal year 2016 also benefitted from the addition of the Neurovascular division, and growth in Surgical Technologies, partially offset by declines in Neuromodulation and Spine. See the more detailed discussion of each division's performance below.

Spine turnover for fiscal year 2016 was $2.9 billion, a decrease of 2 percent over the prior fiscal year. The decrease in Spine's turnover was driven by declines in Core Spine and Interventional, partially offset by growth in BMP (composed of INFUSE bone graft (InductOs in the E.U.)) in the U.S. The U.S. Core Spine market grew in the low-single digits, with modest procedural growth offset by continued pricing pressures. During fiscal year 2016, new product introductions across several procedures, resulted in a sequential improvement in the Core Spine growth rate. We are seeing incremental revenue from our differentiated OLIF procedures, as well as from the recent Solera, Voyager, Elevate, and PTC Interbody launches for TLIF and MIDLF procedures. In Core Spine, we are also realizing some early benefits from our Speed to Scale initiative, which accelerates innovation and enables rapid deployment of these products and procedures to the market. The Interventional Spine net sales decline was driven by continued pricing pressures. In BMP, strong growth in the U.S. was offset by declines in BMP outside the U.S. due to the InductOs stop shipment in Europe which we expect to continue until the latter half of fiscal year 2017.

Neuromodulation turnover for fiscal year 2016 was $1.9 billion, an decrease of 3 percent over the prior fiscal year. The decrease in turnover was primarily due to challenges in Drug Pumps and Pain Stimulation, partially offset by growth in Gastro/Uro, with relatively flat results in DBS. In Drug Pumps, the business was negatively affected by challenges related to its April 2015 U.S. FDA consent decree, as well as the January divestiture of its intrathecal baclofen drug. In Pain Stimulation and DBS, declines were driven by increased competition in the market, however, drivers such as the expanded early onset DBS indication in the U.S. that we received earlier this fiscal year and new strategies that focus our pain products on the growing opioid epidemic could improve future results. In Gastro/Uro, implant growth of our InterStim Therapy for overactive bladder, urinary retention, and bowel incontinence continued in the U.S. during fiscal year 2016.

Surgical Technologies turnover for fiscal year 2016 was $1.8 billion, an increase of 6 percent over the prior fiscal year. The increase in turnover was driven by continued worldwide growth across the portfolio of Advanced Energy, ENT, and Neurosurgery. Performance was driven by strong growth of power systems, Aquamantys Transcollation, and PEAK PlasmaBlade technologies, as well as solid growth of Midas Rex products, monitoring, and O-arm imaging systems.

Neurovascular turnover for fiscal year 2016 was $587 million. The division contributed turnover from the strength of its coils, stents, flow diversion, and access product lines. Our Solitaire FR mechanical thrombectomy device delivered strong results, solidifying our leadership position in the rapidly expanding ischemic stroke market. Our Flow Diversion products for the treatment of intracranial aneurysms, Pipeline Flex in the U.S. and Japan and Pipeline Shield in Europe, continue to lead the market.

The Restorative Therapies Group's turnover for fiscal year 2015 was $6.8 billion, an increase of 4 percent over the prior fiscal year. Foreign currency translation had an unfavorable impact on turnover of approximately $127 million when compared to the prior fiscal year. The Restorative Therapies Group's performance for fiscal year 2015 was favorably impacted by the addition of the Neurovascular division, and growth in Surgical Technologies and Neuromodulation, partially offset by declines in Spine. See the more detailed discussion of each business's performance below.

Spine turnover for fiscal year 2015 was $3.0 billion, a decrease of 2 percent over the prior fiscal year. The decrease in Spine's turnover for fiscal year 2015 was driven by declines in Core Spine and Interventional, partially offset by growth in BMP. Both the global and U.S. Core Spine markets grew in the low-single digits, with modest procedural growth offset by continued pricing pressures. During fiscal year 2015, the Core Spine business continued to focus on differentiating itself over the long-term through

portfolio updates, procedural innovation, and continued development and deployment of its Surgical Synergy program that integrates imaging, navigation, and powered surgical instruments. Fiscal year 2015 included several new product launches, including our Prestige LP cervical disc and Pure Titanium Coated (PTC) interbodies spacers, which partially offset declines in Core Spine. Interventional Spine turnover decline was driven by a decline in European sales, where the business faced pricing pressures in Germany and unfavorable currency translation. Underlying demand for BMP stabilized and returned to slight growth in the latter half of fiscal year 2015.

Neuromodulation turnover for fiscal year 2015 was $2.0 billion, an increase of 4 percent over the prior fiscal year. The increase in turnover was primarily due to strong growth in Gastro/Uro and growth in DBS and Pain Stimulation. Our global focus on our neurologist referral programs, and the strength of the EARLYSTIM data in international markets, continues to drive solid growth of DBS systems. Implant growth of our InterStim Therapy for overactive bladder, urinary retention, and bowel incontinence continued in the U.S. throughout fiscal year 2015. The increase in turnover for fiscal year 2015 was also due to global growth of our RestoreSensor SureScan MRI system. While the U.S. pain stimulation market has weakened as a result of reimbursement changes, net sales of our SureScan MRI system for the fiscal year demonstrate our continued strength in the market.

Surgical Technologies turnover for fiscal year 2015 was $1.7 billion, an increase of 7 percent over the prior fiscal year. The increase in turnover was driven by continued worldwide growth across the portfolio of Advanced Energy, ENT, and Neurosurgery, partially offset by unfavorable currency translation. Performance was driven by strong growth of power systems, Aquamantys Transcollation, and PEAK PlasmaBlade technologies, as well as solid growth of Midas Rex products, monitoring, and O-arm imaging systems. Additionally, turnover was positively impacted by launch of our NuVent sinus balloons in the second quarter of fiscal year 2015 and the acquisition of Visualase during the first quarter of fiscal year 2015, adding a MRI-guided laser ablation technology to our broad suite of neuroscience solutions for neurosurgery. The increase in revenue from Visualase and our NuVent sinus balloons was partially offset by our divestiture of the MicroFrance product line during the third quarter of fiscal year 2015.

Neurovascular turnover for fiscal year 2015 was $132 million. The division contributed turnover from the strength of its coils, stents, flow diversion, and access product lines. The New England Journal of Medicine published several positive clinical trials on our Solitaire FR revascularization device, resulting in continued customer adoption of the product. Additionally, turnover was positively impacted by the U.S. launch of the Pipeline Flex embolization device, which was launched during the third quarter of fiscal year 2015.

Diabetes Group The Diabetes Group's turnover for fiscal year 2016 was $1.9 billion, an increase of 6 percent over the prior fiscal year, and was favorably affected by an additional selling week during the first quarter of fiscal year 2016. Turnover in the U.S. increased 6 percent compared to the prior fiscal year, driven by the MiniMed 530G System with Enlite sensor in the IIM division. Currency translation had an unfavorable impact on turnover of $101 million for fiscal year 2016. The Diabetes Group's performance in markets outside the U.S. was favorably affected by our next-generation MiniMed 640G System with the Enhanced Enlite sensor.

The Diabetes Group's turnover for fiscal year 2015 was $1.8 billion, an increase of 6 percent over the prior fiscal year. The increase in turnover was primarily driven by 9 percent growth in the U.S., driven by the ongoing launch of the MiniMed 530G System with Enlite Sensor. Approval was obtained late in the second quarter of fiscal year 2014. Turnover in the international markets increased 2 percent compared to the prior fiscal year. Performance in international markets was favorably affected by the launch of our next-generation MiniMed 640G System with the Enhanced Enlite CGM sensor in Australia and Europe, partially offset by unfavorable currency translation.

Costs and Expenses

The following is a summary of major costs and expenses as a percent of turnover:

	Fiscal Year	
	2016	2015
Cost of sales	31.7%	31.1%
Research and development expense	7.7	8.1
Distribution and administrative expenses (excluding amortization of intangibles)	32.8	34.1

Cost of Sales We continue to focus on reducing our costs of sales through channel optimization, supply chain management, and review of our manufacturing network. Beginning in fiscal year 2015, our product mix substantially changed with the acquisition of Covidien. The Patient Monitoring & Recovery division within Minimally Invasive Therapies Group, which accounts for approximately 45 percent of Minimally Invasive Therapies Group's turnover, generally realizes a lower average margin due to the type of products sold within the division. Therefore, cost of sales as a percentage of turnover increased in fiscal year 2016. Cost of sales was $9.1 billion and $6.3 billion in fiscal years 2016 and 2015, respectively.

We recognized amortization of the adjustment related to inventory fair value from the Covidien acquisition to cost of sales totaling $226 million and $623 million in fiscal years 2016 and 2015, respectively. Restructuring charges included in cost of sales totaled $9 million and $15 million in fiscal years 2016 and 2015, respectively, for inventory write-offs of discontinued product lines. Additionally, in fiscal year 2015, cost of sales included a $74 million charge related to a CRHF global comprehensive program for home based monitors due to industry conversion from analog to digital technology. These charges affect the comparability of our operating results between periods, therefore, we consider these U.S. Non-GAAP Adjustments, refer to the "Key Performance Indicators" section of this directors' report for further analysis related to these charges.

Research and Development Expense The markets in which we participate can be subject to rapid technological advances. Constant improvement of products and introduction of new products is necessary to maintain market leadership. Our research and development (R&D) efforts are directed toward maintaining or achieving technological leadership in each of the markets we serve in order to help ensure that patients using our devices and therapies receive the most advanced and effective treatment possible. We remain committed to developing technological enhancements and new indications for existing products, and less invasive and new technologies for new and emerging markets to address unmet patient needs. That commitment leads to our initiation and participation in many clinical trials each fiscal year as the demand for clinical and economic evidence remains high. Furthermore, our development activities are intended to help reduce patient care costs and the length of hospital stays in the future. During fiscal year 2016, we continued to invest in new technologies to support our mission with several new acquisitions, as well as, continued product growth within our business units.

Research and development expense for fiscal years 2016 and 2015 was $2.2 billion and $1.6 billion, respectively. Research and development expense remained fairly flat as a percentage of turnover over the two-year period.

Distribution and Administrative Expenses (excluding amortization of intangibles, discussed below) Our goal is to continue distribution and administrative expense leverage initiatives and to continue to realize cost synergies expected from the acquisition of Covidien. During fiscal year 2016, we realized a 1.3 percentage point decrease in our distribution and administrative expense percentage to turnover as a result of these initiatives. Distribution and administrative expense was $9.5 billion and $6.9 billion during fiscal years 2016 and 2015, respectively.

The following is a summary of other costs and expenses:

	Fiscal Year	
(in millions)	**2016**	**2015**
Special charges (gains)	$ 70	$ (38)
Restructuring charges	290	237
Certain litigation charges	108	42
Acquisition-related items	283	550
Amortization of intangible assets	1,931	733
Other expense	107	118
Interest payable and similar charges, net	955	280

Special Charges (Gains) During fiscal year 2016, we recognized special charges of $70 million in connection with the impairment of a debt investment.

During fiscal year 2015, we recognized special gains of $138 million, which consisted of a $41 million gain on the sale of a product line in the Surgical Technologies division, and a $97 million gain on the sale of an equity method investment. Also during fiscal year 2015, consistent with our commitment to improving the health of people and communities throughout the world, we made charitable contributions of $100 million to the Medtronic Foundation, which is a related party non-profit organization.

Special charges (gains) affect the comparability of our operating results between periods, and we consider this a U.S. Non-GAAP Adjustment, refer to the "Key Performance Indicators" section of this directors' report for further analysis related to these charges.

Restructuring Charges We incur restructuring charges in connection with our cost-reduction and productivity initiatives or with acquisitions when we implement plans to restructure and integrate the acquired operations. Amounts recognized as restructuring charges result from a series of judgments and estimates about future events and uncertainties and rely heavily on assumptions upon implementation of the initiative programs.

We began our restructuring program related to the acquisition of Covidien, the cost synergies initiative, in the fourth quarter of fiscal year 2015. We anticipate approximately $850 million in cost synergies to be achieved as a result of the Covidien acquisition

through fiscal year 2018, including administrative office optimization, manufacturing and supply chain infrastructure, and certain general and administrative savings. Restructuring charges are expected to be incurred in future fiscal years as cost synergy initiatives are finalized. Restructuring charges are expected to be primarily related to employee termination costs and costs related to manufacturing and facility closures.

Currently, we have several initiative programs in various states of progress with total restructuring liabilities of $257 million and $233 million at April 29, 2016 and April 24, 2015, respectively. During fiscal year 2016, we incurred $332 million in restructuring charges, $9 million of which was related to inventory write-offs of discontinued product lines recognized within *cost of sales* in the consolidated profit and loss account. These charges were partially offset by a $33 million reversal of excess restructuring reserves.

Restructuring programs affect the comparability of our operating results between periods, and we consider this a U.S. Non-GAAP Adjustment, refer to the "Key Performance Indicators" section of this directors' report.

Certain Litigation Charges We classify material litigation charges and gains recognized as certain litigation charges. During fiscal years 2016 and 2015, we recorded certain litigation charges of $108 million and $42 million, respectively, which relate to additional accounting charges for probable and reasonably estimable damages, which were recorded as a result of additional filed and unfiled claims, and other litigation matters.

Certain litigation charges affect the comparability of our operating results between periods, and we consider this a U.S. Non-GAAP Adjustment, refer to the "Key Performance Indicators" section of this directors' report.

Acquisition-Related Items During fiscal year 2016, we recorded charges from acquisition-related items of $283 million, primarily related to costs incurred in connection with the Covidien acquisition. The charges incurred in connection with the Covidien acquisition include $219 million of professional services and integration costs and $58 million of accelerated or incremental stock compensation expense.

During fiscal year 2015, we recorded charges from acquisition-related items of $550 million, primarily related to costs incurred in connection with the Covidien acquisition. The charges incurred in connection with the Covidien acquisition include $275 million of professional services and integration costs, $189 million of accelerated or incremental stock compensation expense, and $69 million of incremental officer and director excise tax.

Acquisition-related items affect the comparability of our operating results between periods, and we consider this a U.S. Non-GAAP Adjustment, refer to the "Key Performance Indicators" section of this directors' report.

Amortization of Intangible Assets Amortization of intangible assets includes the amortization expense of our definite-lived intangible assets consisting of purchased patents, trademarks, tradenames, purchased technology, and other intangible assets.

In fiscal year 2016, amortization expense was $1.9 billion as compared to $733 million in fiscal year 2015. The $1.2 billion increase in amortization expense in fiscal year 2016 was primarily due to realizing a full year impact of amortization of intangibles acquired with Covidien in the fourth quarter of fiscal year 2015.

In fiscal year 2015, amortization expense was $733 million, which was an increase of $384 million over the prior fiscal year. The increase in amortization expense in fiscal year 2015 was primarily due to the fourth quarter fiscal year 2015 acquisition of Covidien, which added $379 million in amortization expense and fiscal year 2014 acquisitions of TYRX, Corventis, Inc. and Visualase, Inc., partially offset by reduced ongoing amortization expense from certain intangible assets that became fully amortized.

Amortization of intangible assets affect the comparability of our operating results between periods, therefore we consider this a U.S. Non-GAAP Adjustment, refer to the "Key Performance Indicators" section of this directors' report for further details related to this expense.

Other Expense Other expense includes royalty income and expense, realized equity security gains and losses, realized currency transaction and derivative gains and losses, impairment charges on equity securities, the Puerto Rico excise tax, and the U.S. medical device excise tax. In fiscal year 2016, other expense was $107 million, a decrease of $11 million from $118 million in the prior fiscal year. The largest contributor to the change in other expense was an increase in net realized currency gains, which were partially offset by increased royalty expense within Minimally Invasive Therapies Group, and a write-off of a minority investment in the current year. Total net realized currency gains recorded in *other expense* were $314 million in fiscal year 2016 compared to gains of $196 million in the prior fiscal year. Looking ahead, we expect other expense will be impacted as a result of the suspension of the U.S. medical device excise tax for two years beginning January 1, 2016 and ending December 31, 2017.

In fiscal year 2015, other expense was $118 million, a decrease of $63 million as compared to the prior fiscal year. The decrease was primarily due to an increase in net realized foreign currency gains partially offset by increased royalty income in our Structural Heart business and increased U.S. medical device excise tax, which for fiscal year 2015 was $135 million, an increase of $23

million as compared to the prior fiscal year. Total net realized foreign currency gains recorded in *other expense* in the consolidated profit and loss account were $196 million in fiscal year 2015, an increase of $153 million as compared to the prior fiscal year.

Interest Payable and Similar Charges, Net Interest payable and similar charges, net includes interest earned on our cash, cash equivalents and investments, interest incurred on our outstanding borrowings, amortization of debt issuance costs and debt discounts, the net realized and unrealized gain or loss on trading securities, ineffectiveness on interest rate derivative instruments, and the net realized gain or loss on the sale or impairment of available-for-sale debt securities. In fiscal year 2016, interest payable and similar charges, net was $955 million, as compared to $280 million in fiscal year 2015. The increase in interest payable and similar charges, net for fiscal year 2016 was largely driven by an increase in total short-term and long-term borrowings, primarily resulting from the Covidien acquisition, and a $183 million charge recorded in connection with the cash tender offer and redemption of certain outstanding debt securities, as discussed within the “Liquidity and Capital Resources" section of this directors' report. In addition, during the second quarter of fiscal year 2016 we incurred a $45 million loss on interest rate swaps, which were previously entered into in advance of a planned debt issuance that is no longer expected after the internal reorganization of the ownership of certain legacy Covidien businesses completed in the second quarter of fiscal year 2016. We treat this interest payable charge, as well as the $183 million charge associated with the cash tender offer and redemption as U.S. Non-GAAP Adjustments, refer to the "Key Performance Indicators" section of this directors' report. The increase in interest payable and similar charges, net during fiscal year 2016 was partially offset by increased interest receivable and similar income earned on higher investment balances, as compared to fiscal year 2015. Based on current expected rates, we expect interest payable and similar charges, net to increase in future quarters as our investment balances decline resulting from the deployment of capital, including incremental share repurchases and net debt reduction.

In fiscal year 2015, interest payable and similar charges, net was $280 million, an increase of $172 million as compared to the prior fiscal year. For fiscal year 2015, the increase in interest payable and similar charges, net was primarily due to the impact of the incremental interest payable and similar charges resulting from the issuance of $17.0 billion of debt to fund the Covidien acquisition and the $3.0 billion term loan funded in January 2015. The $17.0 billion debt resulted in $77 million of incremental interest payable and similar charges in the third quarter of fiscal year 2015 prior to the close of the Covidien transaction. We treated this interest payable and similar charges item as a U.S. Non-GAAP Adjustment, refer to the "Key Performance Indicators" section of this directors' report.

Certain Tax Adjustments During fiscal year 2016, we recorded certain tax adjustments of $417 million. A $442 million certain tax adjustment charge was recorded, which primarily related to the U.S. income tax expense resulting from our completion of an internal reorganization of the ownership of certain legacy Covidien businesses that reduced the cash and investments held by our U.S.-controlled non-U.S. subsidiaries (the Internal Reorganization). As a result of the Internal Reorganization, approximately $9.7 billion of cash, cash equivalents and investments in marketable debt and equity securities previously held by U.S.-controlled non-U.S. subsidiaries became available for general corporate purposes. This charge was partially offset by a $25 million tax benefit associated with the disposition of a wholly owned U.S. subsidiary. The $417 million net certain tax adjustment was recorded in the *taxation on profit on ordinary activities* in the consolidated profit and loss account for fiscal year 2016.

In fiscal year 2015, we recorded certain tax adjustments of $349 million, of which $329 million related to the resolution of the Kyphon Inc. (Kyphon) acquisition-related issues with the U.S. Internal Revenue Service (IRS). In addition, the certain tax adjustments include $20 million related to a taxable gain associated with the Covidien acquisition. The $349 million certain tax adjustment was recorded in the *taxation on profit on ordinary activities* in the consolidated profit and loss account for fiscal year 2015.

Certain tax adjustments affect the comparability of our operating results between periods, therefore, we consider these U.S Non-GAAP Adjustments, refer to the "Key Performance Indicators" section of this directors' report for further analysis related to these adjustments.

Liquidity and Capital Resources

(in millions)	Fiscal Year 2016	Fiscal Year 2015
Working capital	$ 16,435	$ 21,785
Current ratio[1]	3.3:1.0	3.4:1.0
Cash at bank and in hand and short-term investments	$ 12,634	$ 19,480
Short-term borrowings and long-term debt	31,240	36,186
Net cash position[2]	$ (18,606)	$ (16,706)
Total shareholders' funds	$ 52,063	$ 53,230
Debt-to-total capital ratio[3]	38%	40%

(1) The ratio of current assets less debtors falling due after one year to liabilities due within the next year.

(2) The sum of cash at bank and in hand, and short-term investments less short-term borrowings and long-term debt and excludes non-current investments that are not considered readily available to fund current operations.

(3) The ratio of total debt (short-term borrowings and long-term debt) to total capitalization (total debt and equity shareholders' funds).

At April 29, 2016, we believe our balance sheet and liquidity provide us with flexibility in the future. Approximately $5.0 billion of our cash and investments held by certain U.S.-controlled non-U.S. subsidiaries may not represent available liquidity for general corporate purposes. However, we believe our other existing cash and investments, as well as our $3.5 billion revolving credit facility and related commercial paper program (no commercial paper outstanding at April 29, 2016), will satisfy our foreseeable working capital requirements for at least the next 12 months. We regularly review our capital needs and consider various investing and financing alternatives to support our requirements.

In April 2016, the Group completed a cash tender offer and redemption of $2.7 billion of senior notes for $3.0 billion of total consideration. We recognized a loss on debt extinguishment of $163 million, which included cash premiums and accelerated amortization of deferred financing costs and debt discounts and premiums. The loss on debt extinguishment was recorded in *interest payable and similar charges* in the consolidated profit and loss account. In addition to the loss on debt extinguishment, we recognized $20 million of interest payable and similar charges due to the acceleration of net losses on forward starting interest rate derivatives, which had been terminated at the time of original debt issuances, relating to the portion of debt extinguished in the tender offer.

	Agency Rating[1] April 29, 2016	Agency Rating[1] April 24, 2015
Standard & Poor's Ratings Services		
Long-term debt	A	A
Short-term debt	A-1	A-1
Moody's Investors Service		
Long-term debt	A3	A3
Short-term debt	P-2	P-2

(1) Agency ratings are subject to change, and there can be no assurance that a ratings agency will continue to provide ratings and/or maintain its current ratings. A security rating is not a recommendation to buy, sell or hold securities, and may be subject to revision or withdrawal at any time by the rating agency, and each rating should be evaluated independently of any other rating.

Standard & Poor's (S&P) Ratings Services' and Moody's Investors Service (Moody's) long-term debt rating and short-term debt rating at April 29, 2016 were unchanged as compared to the ratings at April 24, 2015. We do not expect the S&P and Moody's Ratings Services' ratings to have a significant impact on our liquidity or future flexibility to access additional liquidity given our balance sheet, and our $3.5 billion revolving credit facility and related commercial paper program, discussed above.

We have future contractual obligations and other minimum commercial commitments that are entered into in the normal course of business. We believe our off-balance sheet arrangements do not have a material current or anticipated future effect on our consolidated profit, financial position, and/or cash flows.

We record a provision in our consolidated financial statements related to significant legal proceedings when a loss is known or considered probable and the amount can be reasonably estimated. Actual settlements may be different than estimated and could have a material impact on our consolidated profit, financial position, and/or cash flows.

We provide for tax provisions in our financial statements with respect to amounts that we expect to repatriate from subsidiaries (to the extent the repatriation would be subject to taxation); however, no tax provisions are recorded for amounts that we consider to be permanently reinvested. Our current plans do not foresee a need to repatriate funds that are designated as permanently reinvested in order to fund our operations or meet currently anticipated liquidity and capital investment needs. However, we evaluate our legal entity structure supporting our business operations, and to the extent such evaluation results in a change to our overall business structure, we may be required to accrue for additional tax provisions.

We have investments in marketable debt securities that are classified and accounted for as available-for-sale. Our debt securities include U.S. government and agency securities, corporate debt securities, mortgage-backed securities, other asset-backed securities, debt funds, and auction rate securities. Some of our investments may experience reduced liquidity due to changes in market conditions and investor demand. Our auction rate security holdings continue to experience reduced liquidity due to low investor demand. Although our auction rate securities are currently illiquid and other securities could become illiquid, we believe we could liquidate a substantial amount of our portfolio without incurring a material impairment loss.

For the fiscal year ended April 29, 2016, the total other-than-temporary impairment losses on available-for-sale debt securities were not significant. Based on our assessment of the credit quality of the underlying collateral and credit support available to each of the remaining securities in which we are invested, we believe we have recorded all necessary other-than-temporary impairments as we do not have the intent to sell, nor is it more likely than not that we will be required to sell, before recovery of the amortized cost. However, at April 29, 2016, we had $327 million of gross unrealized losses on our aggregate short-term and long-term available-for-sale debt securities of $9.7 billion; if market conditions deteriorate, some of these holdings may experience other-than-temporary impairment in the future which could have a material impact on our financial results. Management is required to use estimates and assumptions in its valuation of our investments, which requires a high degree of judgment, and therefore, actual results could differ materially from those estimates.

Principal Risks and Uncertainties

Currency Exchange Rate Risk Due to the global nature of our operations, we are exposed to currency exchange rate changes. In a period where the U.S. dollar, our functional currency, is strengthening/weakening as compared to other currencies, our revenue and expenses denominated in other currencies are translated into U.S. dollars at a lower/higher value than they would be in an otherwise constant currency exchange rate environment.

We use operational and economic hedges, as well as currency exchange rate derivative instruments, to manage the impact of currency exchange rate fluctuations on profit and cash flows. In order to minimize profit and cash flow volatility resulting from currency exchange rate fluctuations, we enter into derivative instruments, principally forward currency exchange rate contracts. These contracts are designed to hedge anticipated currency transactions and changes in the value of specific assets and liabilities. At inception of the contract, the derivative instrument is designated as either a freestanding derivative or a cash flow hedge. The primary currencies of the derivative instruments are the Euro and Japanese Yen. Fluctuations in the currency exchange rates of currency exposures that are unhedged, such as in certain emerging markets, may result in future profit and cash flow volatility. We do not enter into currency exchange rate derivative instruments for speculative purposes.

The gross notional amount of all currency exchange rate derivative instruments outstanding at April 29, 2016 and April 24, 2015 was $10.8 billion and $9.8 billion, respectively. At April 29, 2016, these contracts were in an unrealized loss position of $11 million. A sensitivity analysis of changes in the fair value of all currency exchange rate derivative contracts at April 29, 2016 indicates that, if the U.S. dollar uniformly strengthened/weakened by 10 percent against all currencies, the fair value of these contracts would increase/decrease by approximately $725 million. Any gains and losses on the fair value of derivative contracts would generally be offset by gains and losses on the underlying transactions. These offsetting gains and losses are not reflected in the above analysis.

Interest Rate Risk We are subject to interest rate risk on our short-term investments and our borrowings. We manage interest rate risk in the aggregate, while focusing on our immediate and intermediate liquidity needs. Our debt portfolio at April 29, 2016, was comprised of debt predominately denominated in U.S. dollars, of which approximately 90% is fixed rate debt and approximately 10% is floating-rate debt. We are also exposed to interest rate changes affecting our investments in interest rate sensitive instruments, which includes our marketable debt securities, fixed-to-floating interest rate swap agreements, and forward starting interest rate swap agreements.

A sensitivity analysis of the impact on our investments in interest rate sensitive financial instruments of a hypothetical 10 basis point change in interest rates, compared to interest rates at April 29, 2016, indicates that the fair value of these instruments would correspondingly change by $85 million.

Credit Risk Global concentrations of credit risk with respect to trade debtors are limited due to the large number of customers and their dispersion across many geographic areas. We monitor the creditworthiness of our customers to which we grant credit terms in the normal course of business. However, a significant amount of trade debtors are with hospitals that are dependent upon governmental health care systems in many countries. The current economic conditions in many countries outside the U.S. may continue to increase the average length of time it takes to collect on our outstanding trade debtors in these countries as certain payment patterns have been impacted. Although we do not currently foresee a significant credit risk associated with the outstanding debtors, repayment is dependent upon the financial stability of the economies of these countries.

Risks Relating to the Group

Investing in us involves a variety of risks and uncertainties, known and unknown, including, among others, those discussed below. Each of the following risks should be carefully considered. Based on the information currently known to us, we believe the following information identifies the most significant risk factors affecting the Group. However, the risks and uncertainties described below are not the only ones related to our businesses and are not necessarily listed in the order of their importance. Additional risks and uncertainty not presently known to us or that we currently believe to be immaterial may also adversely affect our businesses.

We operate in a highly competitive industry and we may be unable to compete effectively.

We compete in both the therapeutic and diagnostic medical markets in approximately 160 countries throughout the world. These markets are characterized by rapid change resulting from technological advances and scientific discoveries. In the product lines in which we compete, we face a mixture of competitors ranging from large manufacturers with multiple business lines to small manufacturers that offer a limited selection of niche products. Development by other companies of new or improved products, processes, technologies, or the introduction of reprocessed products or generic versions when our proprietary products lose their patent protection may make our products or proposed products less competitive. In addition, we face competition from providers of alternative medical therapies such as pharmaceutical companies.

Competitive factors include:

- product reliability,
- product performance,
- product technology,
- product quality,
- breadth of product lines,
- product services,
- customer support,
- price, and
- reimbursement approval from health care insurance providers.

We also face competition for marketing, distribution, and collaborative development agreements, for establishing relationships with academic and research institutions, and for licenses to intellectual property. In addition, academic institutions, governmental agencies and other public and private research organizations also may conduct research, seek patient protection and establish collaborative arrangements for discovery, research, clinical development and marketing of products similar to ours. These companies and institutions compete with us in recruiting and retaining qualified scientific and management personnel, as well as in acquiring necessary product technologies.

Major shifts in industry market share have occurred in connection with product problems, physician advisories, safety alerts, and publications about our products; reflecting the importance of product quality, product efficacy, and quality systems in our industry. In the current environment of managed care, consolidation among health care providers, increased competition, and declining reimbursement rates, we have been increasingly required to compete on the basis of price. In order to continue to compete effectively,

we must continue to create, invest in, or acquire advanced technology, incorporate this technology into our proprietary products, obtain regulatory approvals in a timely manner, and manufacture and successfully market our products. Given these factors, we cannot guarantee that we will be able to compete effectively or continue our level of success in our industry.

Reduction or interruption in supply and an inability to develop alternative sources for supply or other manufacturing difficulties, may adversely affect our manufacturing operations and related product sales.

The manufacture of our products requires the timely delivery of sufficient amount of quality components and materials and is highly exacting and complex, due in part to strict regulatory requirements. We manufacture most of our products at numerous manufacturing facilities located throughout the world. We purchase many of the components and raw materials used in manufacturing these products from numerous suppliers in various countries. We have generally been able to obtain adequate supplies of such raw materials and components. However, for reasons of quality assurance, cost effectiveness, or availability, we procure certain components and raw materials from a sole supplier. We work closely with our suppliers to try to ensure continuity of supply while maintaining high quality and reliability. However, we cannot guarantee that these efforts will be successful. In addition, due to the stringent regulations and requirements of the U.S. FDA regarding the manufacture of our products, we may not be able to quickly establish additional or replacement sources for certain components or materials. A reduction or interruption in supply, and an inability to develop alternative sources for such supply, could adversely affect our ability to manufacture our products in a timely or cost-effective manner and to make our related product sales.

Other problems in the manufacturing process, including equipment malfunction, failure to follow specific protocols and procedures, defective raw materials and environmental factors, could lead to launch delays, product shortage, unanticipated costs, lost revenues and damage to our reputation. A failure to identify and address manufacturing problems prior to the release of products to our customers may also result in quality or safety issues.

In addition, several of our key products are manufactured at a single manufacturing facility, with limited alternate facilities. If an event occurs that results in damage to one or more of such facilities, we may be unable to manufacture the relevant products at the previous levels or at all. Because of the time required to approve and license a manufacturing facility, a third-party manufacturer may not be available on a timely basis to replace production capacity in the event manufacturing capacity is lost.

Moreover, pursuant to the conflict minerals requirements promulgated by the Securities and Exchange Commission (SEC) as a part of Dodd-Frank, we are required to report on the source of any conflict minerals used in our products, as well as the process we use to determine the source of such materials. We will continue to incur expenses as we work with our suppliers to evaluate the source of any conflict minerals in our products, and compliance with these requirements could adversely affect the sourcing, supply, and pricing of our raw materials.

Our industry is experiencing greater scrutiny and regulation by governmental authorities, which may lead to greater regulation in the future.

Our medical devices and technologies and our business activities are subject to a complex regime of regulations and an aggressive enforcement environment, including by the U.S. FDA, U.S. Department of Justice, Health and Human Services-Office of the Inspector General, and numerous other federal, state, and non-U.S. governmental authorities. These authorities and members of Congress have been increasing their scrutiny of our industry. In addition, certain state governments and the federal government have enacted legislation aimed at increasing transparency of our interactions with health care providers. As a result, we are required by law to disclose payments and other transfers of value to health care providers licensed by certain states and to all U.S. physicians and U.S. teaching hospitals at the federal level. Any failure to comply with these legal and regulatory requirements could impact our business. In addition, we may continue to devote substantial additional time and financial resources to further develop and implement policies, systems, and processes to comply with enhanced legal and regulatory requirements, which may also impact our business. We anticipate that governmental authorities will continue to scrutinize our industry closely, and that additional regulation may increase compliance and legal costs, exposure to litigation, and other adverse effects to our operations.

We are subject to costly and complex laws and governmental regulations and any adverse regulatory action may materially adversely affect our financial condition and business operations.

Our medical devices are subject to regulation by numerous government agencies, including the U.S. FDA and comparable agencies outside the U.S. To varying degrees, each of these agencies requires us to comply with laws and regulations governing the development, testing, manufacturing, labeling, marketing, and distribution of our products. We cannot guarantee that we will be able to obtain or maintain marketing clearance for our new products or enhancements or modifications to existing products, and the failure to maintain approvals or obtain approval or clearance could have a material adverse effect on our business, results of operations, financial conditions and cash flows. Even if we are able to obtain such approval or clearance, it may:

- take a significant amount of time,
- require the expenditure of substantial resources,

- involve stringent clinical and pre-clinical testing, as well as increased post-market surveillance,
- involve modifications, repairs, or replacements of our products, and
- result in limitations on the proposed uses of our products.

Both before and after a product is commercially released, we have ongoing responsibilities under U.S. FDA regulations. Many of our facilities and procedures and those of our suppliers are also subject to periodic inspections by the U.S. FDA to determine compliance with the U.S. FDA's requirements, including primarily the quality system regulations and medical device reporting regulations. The results of these inspections can include inspectional observations on U.S. FDA's Form-483, warning letters, or other forms of enforcement. Since 2009, the U.S. FDA has significantly increased its oversight of companies subject to its regulations, including medical device companies, by hiring new investigators and stepping up inspections of manufacturing facilities. The U.S. FDA has recently also significantly increased the number of warning letters issued to companies. If the U.S. FDA were to conclude that we are not in compliance with applicable laws or regulations, or that any of our medical devices are ineffective or pose an unreasonable health risk, the U.S. FDA could ban such medical devices, detain or seize adulterated or misbranded medical devices, order a recall, repair, replacement, or refund of such devices, refuse to grant pending pre-market approval applications or require certificates of non-U.S governments for exports, and/or require us to notify health professionals and others that the devices present unreasonable risks of substantial harm to the public health. The U.S. FDA may also assess civil or criminal penalties against us, our officers or employees and impose operating restrictions on a Group-wide basis, or enjoin and/or restrain certain conduct resulting in violations of applicable law. The U.S. FDA may also recommend prosecution to the U.S. Department of Justice. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively marketing and selling our products and limit our ability to obtain future pre-market clearances or approvals, and could result in a substantial modification to our business practices and operations.

In addition, the U.S. FDA has taken the position that device manufacturers are prohibited from promoting their products other than for the uses and indications set forth in the approved product labeling. A number of enforcement actions have been taken against manufacturers that promote products for "off-label" uses, including actions alleging that federal health care program reimbursement of products promoted for "off-label" uses constitute false and fraudulent claims to the government. The failure to comply with "off-label" promotion restrictions can result in significant civil or criminal exposure, administrative obligations and costs, and/or other potential penalties from, and/or agreements with, the federal government.

Pursuant to Dodd-Frank, the SEC promulgated final rules regarding disclosure of the use of certain minerals, known as "conflict minerals" (tantalum, tin, tungsten (or their ores), and gold) which are mined from the Democratic Republic of the Congo and adjoining countries. Under the rules, we are now required to disclose the procedures we employ to determine the sourcing of such minerals and metals produced from those minerals. There are costs associated with complying with these disclosure requirements, including for diligence in regards to the sources of any conflict minerals used in our products, in addition to the cost of remediation and other changes to products, processes, or sources of supply as a consequence of such verification activities. In addition, the implementation of these rules could adversely affect the sourcing, supply, and pricing of materials used in our products. As of the date of our conflict minerals report for the 2015 calendar year, we were unable to obtain the necessary information on conflict minerals from all of our suppliers and were unable to determine that all of our products are conflict free. In addition, we may continue to face difficulties in gathering this information in the future. We may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to sufficiently verify the origins for all conflict minerals used in our products through the procedures we implement.

Governmental regulations outside the U.S have become increasingly stringent and more common, and we may become subject to more rigorous regulation by governmental authorities in the future. In the European Union, for example, we anticipate a new Medical Device Regulation to be published in 2016, and it is likely to impose additional premarket and postmarket requirements. Penalties for a company's non-compliance with governmental regulation could be severe, including fines, revocation or suspension of a company's business license, mandatory price reductions and criminal sanctions. Any governmental law or regulation imposed in the future may have a material adverse effect on us.

We are subject to environmental laws and regulations and the risk of environmental liabilities, violations and litigation.

We are subject to numerous U.S. federal, state, local and non-U.S. environmental, health and safety laws and regulations concerning, among other things, the generation, storage, use and transportation of hazardous materials, emissions or discharges of substances into the environment, investigation and remediation of hazardous substances or materials at various sites, chemical constituents in medical equipment and end-of-life disposal and take-back programs, and the health and safety of our employees. Our operations involve the use of substances regulated under such laws and regulations, primarily those used in manufacturing and sterilization processes. If we violate these environmental laws and regulations, we could be fined, criminally charged or otherwise sanctioned by regulators. Furthermore, environmental laws outside of the U.S. are becoming more stringent, resulting in increased costs and compliance burdens.

In addition, certain environmental laws assess liability on current or previous owners or operators of real property for the costs of investigation, removal or remediation of hazardous substances or materials at their properties or at properties which they have disposed of hazardous substances. Liability for investigative, removal and remedial costs under certain U.S. federal and state laws are retroactive, strict and joint and several. In addition to cleanup actions brought by governmental authorities, private parties could bring personal injury or other claims due to the presence of, or exposure to, hazardous substances. The ultimate cost of site cleanup and timing of future cash outflows is difficult to predict, given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods.

We may in the future be subject to additional environmental claims for personal injury or cleanup based on our past, present or future business activities (including the past activities of companies we have acquired). The costs of complying with current or future environmental protection and health and safety laws and regulations, or liabilities arising from past or future releases of, or exposures to, hazardous substances, may exceed our estimates, or have a material adverse effect on our business, consolidated profit, financial condition, and/or cash flow.

Our failure to comply with laws and regulations relating to reimbursement of health care goods and services may subject us to penalties and adversely impact our reputation, business, financial condition and cash flows.

Our devices, products and therapies are purchased principally by hospitals or physicians that typically bill various third-party payers, such as governmental programs (e.g., Medicare, Medicaid and comparable non-U.S. programs), private insurance plans and managed care plans, for the healthcare services provided to their patients. The ability of our customers to obtain appropriate reimbursement for products and services from third-party payers is critical because it affects which products customers purchase and the prices they are willing to pay. As a result, our devices, products and therapies are subject to regulation regarding quality and cost by U.S. Department of Health and Human Services (HHS), including the Centers for Medicare & Medicaid Services (CMS) as well as comparable state and non-U.S. agencies responsible for reimbursement and regulation of health care goods and services. The principal U.S. federal laws implicated include those that prohibit (i) the filing of false or improper claims for federal payment, known as the false claims laws, (ii) unlawful inducements for the referral of business reimbursable under federally-funded health care programs, known as the anti-kickback laws, and (iii) health care service providers from seeking reimbursement for providing certain services to a patient who was referred by a physician who has certain types of direct or indirect financial relationships with the service provider, known as the Stark law. Many states have similar laws that apply to reimbursement by state Medicaid and other funded programs as well as in some cases to all payers. Insurance companies can also bring a private cause of action for treble damages against a manufacturer for causing a false claim to be filed under the federal Racketeer Influenced and Corrupt Organizations Act, RICO. In addition, as a manufacturer of U.S. FDA-approved devices reimbursable by federal healthcare programs, we are subject to the Physician Payments Sunshine Act, which requires us to annually report certain payments and other transfers of value we make to U.S.-licensed physicians or U.S. teaching hospitals.

Our profitability and international operations are subject to risks relating to changes in government and private medical reimbursement programs and policies, and changes in legal regulatory requirements in the U.S. and around the world. Implementation of further legislative or administrative reforms to the reimbursement system in the U.S. and abroad, or adverse decisions relating to our products by administrators of these systems in coverage or reimbursement, could significantly reduce reimbursement or result in the denial of coverage, which could have an impact on the acceptance of and demand for our products and the prices that our customers are willing to pay for them.

The laws and regulations of health care goods and services that are applicable to us, including those described above, are subject to evolving interpretations. If a governmental authority were to conclude that we are not in compliance with applicable laws and regulations, we and our officers and employees could be subject to severe criminal and civil penalties, including, for example, exclusion from participation as a supplier of product to beneficiaries covered by CMS. Any failure to comply with laws and regulations relating to reimbursement and health care goods and services could adversely affect our reputation, business, financial condition and cash flows.

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

We are substantially dependent on patent and other proprietary rights and rely on a combination of patents, trade secrets, and non-disclosure and non-competition agreements to protect our proprietary intellectual property. We also operate in an industry characterized by extensive patent litigation. Patent litigation against us can result in significant damage awards and injunctions that could prevent our manufacture and sale of affected products or require us to pay significant royalties in order to continue to manufacture or sell affected products. At any given time, we are generally involved as both a plaintiff and a defendant in a number of patent infringement actions, the outcomes of which may not be known for prolonged periods of time. While it is not possible to predict the outcome of patent litigation, we believe the results associated with any such litigation could result in our payment of significant monetary damages and/or royalty payments, negatively impact our ability to sell current or future products, or prohibit us from enforcing our patent and proprietary rights against others, which would generally have a material adverse impact on our consolidated profit, financial condition, and/or cash flows.

While we intend to defend against any threats to our intellectual property, our patents, trade secrets, or other agreements may not adequately protect our intellectual property. Further, pending patent applications owned by us may not result in patents being issued to us, patents issued to or licensed by us in the past or in the future may be challenged or circumvented by competitors and such patents may be found invalid, unenforceable or insufficiently broad to protect our technology or to provide us with any competitive advantage. Third parties could obtain patents that may require us to negotiate licenses to conduct our business, and the required licenses may not be available on reasonable terms or at all. We also rely on non-disclosure and non-competition agreements with certain employees, consultants, and other parties to protect, in part, trade secrets and other proprietary rights. We cannot be certain that these agreements will not be breached, that we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information, or that third parties will not otherwise gain access to our trade secrets or proprietary knowledge.

In addition, the laws of certain countries in which we market some of our products do not protect our intellectual property rights to the same extent as the laws of the U.S., which could make it easier for competitors to capture market position in such countries by utilizing technologies that are similar to those developed or licensed by us. Competitors also may harm our sales by designing products that mirror the capabilities of our products or technology without infringing our intellectual property rights. If we are unable to protect our intellectual property in these countries, it could have a material adverse effect on our business, financial condition or results of operations.

Quality problems with, and product liability claims in connection with, our processes, goods, and services, could lead to recalls or safety alerts, harm our reputation and have a material adverse effect on our business, results of operations, financial condition and our cash flows.

Quality is extremely important to us and our customers due to the serious and costly consequences of product failure and our business exposes us to potential product liability risks that are inherent in the design, manufacture, and marketing of medical devices. In addition, many of our products are often used in intensive care settings with seriously ill patients and some of the medical devices we manufacture and sell are designed to be implanted in the human body for long periods of time or indefinitely. Component failures, manufacturing defects, design flaws, off-label use, or inadequate disclosure of product-related risks or product-related information with respect to our products could result in an unsafe condition or injury to, or death of, a patient. These problems could lead to recall of, or issuance of a safety alert relating to, our products, and could result in product liability claims and lawsuits, including class actions, which could ultimately result, in certain cases, in the removal from the body of such products and claims regarding costs associated therewith. Due to the strong name recognition of the Medtronic and Covidien brands, a material adverse event involving one of our products could result in reduced market acceptance and demand for all products within that brand, and could harm our reputation and ability to market products in the future.

Strong product quality is critical to the success of our goods and services. If we fail to meet these standards and our products are the subject of recalls or safety alerts, our reputation could be damaged, we could lose customers, and our revenue and results of operations could decline. Our success also depends generally on our ability to manufacture to exact tolerances precision-engineered components, subassemblies, and finished devices from multiple materials. If our components fail to meet these standards or fail to adapt to evolving standards, our reputation, competitive advantage and market share could be harmed. In certain situations, we may undertake a voluntary recall of products or temporarily shut down production lines based on performance relative to our own internal safety and quality monitoring and testing data.

Further, we have elected to self-insure with respect to product liability risks and any product liability claim brought against us, with or without merit, could be costly to defend. See "Our insurance program may not be adequate to cover future losses." Any of the foregoing problems, including product liability claims or product recalls in the future, regardless of their ultimate outcome,

could harm our reputation and have a material adverse effect on our business, results of operations, financial condition, and cash flows.

Health care policy changes, including U.S. health care reform legislation, signed in 2010, may have a material adverse effect on us.

In response to perceived increases in health care costs in recent years, there have been and continue to be proposals by the federal government, state governments, regulators, and third-party payers to control these costs and, more generally, to reform the U.S. health care system. Certain of these proposals could limit the prices we are able to charge for our products or the amounts of reimbursement available for our products and could limit the acceptance and availability of our products. The adoption of some or all of these proposals could have a material adverse effect on our financial condition and results of operations.

The Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010 provide for a number of healthcare policy changes that are or will be applicable to us. However, certain provisions of the law are not yet effective and there are many programs and requirements for which the details have not yet been fully established or consequences not fully understood, and it is unclear what the full impacts will be from the law. The legislation provides for significant new taxes on medical device makers in the form of a 2.3 percent excise tax on all U.S. medical device sales that commenced in January 2013. Although the excise tax has been suspended by Congress until the end of 2017, its status is unclear for 2018 and subsequent years. Under the legislation, the total cost to the medical device industry is expected to be approximately $20 billion over 10 years. The law also focuses on a number of Medicare provisions aimed at improving quality and decreasing costs. It is uncertain at this point what negative unintended consequences these provisions will have on patient access to new technologies. The Medicare provisions include value-based payment programs, increased funding of comparative effectiveness research, reduced hospital payments for avoidable readmissions and hospital acquired conditions, and pilot programs to evaluate alternative payment methodologies that promote care coordination (such as bundled physician and hospital payments). Additionally, the law includes a reduction in the annual rate of inflation for Medicare payments to hospitals that began in 2011 and the establishment of an independent payment advisory board to recommend ways of reducing the rate of growth in Medicare spending. We cannot predict what health care programs and regulations will be ultimately implemented at the federal or state level, or the effect of any future legislation or regulation. However, any changes that lower reimbursement for our products or reduce medical procedure volumes could adversely affect our business and results of operations.

Our insurance program may not be adequate to cover future losses.

We have elected to self-insure most of our insurable risks across the Group, and we made this decision based on cost and availability factors in the insurance marketplace. We manage and maintain a portion of our self-insured program through a wholly-owned captive insurance company. We continue to maintain a directors and officers liability insurance policy with a third party insurer that provides coverage for the directors and officers of the Group. We continue to monitor the insurance marketplace to evaluate the value of obtaining insurance coverage for other categories of losses in the future. Although we believe, based on historical loss trends, that our self-insurance program accruals and our existing insurance coverage will be adequate to cover future losses, historical trends may not be indicative of future losses. The absence of third-party insurance coverage for other categories of losses increases our exposure to unanticipated claims and these losses could have a material adverse impact on our consolidated profit, financial condition and/or cash flows.

If we experience decreasing prices for our goods and services and we are unable to reduce our expenses, our results of operations will suffer.

We may experience decreasing prices for our goods and services due to pricing pressure experienced by our customers from managed care organizations and other third-party payers, increased market power of our customers as the medical device industry consolidates, and increased competition among medical engineering and manufacturing services providers. If the prices for our goods and services decrease and we are unable to reduce our expenses, our results of operations will be adversely affected.

We may experience higher costs to produce our products as a result of changes in prices for oil, gas and other commodities.

We use resins, other petroleum-based materials and pulp as raw materials in some of our products. Prices of oil and gas also significantly affect our costs for freight and utilities. Oil, gas and pulp prices are volatile and may increase, resulting in higher costs to produce and distribute our products. New laws or regulations adopted in response to climate change could also increase energy costs and the costs of certain raw materials and components. Due to the highly competitive nature of the healthcare industry and the cost-containment efforts of our customers and third-party payers, we may be unable to pass along cost increases through higher prices. If we are unable to fully recover these costs through price increases or offset these increases through cost reductions, we could experience lower margins and profitability and our business, results of operations, financial condition and cash flows could be materially and adversely affected.

Economic and political instability around the world could adversely affect our revenues, financial condition or results of operations.

There can be no assurance that economic and political instability around the world will not adversely affect our revenues, financial condition or results of operations. Our customers and vendors may experience financial difficulties or be unable to borrow money to fund their operations which may adversely impact their ability to purchase our products or to pay for our products on a timely basis, if at all. As with our customers and vendors, these economic conditions make it more difficult for us to accurately forecast and plan our future business activities. In addition, a significant amount of our trade receivables are with national health care systems in many countries. Repayment of these receivables is dependent upon the political and financial stability of those countries. In light of these global economic fluctuations, we continue to monitor the creditworthiness of customers located outside the U.S. Failure to receive payment of all or a significant portion of these receivables could adversely affect our results of operations.

We are subject to a variety of market and financial risks due to our international operations that could adversely affect those operations or our profitability and operating results.

Although our stock is traded on the New York Stock Exchange, we are a global company. Operations in countries outside of the U.S., which account for approximately 43 percent of our turnover for the fiscal year ended April 29, 2016, may be accompanied by certain financial and other risks that would not be faced by a group operating purely within the U.S. We intend to continue to pursue growth opportunities in sales outside the U.S., especially in emerging markets, which could expose us to greater risks associated with international sales and operations. Our profitability and international operations are, and will continue to be, subject to a number of risks and potential costs, including:

- fluctuations in currency exchange rates,
- healthcare reform legislation,
- multiple non-U.S. regulatory requirements that are subject to change and that could restrict our ability to manufacture and sell our products,
- local product preferences and product requirements,
- longer-term receivables than are typical in the U.S.,
- trade protection measures and import or export licensing requirements,
- less intellectual property protection in some countries outside the U.S. than exists in the U.S.,
- different labor regulations and workforce instability,
- political instability,
- the potential payment of U.S. income taxes on earnings of certain controlled foreign subsidiaries subject to U.S. taxation upon repatriation,
- the expiration and non-renewal of foreign tax rulings and/or grants,
- potentially negative consequences from changes in or interpretations of tax laws, and
- economic instability and inflation, recession or interest rate fluctuations.

There are recent legislative proposals to tax profits of U.S. affiliates which are earned abroad. While it is impossible for us to predict whether these and other proposals will be implemented, or how they will ultimately impact us, they may materially impact our results of operations if, for example, our profits earned abroad are subject to U.S. income tax, or we are otherwise disallowed deductions as a result of these profits.

On June 23, 2016, the United Kingdom (U.K.) held a referendum in which voters approved an exit from the E.U., commonly referred to as “Brexit”. As a result of the referendum, it is expected that the British government will begin negotiating the terms of the U.K.’s future relationship with the E.U. Although it is unknown what those terms will be, it is possible that there will be greater restrictions on imports and exports between the U.K. and E.U. countries and increased regulatory complexities. These changes may adversely affect our operations and financial results.

Finally, changes in currency exchange rates may reduce the reported value of our turnover outside the U.S, net of expenses, and cash flows. We cannot predict changes in currency exchange rates, the impact of exchange rate changes, nor the degree to which we will be able to manage the impact of currency exchange rate changes.

The failure to comply with U.S. Foreign Corrupt Practices Act and similar anti-bribery laws in non-U.S. jurisdiction could materially adversely affect our business and result in civil and/or criminal sanctions.

The U.S. Foreign Corrupt Practices Act (FCPA) and similar anti-bribery laws in non-U.S. jurisdictions generally prohibit companies and their intermediaries from making improper payments to non-U.S. government officials for the purpose of obtaining or retaining business. Because of the predominance of government-sponsored healthcare systems around the world, many of our customer relationships outside of the U.S. are with governmental entities and are therefore potentially subject to such laws.

Global enforcement of anti-corruption laws has increased substantially in recent years, with more frequent voluntary self-disclosures by companies, aggressive investigations and enforcement proceedings by U.S. and non-U.S. governmental agencies, and assessment of significant fines and penalties against companies and individuals. Our international operations create the risk of unauthorized payments or offers of payments by one of our employees, consultants, sales agents, or distributors, because these parties are not always subject to our control. It is our policy to implement safeguards to educate our employees and agents on these legal requirements and prohibit improper practices. However, our existing safeguards and any future improvements may not always be effective, and our employees, consultants, sales agents, or distributors may engage in conduct for which we might be held responsible. In addition, the government may seek to hold us liable for successor liability FCPA violations committed by any companies in which we invest or that we acquire. Any alleged or actual violations of these regulations may subject us to government scrutiny, severe criminal or civil sanctions and other liabilities, including exclusion from government contracting, and could disrupt our business, and result in a material adverse effect on our reputation, results of operations, financial condition, and cash flows.

Laws and regulations governing the export of our products could adversely impact our business.

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), and the Bureau of Industry and Security at the U.S. Department of Commerce (BIS), administer certain laws and regulations that restrict U.S. persons and, in some instances, non-U.S. persons, in conducting activities, transacting business with or making investments in certain countries, governments, entities and individuals subject to U.S. economic sanctions. Due to our international operations, we are subject to such laws and regulations, which are complex, restrict our business dealings with certain countries and individuals, and are constantly changing. Further restrictions may be enacted, amended, enforced or interpreted in a manner that materially impacts our operations.

From time to time, certain of our subsidiaries have limited business dealings in countries subject to comprehensive sanctions, including Iran, Sudan, Syria, Cuba and those in the region of Crimea. Certain of our subsidiaries sell medical devices and surgical tools, and may provide related services, to distributors and other purchasing bodies in such countries. These business dealings represent an insignificant amount of our consolidated revenues and income, but expose us to a heightened risk of violating applicable sanctions regulations. Violations of these regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts and revocations or restrictions of licenses, as well as criminal fines and imprisonment. We have established policies and procedures designed to assist with our compliance with such laws and regulations. However, there can be no assurance that our policies and procedures will effectively prevent us from violating these regulations in every transaction in which we may engage, and such a violation could adversely affect our reputation, business, financial condition, results of operations and cash flows.

Consolidation in the health care industry could have an adverse effect on our revenues and results of operations.

In response to a variety of actions by legislators, regulators, and third party payers to reduce the perceived rise in healthcare costs, many health care industry companies, including health care systems, are consolidating to create new companies with greater market power. As the health care industry consolidates, competition to provide goods and services to industry participants will become more intense. These industry participants may try to use their market power to negotiate price concessions or reductions for medical devices that incorporate components produced by us. If we are forced to reduce our prices because of consolidation in the health care industry, our revenues would decrease and our consolidated profit, financial condition, and/or cash flows would suffer.

Our business is indirectly subject to health care industry cost-containment measures that could result in reduced sales of medical devices and medical devices containing our components.

Most of our customers, and the health care providers to whom our customers supply medical devices, rely on third-party payers, including government programs and private health insurance plans, to reimburse some or all of the cost of the procedures in which medical devices that incorporate components we manufacture or assemble are used. The continuing efforts of governmental authorities, insurance companies, and other payers of health care costs to contain or reduce these costs could lead to patients being unable to obtain approval for payment from these third-party payers. If third-party payer payment approval cannot be obtained by patients, sales of finished medical devices that include our components may decline significantly and our customers may reduce or eliminate purchases of our components. The cost-containment measures that health care providers are instituting, both in the U.S. and internationally, could harm our ability to operate profitably. For example, managed care organizations have successfully negotiated volume discounts for pharmaceuticals.

In an effort to reduce costs, many existing and potential customers for our products within the U.S. have become members of group purchase organizations (GPOs) and integrated delivery networks (IDNs). GPOs and IDNs negotiate pricing arrangement with healthcare product manufacturers and distributors and offer the negotiated prices to affiliated hospitals and other members. GPOs and IDNs typically award contracts on a category-by-category basis through a competitive bidding process. Bids are generally solicited from multiple manufacturers with the intention of driving down pricing. Due to the highly competitive nature of the GPO and IDN contracting processes, we may not be able to obtain or maintain contract positions with major GPOs and IDNs across

our product portfolio. Furthermore, the increasing leverage of organized buying groups may reduce market prices for our products, thereby reducing our profitability.

While having a contract with a GPO and IDN for a given product category can facilitate sales to members of that GPO or IDN, such contract positions can offer no assurance that sales volumes of those products will be maintained. GPOs and IDNs increasingly are awarding contracts to multiple suppliers for the same product category. Even when we are the sole contracted supplier of a GPO or IDN for a certain product category, members of the GPO or IDN generally are free to purchase from other suppliers. Furthermore, GPO and IDN contracts typically are terminable without cause upon 60 to 90 days' notice. Accordingly, although we have multiple contracts with many major GPOs and IDNs, the members of such groups may choose to purchase from our competitors due to the price or quality offered by such competitors, which could result in a decline in our sales and profitability.

Our research and development efforts rely upon investments and investment collaborations, and we cannot guarantee that any previous or future investments or investment collaborations will be successful.

Our strategy to provide a broad range of therapies to restore patients to fuller, healthier lives requires a wide variety of technologies, products, and capabilities. The rapid pace of technological development in the medical industry and the specialized expertise required in different areas of medicine make it difficult for one company alone to develop a broad portfolio of technological solutions. In addition to internally generated growth through our research and development efforts, historically we have relied, and expect to continue to rely, upon investments and investment collaborations to provide us access to new technologies both in areas served by our existing businesses as well as in new areas.

We expect to make future investments where we believe that we can stimulate the development or acquisition of new technologies and products to further our strategic objectives and strengthen our existing businesses. Investments and investment collaborations in and with medical technology companies are inherently risky, and we cannot guarantee that any of our previous or future investments or investment collaborations will be successful or will not materially adversely affect our consolidated profit, financial condition, and/or cash flows.

The continuing development of many of our products depends upon us maintaining strong relationships with health care professionals.

If we fail to maintain our working relationships with health care professionals, many of our products may not be developed and marketed in line with the needs and expectations of the professionals who use and support our products, which could cause a decline in our earnings and profitability. The research, development, marketing, and sales of many of our new and improved products is dependent upon our maintaining working relationships with health care professionals. We rely on these professionals to provide us with considerable knowledge and experience regarding the development, marketing, and sale of our products. Physicians assist us as researchers, marketing and product consultants, inventors, and public speakers. If we are unable to maintain our strong relationships with these professionals and continue to receive their advice and input, the development and marketing of our products could suffer, which could have a material adverse effect on our consolidated profit, financial condition, and/or cash flows.

We are increasingly dependent on sophisticated information technology systems to operate our business and many of our products and services include integrated software and information technology. If we fail to properly maintain the integrity of our systems and data, if our products and services do not operate as intended, or we experience a cyber-attack or other breach of these systems or products, our business could be materially affected.

We are increasingly dependent on sophisticated information technology for our products and infrastructure. We rely on information technology systems to process, transmit and store electronic information in our day-to-day operations, and routinely process, store and transmit large amounts of data in our operations, including sensitive personal information as well as proprietary or confidential information. In addition, many of our products and services incorporate software and information technology that allows patients and physicians to be connected or to collect data regarding a patient and the therapy he or she is receiving.

The size and complexity of our information technology systems makes them vulnerable to increasingly sophisticated cyber-attacks, breakdown, destruction, loss or compromise of data, obsolescence or incompatibility among systems, or other significant disruption including power outages and telecommunications failures. Unauthorized persons may attempt to hack into our products or systems to obtain personal data relating to patients or employees, our confidential or proprietary information or confidential information we hold on behalf of third parties. If third parties successfully hack into or interfere with our implanted or connected products or services, they may create issues with product functionality that could pose a risk of loss of data, a risk to patient safety, and a risk of product recall or field activity. We have programs in place to detect, contain and respond to data security incidents, and we make ongoing improvements to our information-sharing products in order to minimize vulnerabilities, in accordance with industry and regulatory standards. However, because the techniques used to obtain unauthorized access or sabotage systems change frequently and may be difficult to detect, we may not be able to anticipate and prevent these intrusions or mitigate them when and if they occur.

We also rely on third party vendors to supply and/or support certain aspects of our information technology systems. Third party systems may contain defects in design or manufacture or other problems that could unexpectedly compromise information security of our own systems, and we are dependent on these third parties to deploy appropriate security programs to protect their systems.

In addition, we continue to grow in part through new business acquisitions. With this growth we will continue to consolidate and integrate the number of systems we operate, and to upgrade and expand our information system capabilities for stable and secure business operations.

If we are unable to maintain reliable information technology systems and prevent data breaches, we may suffer regulatory consequences in addition to business consequences. Our worldwide operations mean that we are subject to data protection and cyber security laws and regulations in many jurisdictions, and that some of the data we process, store and transmit may be transmitted across countries. In the U.S., HIPAA privacy and security rules require certain of our operations to protect the confidentiality of patient medical records and other health information, and the Federal Trade Commission has begun to assert authority over protection of privacy and the use of cyber security in information systems, particularly in the area of online communications and mobile healthcare applications, in which we have a growing presence. In Europe, the General Data Protection Regulation requires us to manage individually identifiable information in the E.U. and, in the event of violations, may impose fines of up to four percent of our global revenue. China and Russia have also passed laws that require individually identifiable data on their citizens to be maintained on local servers and that may restrict transfer or processing of that data. We believe that we meet the expectations of applicable regulations and that the ongoing costs and impacts of ensuring compliance with such rules are not material to our business. However, there is no guarantee that we will avoid enforcement actions by governmental bodies. Enforcement actions can be costly and interrupt regular operations of our business. In addition, there has been a developing trend of civil lawsuits and class actions relating to breaches of consumer data held by large companies. While Medtronic has not been named in any such suits, if a substantial breach or loss of data from our records were to occur, we could become a target of such litigation.

Our information systems require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving legal and regulatory standards, the increasing need to protect patient and customer information, and the information technology needs associated with our changing products and services. There can be no assurance that our process of consolidating the number of systems we operate, upgrading and expanding our information systems capabilities, continuing to build security into the design of our products, protecting and enhancing our systems and developing new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future. Any significant breakdown, intrusion, interruption, corruption, or destruction of these systems, as well as any data breaches, could have a material adverse effect on our business. If we fail to maintain or protect our information systems and data integrity effectively, we could expose patients or employees to financial or medical identity theft, suffer a loss of product functionality, lose existing customers, have difficulty attracting new customers, have difficulty preventing, detecting, and controlling fraud, be exposed to the loss or misuse of confidential information, have disputes with customers, physicians, and other health care professionals, suffer regulatory sanctions or penalties under federal laws, state laws, or the laws of other jurisdictions, experience increases in operating expenses, incur expenses or lose revenues as a result of a data privacy breach, or suffer other adverse consequences including legal action and damage to our reputation.

Negative conditions in global credit markets may impair our ability to issue debt securities, including our commercial paper program and the liquidity and/or market value of investments in marketable debt securities such as our other fixed income securities, which may cause us losses and liquidity issues.

We have investments in marketable debt securities that are classified and accounted for as available-for-sale. Our debt securities include government and agency securities, corporate debt securities, certificates of deposit, debt funds, and mortgage-backed and other asset-backed securities. Market conditions over the past several years have included periods of significant economic uncertainty and at times general market distress. During these periods, we may experience reduced liquidity across the fixed-income investment market, including the securities in which we invest. In the event we need to sell these securities, we may not be able to do so in a timely manner or for a value that is equal to the underlying principal. In addition, we may be required to adjust the carrying value of the securities and record an impairment charge. If we determine that the fair value of such securities is temporarily impaired, we would record a temporary impairment as a component of accumulated other comprehensive loss within shareholders' equity. If it is determined that the fair value of these securities is other-than-temporarily impaired, we would record a loss in our consolidated statements of profit and loss account, which could materially adversely impact our results of operations and financial condition.

Negative market conditions may also impair our ability to access the capital markets through the issuance of commercial paper or debt securities, or may impact our ability to sell such securities at a reasonable price and may negatively impact our ability to borrow from financial institutions.

Our products are continually the subject of clinical trials conducted by us, our competitors, or other third parties, the results of which may be unfavorable, or perceived as unfavorable, and could have a material adverse effect on our business, financial condition, and results of operations.

As a part of the regulatory process of obtaining marketing clearance for new products and new indications for existing products, we conduct and participate in numerous clinical trials with a variety of study designs, patient populations, and trial endpoints. Unfavorable or inconsistent clinical data from existing or future clinical trials conducted by us, by our competitors, or by third parties, or the market's or U.S. FDA's perception of this clinical data, may adversely impact our ability to obtain product approvals, our position in, and share of, the markets in which we participate, and our business, financial condition, and results of operations.

Failure to integrate acquired businesses into our operations successfully could adversely affect our business.

As part of our strategy to develop and identify new products and technologies, we have made several acquisitions in recent years, including the 2015 acquisition of Covidien, and may make additional acquisitions in the future. Our integration of the operations of acquired businesses requires significant efforts, including the coordination of information technologies, research and development, sales and marketing, operations, manufacturing, and finance. These efforts result in additional expenses and involve significant amounts of management's time that cannot then be dedicated to other projects. Our failure to manage and coordinate the growth of the combined company successfully could also have an adverse impact on our business. In addition, we cannot be certain that the businesses we acquire will become profitable or remain so. Factors that will affect the success of our acquisitions include:

- the presence or absence of adequate internal controls and/or significant fraud in the financial systems of acquired companies,
- our ability or inability to integrate information technology systems of acquired companies in a secure and reliable manner,
- adverse developments arising out of investigations by governmental entities of the business practices of acquired companies, including potential liability imposed by FCPA,
- any decrease in customer loyalty and product orders caused by dissatisfaction with the combined companies' product lines and sales and marketing practices, including price increases,
- our ability to retain key employees, and
- the ability of the combined company to achieve synergies among its constituent companies, such as increasing sales of the combined company's products, achieving cost savings, and effectively combining technologies to develop new products.

We also could experience negative effects on our results of operations, cash flows, and financial condition from acquisition-related charges, amortization of intangible assets and asset impairment charges. These effects, individually or in the aggregate, could cause a deterioration of our credit rating and result in increased borrowing costs and interest expense.

The expansion of our services and solutions business may not yield the revenue we expect and will expose us to new risks.

We are increasingly focusing on our services and solutions businesses and the creation of comprehensive value-based healthcare offerings, in which payment is based on measurable patient outcomes over a specific time horizon. These offerings include care management services, cath lab and operating room managed services, and solutions for chronic disease management. We intend to expand our services and solutions model across all of our business groups and across geographic regions. However, we remain in the relatively early stages of developing and implementing this business model. As a result, we will need to invest significant expense and management resources into developing our expertise and executing our strategies, and our efforts may not be profitable.

In addition, the expansion of our services and solutions business model will expose us to, or increase our exposure to, a variety of regulations in the various countries we provide services and solutions, including regulations related to government payments, fraud and abuse, patient privacy, and the corporate practice of medicine. Compliance with these regulations may prove to be more costly than we anticipate, and we may not successfully comply with such regulations. These regulatory costs may slow our expansion into these business areas and may have a negative effect on our results of operations, cash flows, and financial condition.

The medical device industry is the subject of numerous governmental investigations into marketing and other business practices. These investigations could result in the commencement of civil and/or criminal proceedings, substantial fines, penalties, and/or administrative remedies, divert the attention of our management, and have an adverse effect on our financial condition and results of operations.

We are subject to rigorous regulation by the U.S. FDA and numerous other federal, state, and non-U.S. governmental authorities. These authorities have been increasing their scrutiny of our industry. We occasionally receive subpoenas or other requests for information from state and federal governmental agencies, including, among others, the U.S. Department of Justice and the Office

of Inspector General of HHS. These investigations typically relate primarily to financial arrangements with health care providers, regulatory compliance, and product promotional practices.

We cooperate with these investigations and respond to such requests. However, when an investigation begins, we cannot predict when it will be resolved, the outcome of the investigation, or its impact on us. An adverse outcome in one or more of these investigations could include the commencement of civil and/or criminal proceedings, substantial fines, penalties, and/or administrative remedies, including exclusion from government reimbursement programs, entry into Corporate Integrity Agreements (CIAs) with governmental agencies and amendments to existing CIAs. In addition, resolution of any of these matters could involve the imposition of additional and costly compliance obligations. Finally, if these investigations continue over a long period of time, they could divert the attention of management from the day-to-day operations of our business and impose significant administrative burdens, including cost, on us. These potential consequences, as well as any adverse outcome from these investigations or other investigations initiated by a government at any time, could have a material adverse effect on our financial condition and results of operations.

Our substantial leverage and debt service obligations could adversely affect our business.

As of April 29, 2016, our total consolidated external debt was approximately $31.2 billion. We may also incur additional indebtedness in the future. Our substantial indebtedness could have adverse consequences, including:

- making it more difficult for us to satisfy our financial obligations;
- increasing our vulnerability to adverse economic, regulatory and industry conditions, and placing us at a disadvantage compared to our competitors that are less leveraged;
- limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limiting our ability to borrow additional funds for working capital, capital expenditures, acquisitions and general corporate or other purposes; and
- exposing us to greater interest rate risk.

Our debt service obligations will require us to use a portion of our operating cash flow to pay interest and principal on indebtedness instead of for other corporate purposes, including funding future expansion of our business, acquisitions, and ongoing capital expenditures, which could impede our growth. Our ability to make payments on, and to refinance, our indebtedness, and to fund capital expenditures will depend on our ability to generate cash in the future. This is subject to general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond our control.

Changes in tax laws or exposure to additional income tax liabilities could have a material impact on our financial condition and results of operations.

We are subject to income taxes as well as non-income based taxes, in both the U.S. and various jurisdictions outside the U.S. We are subject to ongoing tax audits in various jurisdictions. Tax authorities may disagree with certain positions we have taken and assess additional taxes. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. However, there can be no assurance that we will accurately predict the outcomes of these audits, and the actual outcomes of these audits could have a material impact on our consolidated profit and financial condition. Additionally, changes in tax laws or tax rulings could materially impact our effective tax rate. For example, legislation in 2010 imposed a 2.3 percent excise tax on medical device manufacturers for U.S. sales of medical devices beginning in January 2013. Proposals for fundamental U.S. corporate tax reform, if enacted, could have a material impact on our financial condition and results of operations.

Medtronic, Inc. tax court proceeding outcome could have an adverse impact on our financial condition.

In March 2009, the IRS issued its audit report for Medtronic Inc.'s fiscal years 2005 and 2006. Medtronic, Inc. reached agreements with the IRS on some, but not all matters related to these fiscal years. On December 23, 2010, the IRS issued a statutory notice of deficiency with respect to the remaining issues. Medtronic, Inc. filed a petition with the U.S. Tax Court on March 21, 2011 objecting to the deficiency. During October and November 2012, Medtronic, Inc. reached a resolution with the IRS on various matters, including the deductibility of a settlement payment. Medtronic, Inc. and the IRS agreed to hold one issue, the calculation of amounts eligible for the one-time repatriation holiday, because such issue was being addressed by other taxpayers in litigation with the IRS. The remaining unresolved issue relates to the allocation of income between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico, which is one of the Group's key manufacturing sites. The Tax Court proceeding with respect to this issue began on February 3, 2015 and ended on March 12, 2015. The U.S. Tax Court issued its opinion on June 9, 2016. The U.S. Tax Court generally rejected the IRS’s position, but also made certain modifications to the Medtronic, Inc. tax returns as filed. Final resolution of this matter is not expected until the end of calendar 2016 or later if the tax court opinion is appealed.

Examination and audits by tax authorities could result in additional tax payments, which could have a material adverse effect on our and Covidien's business, results of operations, financial condition and cash flow.

The Group has provided reserves for potential payments of tax to various tax authorities related to uncertain tax positions. However, the calculation of such tax liabilities involves the application of complex tax regulations in many jurisdictions. Therefore, any dispute with a tax authority may result in a payment that is significantly different from current estimates. If payment of these amounts ultimately proves to be less than the recorded amounts, the reversal of the liabilities generally would result in tax benefits being recognized in the period when we determine the liabilities are no longer necessary. If the Group's estimate of tax liabilities proves to be less than the amount for which it is ultimately liable, we would incur additional charges to expense and such charges could have a material adverse effect on our business, results of operations, financial condition and cash flows.

If the distribution of Mallinckrodt ordinary shares to Covidien shareholders in 2013, or certain internal transactions undertaken in anticipation of the 2013 separation, are determined to be taxable for U.S. federal income tax purposes, we could incur significant U.S. federal income tax liabilities.

Covidien received an IRS ruling substantially to the effect that, for U.S. federal income tax purposes, (i) certain transactions effected in connection with its 2013 separation of Mallinckrodt qualify as transactions under Sections 355 and/or 368(a) of the Code, and (ii) the distribution qualifies as a transaction under Sections 355 and 368(a)(1)(D) of the Code. In addition to obtaining the IRS ruling, Covidien received a tax opinion from Skadden, Arps, Slate, Meagher & Flom LLP, in form and substance acceptable to Covidien, which relied on the effectiveness of the IRS ruling, substantially to the effect that, for U.S. federal income tax purposes, the distribution and certain transactions entered into in connection with the distribution qualify as transactions under Sections 355 and/or 368(a) of the Code.

The private letter rulings and the opinions relied on certain facts and assumptions, and certain representations and undertakings in the case of the 2013 separation, from Covidien and Mallinckrodt, regarding the past and future conduct of their respective businesses and other matters. Notwithstanding the private letter rulings and the tax opinions, the IRS could determine on audit that the 2013 distribution or the related internal transactions should be treated as taxable transactions if it determines that any of the respective facts, assumptions, representations or undertakings is not correct or has been violated, or that the distributions should be taxable for other reasons, including as a result of significant changes in stock or asset ownership after the distributions, or if the IRS were to disagree with the conclusions of the tax opinions that are not covered by the IRS rulings.

We could incur significant U.S. federal income tax liabilities or tax indemnification obligations, whether under applicable law or the tax matters agreement that was entered into with Mallinckrodt, if it is ultimately determined that certain related transactions undertaken in anticipation of the 2013 distribution are taxable.

Our tax position may be adversely affected by changes in tax law relating to multinational corporations.

Recent legislative proposals have aimed to expand the scope of U.S. corporate tax residence, limit the ability of foreign-owned corporations to deduct interest expense, tax the accumulated unrepatriated earnings of foreign subsidiaries of U.S. corporations, impose a minimum tax on the future offshore earnings of U.S. multinational groups, and to make other changes in the taxation of multinational corporations.

Additionally, the U.S. Congress, government agencies in non-U.S. jurisdictions where we and our affiliates do business, and the Organisation for Economic Co-operation and Development have recently focused on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," where profits are claimed to be earned for tax purposes in low-tax jurisdictions, or payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. The Organisation for Economic Co-operation and Development has released several components of its comprehensive plan to create an agreed set of international rules for fighting base erosion and profit shifting. As a result, the tax laws in the U.S., Ireland and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could materially adversely affect our business.

Moreover, tax authorities may carefully scrutinize companies that result from a cross-border business combination (such as us), which may lead such authorities to assert that we owe additional taxes, which could have a material adverse effect on our business, results of operations, financial condition, and cash flows.

Risks Relating to Our Jurisdiction of Incorporation

Irish law differs from the laws in effect in the U.S. and may afford less protection to holders of our securities.

It may not be possible to enforce court judgments obtained in the U.S. against us in Ireland based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the

U.S. federal or state securities laws or hear actions against us or those persons based on those laws. We have been advised that the U.S. currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

As an Irish company, we are governed by the Irish Companies Acts, which differ in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of our securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the U.S.

A transfer of our shares, other than ones effected by means of the transfer of book-entry interests in the Depository Trust Company, may be subject to Irish stamp duty.

Transfers of our shares effected by means of the transfer of book entry interests in the Depository Trust Company (DTC) will not be subject to Irish stamp duty. However, if you hold our shares directly rather than beneficially through DTC, any transfer of your shares could be subject to Irish stamp duty (currently at the rate of 1% of the higher of the price paid or the market value of the shares acquired). Payment of Irish stamp duty is generally a legal obligation of the transferee. The potential for stamp duty could adversely affect the price of your shares.

In certain limited circumstances, dividends we pay may be subject to Irish dividend withholding tax and dividends received by Irish residents and certain other shareholders may be subject to Irish income tax.

In certain limited circumstances, dividend withholding tax (currently at a rate of 20%) may arise in respect of dividends paid on our shares. A number of exemptions from dividend withholding tax exist such that shareholders resident in the U.S. and other specified countries may be entitled to exemptions from dividend withholding tax.

Shareholders resident in the U.S. that hold their shares through DTC will not be subject to dividend withholding tax, provided the addresses of the beneficial owners of such shares in the records of the brokers holding such shares are recorded as being in the U.S. (and such brokers have further transmitted the relevant information to a qualifying intermediary appointed by us). However, other shareholders may be subject to dividend withholding tax, which could adversely affect the price of their shares.

Shareholders entitled to an exemption from Irish dividend withholding tax on dividends received from us will not be subject to Irish income tax in respect of those dividends unless they have some connection with Ireland other than their shareholding in our Group (for example, they are resident in Ireland). Shareholders who receive dividends subject to Irish dividend withholding tax will generally have no further liability to Irish income tax on those dividends.

Our shares received by means of a gift or inheritance could be subject to Irish capital acquisitions tax.

Irish capital acquisitions tax (CAT) could apply to a gift or inheritance of our shares irrespective of the place of residence, ordinary residence or domicile of the parties. This is because our shares will be regarded as property situated in Ireland. The person who receives the gift or inheritance has primary liability for CAT. Gifts and inheritances passing between spouses are exempt from CAT. Children have a tax-free threshold which Irish Revenue typically updates annually in respect of taxable gifts or inheritances received from their parents.

Risks Relating to the Covidien Acquisition (the Transaction)

We may not realize all of the anticipated benefits of the Transactions or those benefits may take longer to realize than expected. We may also encounter significant unexpected difficulties in integrating Medtronic, Inc. and Covidien.

Our ability to realize the anticipated benefits of the Transaction will depend, to a large extent, on our ability to integrate the Medtronic, Inc. and Covidien businesses. The combination of two independent businesses is a complex, costly and time-consuming process. As a result, we will be required to devote significant management attention and resources to integrating the business practices and operations of Medtronic, Inc. and Covidien. The integration process may disrupt the businesses and, if implemented ineffectively or if impacted by unforeseen negative economic or market conditions or other factors, we may not realize the full anticipated benefits of the transaction. Our failure to meet the challenges involved in integrating the two businesses to realize the anticipated benefits of the transaction could cause an interruption or a loss of momentum in, our activities and could adversely affect our results of operations.

In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of customer relationships, and diversion of management's attention. The difficulties of combining the operations of the companies include, among others:

- the diversion of management's attention to integration matters;
- difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from combining the businesses;
- difficulties in the integration of operations and systems;
- difficulties in the assimilation of employees;
- difficulties in managing the expanded operations of a significantly larger and more complex company;
- challenges in keeping existing customers and obtaining new customers; and
- challenges in attracting and retaining key personnel.

Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could materially impact our business, financial condition and results of operations. In addition, even if the operations of the businesses of Medtronic, Inc. and Covidien are integrated successfully, we may not realize the full benefits of the Transaction, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. Furthermore, additional unanticipated costs may be incurred in the integration of the businesses of Medtronic, Inc. and Covidien. All of these factors could negatively impact our earnings per share, decrease or delay the expected accretive effect of the transaction, and negatively impact the price of our ordinary shares. As a result, we cannot assure you that the combination of the Medtronic, Inc. and Covidien businesses will result in the realization of the full benefits anticipated from the transaction.

Future potential changes to the U.S. tax laws could result in us being treated as a U.S. corporation for U.S. federal tax purposes, and the IRS may not agree with the conclusion that we should be treated as a foreign corporation for U.S federal income tax purposes.

Because we are an Irish incorporated entity, we would generally be classified as a foreign corporation under the general rule that a corporation is considered tax resident in the jurisdiction of its organization or incorporation for U.S. federal income tax purposes. Even so, the IRS may assert that we should be treated as a U.S. corporation (and, therefore, a U.S. tax resident) for U.S. federal income tax purposes pursuant to Section 7874 of the U.S. Internal Revenue Code of 1986, as amended (the Code).

Under Section 7874 of the Code, if Medtronic Inc.'s shareholders immediately prior to the Transaction hold 80% or more of the vote or value of our shares by reason of holding stock in Medtronic, Inc. immediately after the Transaction (the ownership test), and our expanded affiliated group after the Transaction does not have substantial business activities in Ireland relative to its worldwide activities (the substantial business activities test), we would be treated as a U.S. corporation for U.S. federal income tax purposes. Based on the rules for determining share ownership under Section 7874 of the Code, Medtronic, Inc.'s shareholders received approximately 70% of our ordinary shares (by both vote and value) by reason of holding stock in Medtronic, Inc. Therefore, under current law, we should not be treated as a U.S. corporation for U.S. federal income tax purposes. However, there is limited guidance regarding the application of Section 7874, including the application of the ownership test.

In addition, changes to Section 7874 or the U.S. Treasury regulations promulgated thereunder could affect our status as a foreign corporation for U.S. federal tax purposes. Any such changes could have prospective or retroactive application.

Since Section 7874 was enacted, there have been various legislative proposals to broaden its scope. Such proposals could, among other things, treat a foreign acquiring corporation as a U.S. corporation under Section 7874 if the former shareholders of the U.S. corporation own more than 50% of the shares of the foreign acquiring corporation after the transaction, or if the foreign corporation's affiliated group has substantial business activities in the U.S. and the foreign corporation is primarily managed and controlled in the U.S. Accordingly, if enacted in their present form and retroactively effective to apply to the Transactions, such proposals could cause us to be treated as a U.S. corporation for U.S. federal tax purposes.

If we were to be treated as a U.S. corporation for federal tax purposes, based on our existing expected cash flows, we could be subject to substantially greater U.S. tax liability than currently contemplated as a non-U.S. corporation.

Specifically, if we were to be treated as a U.S. corporation for federal tax purposes, we would be subject to U.S. corporate income tax on our worldwide income, and the income of our foreign subsidiaries would be subject to U.S. tax when repatriated or when deemed recognized under the U.S. tax rules for controlled foreign corporations (CFC's). Additionally, Covidien's foreign corporations, which are not currently CFC's, would become CFC's making them potentially subject to current or future U.S. taxation, which could have a material adverse effect on our results of operations, financial condition, and cash flows.

The U.S. Treasury Department and the IRS may promulgate rules that would adversely affect our tax position.

The U.S. Treasury Department has announced that it is examining possible changes in the regulatory rules affecting companies that move their tax domicile outside the U.S. In the event the U.S. Treasury Department and the IRS were to change the applicable regulatory rules, we could face potentially substantial tax costs as a result of the Transactions. We are unable to assess the potential impact of any such possible changes, if adopted, until they are announced.

On September 22, 2014, the U.S. Treasury Department and the IRS issued new guidance announcing their intention to issue regulations interpreting multiple sections of the Code, including Section 7874, to address inversion transactions and transactions that Treasury and the IRS characterize as "post-inversion tax avoidance transactions" (the IRS Notice). When issued, such regulations would apply to transactions completed on or after September 22, 2014. The regulations described in the IRS Notice would expand the set of circumstances under which Section 7874 applies to cause the foreign acquirer of a U.S. corporation to be treated as a U.S. corporation for U.S. federal income tax purposes. Such regulations would also impose additional U.S. taxes on certain transactions involving the acquired U.S. corporation's CFC's.

The regulations interpreting Section 7874 of the Code announced in the IRS Notice are not expected to cause us to be treated as a U.S. corporation for U.S. federal tax purposes. However, if ultimately upheld by a reviewing court, the regulations announced in the IRS Notice would be expected to limit our ability to engage in various intercompany transactions involving non-U.S. subsidiaries.

In addition, in the IRS Notice, the U.S. Treasury Department and the IRS announced their intention to issue additional guidance in the future intended to restrict our ability to undertake certain transactions which could reduce our U.S. tax liability. According to the IRS Notice, such guidance may include, among other things, limitations on our ability to deduct interest on certain intercompany debt for U.S federal income tax purposes. We are unable to predict the likelihood that any such guidance will be issued, the nature of regulations that may be promulgated thereunder or the effect such guidance may have on our business.

The Transaction may not allow us to maintain competitive global cash management and a competitive effective corporate tax rate.

While we believe that being incorporated in Ireland should help us maintain a competitive worldwide effective corporate tax rate and provide flexible global cash management, we cannot give any assurance as to what our effective tax rate nor global cash accessibility will be, however, because of, among other things, uncertainty regarding the tax policies of the jurisdictions where we will operate. Additionally, the tax laws of Ireland and other jurisdictions could change in the future, and such changes could cause a material change in our effective tax rate or global cash accessibility.

Legislative or other governmental action relating to the denial of U.S. federal or state governmental contracts to U.S. companies that redomicile abroad could adversely affect our business.

Various U.S. federal and state legislative proposals that would deny governmental contracts to U.S. companies that move their corporate location abroad may affect us. We are unable to predict the likelihood that, or final form in which, any such proposed legislation might become law, the nature of the regulations that may be promulgated under any future legislative enactments, or the effect such enactments and increased regulatory scrutiny may have on our business.

Directors' and Corporate Secretary Interests in Shares

There were no changes in directors or corporate secretary holding office in fiscal year 2016. The interests of the directors and corporate secretary holding office at April 29, 2016 in the ordinary shares of the Company, were as follows:

	At April 29, 2016			At April 24, 2015 (or subsequent date of appointment)		
	Ordinary Shares	Options	Deferred Share Units	Ordinary Shares	Options	Deferred Share Units
Directors:						
Richard Anderson	33,613	8,577	27,128	26,348	14,017	26,589
Craig Arnold	15,563	15,109	—	15,154	15,109	—
Scott C. Donnelly	2,070	—	2,034	245	—	1,994
Randall Hogan	15,394	15,109	—	15,040	15,109	—
Omar Ishrak (1)	165,485	1,129,847	264,950	52,273	1,562,314	—
Shirley Ann Jackson	3,342	2,600	27,945	1,262	4,093	27,390
Michael O. Leavitt	1,991	—	7,204	—	—	7,061
James T. Lenehan	14,863	10,471	20,950	13,038	10,471	20,534
Elizabeth Nabel	1,090	—	—	—	—	—
Denise M. O'Leary	19,343	8,577	29,226	12,078	14,017	28,645
Kendall J. Powell	4,825	10,061	20,080	3,000	10,061	19,681
Robert C. Pozen	26,525	4,484	24,563	24,700	4,484	24,075
Preetha Reddy	1,863	—	3,753	—	—	3,679
Corporate Secretary:						
Bradley E. Lerman (2)	9,136	180,256	—	461	134,568	—

(1) Number of options held also includes 172,448 and 504,125 restricted share units at April 29, 2016 and April 24, 2015, respectively.

(2) Number of options held also includes 38,906 and 42,364 restricted share units at April 29, 2016 and April 24, 2015, respectively.

Political Donations

No political contributions that require disclosure under Irish law were made during fiscal year 2016, nor from our date of incorporation (June 12, 2014) through April 24, 2015.

Accounting Records

The measures taken by the directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the Group's registered office at 20 On Hatch, Lower Hatch Street, Dublin 2, Ireland.

Dividends

Ordinary cash dividends declared and paid totaled 38.0 cents per share for each quarter of fiscal year 2016 and 30.5 cents per share for each quarter of fiscal year 2015. The timing, declaration and payment of future dividends to holders of our ordinary and A Preferred shares falls within the discretion of the Board of Directors and depends upon many factors, including the statutory requirements of Irish law, the Company's profit and financial condition, the capital requirements of our businesses, industry practice and any other factors the Board of Directors deems relevant. On February 27, 2015, the Irish High Court approved the creation of distributable reserves of Medtronic plc through the reduction of the share premium account by $59.2 billion.

Ordinary Share Redemptions

In January 2015, the Board of Directors authorized, subject to the ongoing existence of sufficient distributable reserves, the adoption of the existing Medtronic, Inc. share redemption program. As of April 29, 2016, we had used all of the 80 million shares authorized under the January 2015 share redemption program. In June 2015, the Board of Directors authorized, subject to the ongoing existence of sufficient distributable reserves, the redemption of an additional 80 million of our ordinary shares. As of April 29, 2016, we had used 8 million of the 80 million shares authorized under the June 2015 share redemption program. As authorized by the Board of Directors, our share redemption program expires when the total number of authorized shares have been redeemed. Upon redemption, shares are canceled by us, therefore, we did not hold any treasury shares at April 29, 2016. The following redemptions were made under the share redemption plan during fiscal year 2016:

Fiscal 2016 Period	Total Number of Shares Purchased	Nominal Value (in millions)	Average Price Paid per Share	Total Consideration Paid (in millions)	Maximum Number of Shares that may yet be Purchased Under the Program
Quarter 1	9,974,339	$ —	$ 75.20	$ 750	99,684,011
Quarter 2	9,653,584	—	73.59	710	90,030,427
Quarter 3	9,390,177	—	75.62	710	80,640,250
Quarter 4	8,761,509	—	75.34	660	71,878,741
Total	37,779,609	$ —		$ 2,830	

Future Developments

As a global healthcare leader, we continue to execute against our three growth strategies to drive future growth. With our Therapy Innovation strategy, we are committed to developing new medical technology to improve patient outcomes. With our Globalization strategy, we are focused on developing local markets, optimizing our distribution channels, and forming public and private partnerships to address the needs of emerging markets and expand access to healthcare. With our Economic Value strategy, we are creating new offerings and business models that are aimed at optimizing healthcare cost and efficiency. This includes participating in new value-based healthcare offerings, where payment models are directly aligned with improving patient outcomes, which we believe will reward us more directly for the innovation in our products, services, and solutions. To supplement our organic growth, we expect to continue to make disciplined investments and acquisitions that strengthen our three strategic priorities while also meeting our strict financial guidelines.

Significant Events Since Year End

Subsequent events have been evaluated through September 7, 2016, the date this report was approved by the Audit Committee of the Board of Directors and the Board of Directors.

Subsequent to June 28, 2016, an adjustment was made to recognize certain litigation charges related to probable and estimable damages for a matter which existed at April 29, 2016.

The following subsequent event adjustments were made to previously reported balances on the Form 10-K statement of income for fiscal year 2016:

(in millions)	As reported in Form 10-K	Litigation adjustment	Adjusted balance
Certain litigation charges, net	**$ 26**	$ 82	**$ 108**
Provision for income taxes	**$ 798**	$ (30)	**$ 768**

The following subsequent event adjustments were made to previously reported balances on the Form 10-K balance sheet at April 29, 2016:

(in millions)	As reported in Form 10-K	Litigation adjustment	Adjusted balance
Other long-term liabilities	**$ 1,916**	$ 82	**$ 1,998**
Long-term tax assets	**$ 1,383**	$ 30	**$ 1,413**

Accrued litigation charges are classified as *provisions for liabilities* on the consolidated balance sheet herein.

Subsequent tax events

The IRS concluded its field examination of certain of Tyco International's U.S. federal income tax returns for the years 1997 through 2000 and proposed tax adjustments, several of which also affect Covidien's income tax returns for certain years after 2000. Tyco International appealed certain of the tax adjustments proposed by the IRS and had resolved all but one of the matters associated with the proposed tax adjustments. The IRS asserted that substantially all of Tyco International's intercompany debt originating during the years 1997 through 2000 should not be treated as debt for U.S. federal income tax purposes, and disallowed interest deductions related to the intercompany debt and certain tax attribute adjustments recognized on Tyco International's U.S. income tax returns. The Company disagreed with the IRS's proposed adjustments and, on July 22, 2013, Tyco International filed a petition with the U.S. Tax Court contesting the IRS assessment. On January 15, 2016, Tyco International, as audit managing party under the Tax Sharing Agreement, entered into Stipulations of Settled Issues with the IRS intended to resolve all Federal

tax disputes related to this intercompany debt issue for the Tax Sharing Participants for the 1997 - 2000 audit cycle before the U.S. Tax Court. The Stipulations of Settled Issues were contingent upon the IRS Appeals Division applying the same settlement terms to all intercompany debt issues on appeal for subsequent audit cycles (2001 - 2007). On May 17, 2016 the IRS Office of Appeals issued fully executed Forms 870-AD that effectively settled the matters on appeal on the same terms as those set forth in the Stipulations of Settled Issues, and on May 31, 2016 the U.S. Tax Court entered decisions consistent with the Stipulations of Settled Issues. As a result, all aspects of this controversy that were before the U.S. Tax Court and Appeals Division of the IRS have been finally resolved for audit cycles from 1997-2007.

On June 9, 2016, the U.S. Tax court issued its opinion with respect to the allocation of income between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico for fiscal years 2005 and 2006. The U.S. Tax Court generally rejected the IRS's position, but also made certain modifications to the Medtronic, Inc. tax returns as filed. An Appeal of the U.S. Tax Court Opinion must be filed within 90 days of the final decision by the Tax Court. The final decision will not occur until all issues related to the fiscal years are resolved. As one item remains open, the calculation of amounts eligible for the one-time repatriation holiday, a final decision is not expected until later in fiscal year 2017.

Subsequent acquisitions

On August 23, 2016, the Group's Cardiac and Vascular Group acquired HeartWare International, Inc. for total consideration of approximately $1.1 billion. The addition of HeartWare International, Inc.'s portfolio of heart failure products expands and strengthens the Group's heart failure product offerings and further complements the Group's existing global cardiac rhythm and heart failure business.

On August 5, 2016, the Group's Minimally Invasive Therapies Group acquired Smith & Nephew's gynecology business for total consideration of approximately $350 million. The addition of Smith & Nephew's gynecology business expands and strengthens the Group's minimally invasive surgical offerings and further complements the Group's existing global gynecology business.

Subsidiary Companies and Branches

Information regarding subsidiary undertakings, including information regarding branches, is provided in note 25 to the consolidated financial statements.

Auditors

The Auditor, PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

On behalf of the board:

/s/ Shirley Ann Jackson, Ph.D	/s/ Omar Ishrak
Director	Director

Signed September 7, 2016

Independent auditors' report to the members of Medtronic plc

Report on the financial statements

Our opinion

In our opinion:

- Medtronic plc's consolidated and company financial statements (the "financial statements") give a true and fair view of the group's and parent company's assets, liabilities and financial position as at April 29, 2016 and of the group's profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared, in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the consolidated financial statements does not contravene any provision of the Companies Act 2014 or of any regulations made thereunder;
- the company balance sheet has been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

What we have audited

The financial statements comprise:

- the consolidated and company balance sheets as at April 29, 2016;
- the consolidated profit and loss account for the year then ended;
- the consolidated statements of comprehensive profit for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated reconciliation of movement in shareholders' funds for the year then ended;
- the company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is Irish law and US GAAP, as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Act 2014 or of any regulations made thereunder.

The financial reporting framework that has been applied in the preparation of the company financial statements is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion, the accounting records of the company were sufficient to permit the company financial statements to be readily and properly audited.
- The company balance sheet is in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

Matter on which we are required to report by exception

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

/s/ Enda McDonagh
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
7 September 2016

Medtronic plc
Consolidated Profit and Loss Account

(in millions, except per share data)	Note	Fiscal Year 2016	Fiscal Year 2015
Turnover	22	$ 28,833	$ 20,261
Cost of sales		9,142	6,309
Gross profit		19,691	13,952
Distribution and administrative expenses		11,400	7,637
Research and development expense		2,224	1,640
Special charges (gains)	4	70	(38)
Restructuring charges	3	290	237
Certain litigation charges	4	108	42
Acquisition-related items	2	283	550
Other expense		107	118
Operating profit		5,209	3,766
Interest receivable and similar income		(431)	(386)
Interest payable and similar charges	13	1,386	666
Interest payable and similar charges, net		955	280
Profit on ordinary activities before taxation		4,254	3,486
Taxation on profit on ordinary activities	16	768	811
Profit for the financial year		$ 3,486	$ 2,675
Basic earnings per ordinary share	1	$ 2.47	$ 2.44
Diluted earnings per ordinary share	1	$ 2.44	$ 2.41
Cash dividends declared per ordinary share		$ 1.52	$ 1.22

Medtronic plc
Consolidated Statements of Comprehensive Profit

(in millions)	Fiscal Year 2016	Fiscal Year 2015
Profit for the financial year	$ 3,486	$ 2,675
Unrealized (loss) gain on available-for-sale securities, net of (benefit) taxation of $(102) and $11, respectively	(121)	20
Translation adjustment	(197)	(495)
Net change in retirement obligations, net of (benefit) taxation of $(46) and $(173), respectively	(66)	(366)
Unrealized (loss) gain on derivatives, net of (benefit) taxation of $(172) and $146, respectively	(300)	254
Other comprehensive loss, net of taxation	(684)	(587)
Comprehensive profit	$ 2,802	$ 2,088

Medtronic plc
Consolidated Balance Sheet

(in millions)	Note	April 29, 2016	April 24, 2015
Fixed assets			
Intangible assets	6	$ 68,399	$ 68,593
Tangible assets	7	4,841	4,677
Financial assets	5	636	706
Total fixed assets		$ 73,876	$ 73,976
Current assets			
Inventory	1	$ 3,473	$ 3,463
Debtors	8	9,829	9,804
Short-term investments	5	9,758	14,637
Cash at bank and in hand		2,876	4,843
Total current assets		$ 25,936	$ 32,747
Creditors (amounts falling due within one year)	9	6,176	8,060
Net current assets		$ 19,760	$ 24,687
Total assets less current liabilities		$ 93,636	$ 98,663
Creditors (amounts falling due after one year)	9	33,661	36,675
Provisions for liabilities	11	7,964	8,758
Net assets		$ 52,011	$ 53,230
Capital and reserves			
Called-up share capital presented as equity	14	$ —	$ —
Share premium account		35,024	34,533
Accumulated other comprehensive loss	19	(1,868)	(1,184)
Profit and loss account		18,855	19,881
Total shareholders' equity		$ 52,011	$ 53,230

On behalf of the board:

/s/ Shirley Ann Jackson, Ph.D
Director

/s/ Omar Ishrak
Director

Medtronic plc
Consolidated Reconciliation of Movement in Shareholders' Funds

(in millions)	Ordinary Share Number	Called-up Share Capital	Share Premium Account	Profit and Loss Account [1]	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
April 25, 2014	999	$ 100	$ —	$ 19,940	$ (597)	$ 19,443
Profit for the financial year	—	—	—	2,675	—	2,675
Other comprehensive loss, net of taxation	—	—	—	—	(587)	(587)
Ordinary shares issued in connection with the Covidien acquisition, net of taxation	436	—	33,787	—	—	33,787
Result of contribution of Medtronic, Inc. to Medtronic plc	—	(99)	99	—	—	—
Dividends to shareholders	—	—	—	(1,337)	—	(1,337)
Issuance of shares under stock purchase and award plans	17	2	647	—	—	649
Repurchase of shares	(30)	(3)	—	(1,917)	—	(1,920)
Tax benefit from exercise of share-based awards	—	—	—	81	—	81
Share-based compensation		—	—	439	—	439
April 24, 2015	1,422	$ —	$ 34,533	$ 19,881	$ (1,184)	$ 53,230
Profit for the financial year	—	—	—	3,486	—	3,486
Other comprehensive loss, net of taxation	—	—	—	—	(684)	(684)
Dividends to shareholders	—	—	—	(2,139)	—	(2,139)
Issuance of shares under stock purchase and award plans	15	—	491	—	—	491
Repurchase of shares	(38)	—	—	(2,830)	—	(2,830)
Tax benefit from exercise of share-based awards	—	—	—	82	—	82
Share-based compensation	—	—	—	375	—	375
April 29, 2016	1,399	$ —	$ 35,024	$ 18,855	$ (1,868)	$ 52,011

(1) The decrease in the profit and loss account for fiscal years 2016 and 2015 totaled $1,026 million and $59 million, respectively.

Medtronic plc
Consolidated Statements of Cash Flows

(in millions)	Fiscal Year 2016	Fiscal Year 2015
Operating Activities:		
Profit for the financial year	$ 3,486	$ 2,675
Adjustments to reconcile profit for the financial year to net cash provided by operating activities:		
Depreciation and amortization	2,820	1,306
Amortization of debt discount and issuance costs	29	76
Acquisition-related items	218	634
Provision for doubtful debtors	49	35
Deferred taxation	(490)	(926)
Stock-based compensation	375	439
Loss on debt extinguishment	163	—
Other	(111)	(134)
Changes in operating assets and liabilities, net of acquisitions:		
Trade debtors	(435)	(413)
Inventory	(186)	(282)
Creditors and provisions	(65)	1,616
Other operating assets and liabilities	(403)	643
Certain litigation charges	108	42
Certain litigation payments	(340)	(809)
Net cash provided by operating activities	5,218	4,902
Investing Activities:		
Acquisitions, net of cash acquired	(1,213)	(14,884)
Additions to tangible assets	(1,046)	(571)
Purchases of short-term investments and financial assets	(5,406)	(7,582)
Sales and maturities of short-term investments and financial assets	9,924	5,890
Other investing activities	(14)	89
Net cash provided by (used in) investing activities	2,245	(17,058)
Financing Activities:		
Acquisition-related contingent consideration	(22)	(85)
Change in short-term borrowings	7	(1)
Repayment of short-term borrowings (maturities greater than 90 days)	(139)	(150)
Proceeds from short-term borrowings (maturities greater than 90 days)	139	150
Issuance of long-term debt	—	19,942
Payments on long-term debt	(5,132)	(1,268)
Dividends to shareholders	(2,139)	(1,337)
Issuance of ordinary shares	491	649
Repurchase of ordinary shares	(2,830)	(1,920)
Other financing activities	82	(31)
Net cash (used in) provided by financing activities	(9,543)	15,949
Effect of exchange rate changes on cash at bank and in hand	113	(353)
Net change in cash at bank and in hand	(1,967)	3,440
Cash at bank and in hand at beginning of period	4,843	1,403
Cash at bank and in hand at end of period	$ 2,876	$ 4,843
Supplemental Cash Flow Information		
Cash paid for:		
Taxation	$ 1,379	$ 632
Interest	1,266	578

1. Summary of Significant Accounting Policies

Nature of Operations Medtronic plc and its subsidiaries (the Group) provide innovative products and therapies to serve hospitals, physicians, clinicians, and patients. The Group is the global leader in medical technology – alleviating pain, restoring health, and extending life for millions of people around the world. The Group was founded in 1949 and is headquartered in Dublin, Ireland. Medtronic plc (Medtronic or the Company) is the successor registrant to Medtronic, Inc.

Basis of Presentation The directors have elected to prepare the consolidated financial statements in accordance with Section 279 of the Companies Act 2014, which provides that a true and fair view of the state of affairs and profit or loss may be given by preparing the financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as defined in Section 279 (1) of the Companies Act 2014, to the extent that the use of those principles in the preparation of the consolidated financial statements does not contravene any provision of the Companies Act or any regulations made thereunder.

Consolidated financial statements and notes prepared in accordance with U.S. GAAP were included in the Group's Annual Report on Form 10-K for the year ended April 29, 2016, filed with the U.S. Securities and Exchange Commission (SEC). These consolidated financial statements were prepared in accordance with Irish Company Law, to present to the shareholders of Medtronic and file with the Companies Registration Office in Ireland. Accordingly, these consolidated financial statements include presentation and additional disclosures required by the Companies Act 2014, in addition to those disclosures required under U.S. GAAP.

Rather than utilizing the terminology set out under Irish Company Law, some terminology typically utilized in a set of U.S. GAAP financial statements has been retained for the benefit of those users of these financial statements who also access our Form 10-K U.S. GAAP financial statements. The following Irish Company Law references have the same meaning as the corresponding U.S. GAAP references throughout this report:

U.S. GAAP Terminology	Irish Company Law Terminology
Net sales	Turnover
Accounts receivable	Trade debtors
Property, plant, & equipment	Tangible assets
Liabilities	Creditors/Provision
Selling, general, and administrative expense	Distribution and administration expense
Consolidated Statements of Income	Consolidated Profit and Loss Account
Provision for income taxes	Taxation

Irish Company Law contains specific requirements for the classification of any liability uncertain as to the amount at which it will be settled or as to the date on which it will be settled. These liabilities are classified as provisions. Refer to Note 11 for those liabilities which meet the provision classification requirements under Irish Company Law.

Use of Estimates The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions that affect the reported amount of assets, liabilities, turnover, and expenses in the consolidated financial statements and accompanying notes. Actual results may or may not differ from those estimates.

Financial Year-End The Group utilizes a 52/53-week financial year, ending the last Friday in April. The Group's financial years 2016 and 2015 ended on April 29, 2016 (fiscal year 2016) and April 24, 2015 (fiscal year 2015), respectively. Fiscal year 2016 was a 53-week year, with the extra week occurring during the first quarter. Fiscal year 2015 was a 52-week year.

Cash Equivalents The Group considers highly liquid investments with maturities of three months or less from the date of purchase to be cash equivalents. These investments are carried at cost, which approximates fair value.

Investments Investments in marketable equity securities and certain debt securities are classified and accounted for as available-for-sale. Debt securities include corporate debt securities, government and agency securities, certificates of deposit, mortgage-backed securities, other asset-backed securities, debt funds, and auction rate securities. These investments are recorded at fair value on the consolidated balance sheet. The change in fair value for available-for-sale securities is recorded, net of taxes, as a component of *accumulated other comprehensive loss* on the consolidated balance sheet. Management determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each balance sheet date. The classification of marketable securities as short-term investments or financial assets is based on the nature of the securities and their availability for use in current operations consistent with how the Group manages its capital structure and liquidity.

Investments in securities that are classified and accounted for as trading securities primarily include exchange-traded funds and are recorded at fair value within *financial assets* on the consolidated balance sheet. The Group seeks to offset changes in liabilities related to equity and other market risks of certain deferred compensation arrangements. The change in fair value for trading securities is recorded as a component of *interest payable and similar charges, net* in the consolidated profit and loss account.

Certain of the Group's investments in equity and other securities are long-term, strategic investments in companies that are in varied stages of development. These investments are included in *financial assets* on the consolidated balance sheet. The Group accounts for these investments under the cost or the equity method of accounting, as appropriate. Certain of these investments are publicly traded companies and are therefore accounted for as available for sale. The valuation of equity and other securities accounted for under the cost method considers all available financial information related to the investee, including valuations based on recent third-party equity investments in the investee. If an unrealized loss for any investment is considered to be other-than-temporary, the loss is recognized in the consolidated profit and loss account in the period the determination is made. Equity securities accounted for under the equity method are initially recorded at the amount of the Group's investment and are adjusted each period for the Group's share of the investee's income or loss and dividends paid. Equity securities accounted for under both the cost and equity methods are reviewed quarterly for changes in circumstance or the occurrence of events that suggest the Group's investment may not be recoverable. See Note 5 for discussion of the gains and losses recognized on equity and other securities.

Inventory Inventory is stated at the lower of cost or market, with cost determined on a first-in, first-out basis. The Group reduces the carrying value of inventory for items that are potentially excess, obsolete, or slow-moving based on changes in customer demand, technology developments or other economic factors. Inventory balances are as follows:

(in millions)	April 29, 2016	April 24, 2015
Finished goods	$ 2,242	$ 2,268
Work in-process	499	509
Raw materials	732	686
Total	$ 3,473	$ 3,463

Tangible Assets Tangible assets are stated at cost. Additions and improvements that extend the lives of the assets are capitalized while expenditures for repairs and maintenance are expensed as incurred. Depreciation for tangible assets is provided using the straight-line method based upon the following estimated useful lives:

Land and land improvements	Up to 20
Buildings and leasehold improvements	Up to 40
Machinery and equipment	Generally 3-7, up to 15

Goodwill and Intangible Assets Goodwill is the excess of the purchase price over the estimated fair value of net assets of acquired businesses. Irish Company Law requires goodwill and indefinite-lived intangible assets to be amortized. However, the Group does not believe this gives a true and fair view, as not all goodwill and intangible assets decline in value. In addition, since goodwill that does decline in value rarely does so on a straight-line basis, straight-line amortization of goodwill and indefinite-lived intangible assets over an arbitrary period does not reflect the economic reality. Therefore, goodwill and indefinite-lived intangible assets are not amortized. Rather, the Group assesses the impairment of goodwill annually in the third quarter and whenever an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is done at a reporting unit level. An impairment loss is recognized when the carrying amount of the reporting unit's net assets exceed the estimated fair value of the reporting unit. The estimated fair value is determined using a discounted future cash flow analysis.

Intangible assets include patents, trademarks, tradenames, customer relationships, purchased technology, and in-process research and development (IPR&D). Intangible assets with a definite life are amortized on a straight-line basis with estimated useful lives ranging from three to 20 years. Intangible assets with a definite life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an intangible asset (asset group) may not be recoverable. Indefinite-lived intangible assets are tested for impairment annually in the third quarter and whenever events or changes in circumstances indicate that the carrying amount may be impaired. Impairment is calculated as the excess of the asset's carrying value over its fair value. Fair value is generally determined using a discounted future cash flow analysis.

IPR&D represents the fair value of those research and development (R&D) projects for which the related products have not received regulatory approval and have no alternative future use. IPR&D acquired in a business combination is initially capitalized at its fair value as an indefinite-lived intangible asset. Determining the fair value of IPR&D requires the Group to make significant

estimates. The fair value of IPR&D is determined by estimating the future cash flows of each R&D project or technology and discounting the net cash flows back to their present values. The discount rate used is determined at the time of measurement in accordance with accepted valuation methodologies. IPR&D has an indefinite life and is not amortized until regulatory approval is received and the product is launched, at which time the IPR&D becomes an amortizable asset.

At the time of acquisition, the Group expects that all acquired IPR&D will reach technological feasibility, but there can be no assurance that the commercial viability of these products will actually be achieved. The nature of the efforts to develop the acquired technologies into commercially viable products consists principally of planning, designing, and conducting clinical trials necessary to obtain regulatory approvals. The risks associated with achieving commercialization include, but are not limited to, delays or failure to obtain regulatory approvals to conduct clinical trials, delays or failure to obtain required market clearances, or delays or issues with patent issuance, validity, and litigation. If commercial viability were not achieved, the Group would likely look to other alternatives to provide these therapies. If the related R&D project is not completed in a timely manner or the R&D project is terminated or abandoned, the Group may have an impairment related to the IPR&D, calculated as the excess of the asset's carrying value over its fair value.

Contingent Consideration The Group recognizes contingent consideration at fair value at the date of acquisition based on the consideration expected to be transferred, estimated as the probability-weighted future cash flows, discounted back to present value. The discount rate used is determined at the time of measurement in accordance with accepted valuation methodologies. The fair value of the contingent consideration is remeasured each reporting period with the change in fair value, including accretion for the passage of time, recognized as income or expense within *acquisition-related items* in the consolidated profit and loss account.

Derivatives U.S. GAAP requires companies to recognize all derivatives as assets and liabilities on the balance sheet and to measure the instruments at fair value through profit unless the derivative qualifies for hedge accounting. If the derivative qualifies for hedge accounting, depending on the nature of the hedge and hedge effectiveness, changes in the fair value of the derivative will either be recognized immediately in profit or recorded in *other comprehensive loss, net of taxation* in the consolidate statement of comprehensive profit until the hedged item is recognized in profit upon settlement/termination. The changes in the fair value of the derivative are intended to offset the change in fair value of the hedged asset, liability, or probable commitment. The Group evaluates hedge effectiveness at inception and on an ongoing basis. If a derivative is no longer expected to be highly effective, hedge accounting is discontinued. Hedge ineffectiveness, if any, is recorded in profit. Cash flows from derivative contracts are reported as *operating activities* in the consolidated statements of cash flows.

The Group uses operational and economic hedges, as well as currency exchange rate derivative contracts and interest rate derivative instruments, to manage the impact of currency exchange and interest rate changes on profit and cash flows. In order to minimize profit and cash flow volatility resulting from currency exchange rate changes, the Group enters into derivative instruments, principally forward currency exchange rate contracts. These contracts are designed to hedge anticipated foreign currency transactions and changes in the value of specific assets and liabilities. At inception of the forward contract, the derivative is designated as either a freestanding derivative or a cash flow hedge. The Group does not enter into currency exchange rate derivative contracts for speculative purposes. All derivative instruments that qualify for hedge accounting are recorded at fair value on the consolidated balance sheet, as a component of *debtors, creditors (amounts falling due within one year) or creditors (amounts falling due after one year),* depending upon the gain or loss position of the contract and contract maturity date.

Forward 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. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative instrument is reported as a component of *accumulated other comprehensive loss* on the consolidated balance sheet. The effective portion of the gain or loss on the derivative instrument is reclassified into profit and is included in *other expense* or *cost of sales* in the consolidated profit and loss account, depending on the underlying transaction that is being hedged, in the same period or periods during which the hedged transaction affects profit.

The Group uses freestanding derivative forward contracts to offset its exposure to the change in value of specific foreign currency denominated assets and liabilities and to offset variability of cash flows associated with forecasted transactions denominated in a foreign currency. These derivatives are not designated as hedges, and therefore, changes in the value of these forward contracts are recognized in profit, thereby offsetting the current profit effect of the related change in value of foreign currency denominated assets and liabilities.

The Group uses forward starting interest rate derivative instruments designated as cash flow hedges to manage the exposure to interest rate volatility with regard to future issuances of fixed-rate debt. The effective portion of the gains or losses on the forward starting interest rate derivative instruments that are designated and qualify as cash flow hedges are reported as a component of *accumulated other comprehensive loss* on the consolidated balance sheet. Beginning in the period in which the planned debt issuance occurs and the related derivative instruments are terminated, the effective portion of the gains or losses are then reclassified into *interest payable and similar charges, net* in the consolidated profit and loss account over the term of the related debt. Any

portion of the gains or losses that are determined to be ineffective are immediately recognized in *interest payable and similar charges, net* in the consolidated profit and loss account.

The Group uses interest rate derivative instruments designated as fair value hedges 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, the Group agrees to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to agreed-upon notional principal amounts. Changes in the fair value of the derivative instrument are recorded in *interest payable and similar charges, net* in the consolidated profit and loss account and are offset by changes in the fair value of the underlying debt instrument. The gains (losses) from terminated interest rate swap agreements are recorded in *creditors (amounts falling due after more than one year*) on the consolidated balance sheet, increasing (decreasing) the outstanding balances of the debt, and amortized as a reduction of (addition to) *interest payable and similar charges, net* in the consolidated profit and loss account over the remaining life of the related debt. The cash flows from the termination of the interest rate swap agreements are reported as *operating activities* in the consolidated statements of cash flows.

In addition, the Group has collateral credit agreements with its primary derivative counterparties. Under these agreements, either party is required to post eligible collateral when the market value of transactions covered by the agreement exceeds specific thresholds, thus limiting credit exposure for both parties.

Fair Value Measurements The Group follows the authoritative guidance on fair value measurements and disclosures with respect to assets and liabilities that are measured at fair value on both a recurring and nonrecurring basis. Under this guidance, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The authoritative guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability, based on market data obtained from sources independent of the Group. Unobservable inputs are inputs that reflect the Group's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The categorization of financial assets and financial liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is broken down into three levels defined as follows:

- Level 1 - Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs are unobservable for the asset or liability.

Investments that are classified as Level 1 securities include highly liquid government bonds within U.S. government and agency securities, marketable equity securities, and exchange-traded funds for which quoted market prices are available. In addition, the Group classifies foreign currency forward contracts as Level 1 since they are valued using quoted market prices in active markets which have identical assets or liabilities.

The valuation for most fixed maturity securities are classified as Level 2. Investments that are classified as Level 2 include corporate debt securities, U.S. government and agency securities, foreign government and agency securities, certificates of deposit, other asset-backed securities, debt funds, and certain mortgage-backed securities whose value is determined using inputs that are observable in the market or can be derived principally from, or corroborated by, observable market data such as pricing for similar securities, recently executed transactions, cash flow models with yield curves, and benchmark securities. In addition, interest rate swaps are included in Level 2 as the Group uses inputs other than quoted prices that are observable for the asset. The Level 2 derivative instruments are primarily valued using standard calculations and models that use readily observable market data as their basis.

Investments are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies, or similar techniques, and at least one significant model assumption or input is unobservable. Level 3 financial assets also include certain investment securities for which there is limited market activity such that the determination of fair value requires significant judgment or estimation. Level 3 investments include certain corporate debt securities, auction rate securities, and certain mortgage-backed securities. With the exception of auction rate securities, these securities were valued using third-party pricing sources that incorporate transaction details such as contractual terms, maturity, timing, and amount of expected future cash flows, as well as assumptions about liquidity and credit valuation adjustments by market participants. The fair value of auction rate securities is estimated by the Group using a discounted cash flow model, which incorporates significant unobservable inputs. The significant unobservable inputs used in the fair value measurement of the Group's auction rate securities are years to principal recovery and

the illiquidity premium that is incorporated into the discount rate. Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value of the securities.

Warranty Obligation The Group offers a warranty on various products. The Group estimates the costs that may be incurred under its warranties and records a liability in the amount of such costs at the time the product is sold. The amount of the reserve recorded is equal to the net costs to repair or otherwise satisfy the claim. The Group includes the warranty obligation in *provisions for liabilities* on the consolidated balance sheet.

Changes in the Group's product warranty obligation during fiscal years 2016 and 2015 consisted of the following:

(in millions)		
April 25, 2014	$	32
Fair value of warranty obligation acquired from Covidien		23
Technology upgrade commitment		74
Warranty claims provision		30
Settlements made		(24)
April 24, 2015	$	135
Warranty claims provision		64
Settlements made		(91)
April 29, 2016	$	108

Self-Insurance With the exception of insurance that Covidien currently holds for certain risks, it is the Group's policy to self-insure the vast majority of its insurable risks including medical and dental costs, disability coverage, physical loss to property, business interruptions, workers' compensation, comprehensive general, and product liability. Insurance coverage is obtained for those risks required to be insured by law or contract. The Group uses claims data and historical experience, as applicable, to estimate liabilities associated with the exposures that the Group has self-insured. Based on historical loss trends, the Group believes that its self-insurance program accruals and its existing insurance coverage will be adequate to cover future losses. Historical trends, however, may not be indicative of future losses. These losses could have a material adverse impact on the Group's consolidated financial statements.

Retirement Benefit Plan Assumptions The Group sponsors various retirement benefit plans, including defined benefit pension plans (pension benefits), post-retirement medical plans (post-retirement benefits), defined contribution savings plans, and termination indemnity plans, covering substantially all U.S. employees and many employees outside the U.S. Pension benefit costs include assumptions for the discount rate, retirement age, compensation rate increases, and the expected return on plan assets. Post-retirement benefit costs include assumptions for the discount rate, retirement age, expected return on plan assets, and health care cost trend rate assumptions.

The Group changed the methodology used to estimate the service and interest cost components of net periodic pension cost and net periodic postretirement benefit cost for the Group's pension and other post-retirement benefits, effective April 30, 2016. Previously, the Group estimated such cost components utilizing a single weighted-average discount rate derived from the market-observed yield curves of high-quality fixed income securities used to measure the pension benefit obligation and accumulated post-retirement benefit obligation. The new methodology utilizes a full yield curve approach in the estimation of these cost components by applying the specific spot rates along the yield curve to their underlying projected cash flows and provides a more precise measurement of service and interest costs by improving the correlation between projected cash flows and their corresponding spot rates. The change does not affect the measurement of the Group's pension obligation or accumulated post-retirement benefit obligation. The Group has accounted for this change prospectively as a change in accounting estimate.

Revenue Recognition The Group sells its products through direct sales representatives and independent distributors. The Group recognizes revenue when title to the goods and risk of loss transfers to customers, which may be upon shipment or upon delivery to the customer site, based on the contract terms or legal requirements in non-U.S. jurisdictions, provided there are no material remaining performance obligations required of the Group or any matters requiring customer acceptance. In cases where the Group utilizes distributors or ships product directly to the end user, it generally recognizes revenue upon shipment provided all revenue recognition criteria have been met. A portion of the Group's revenue is generated from inventory maintained at hospitals or with field representatives. For these products, revenue is recognized at the time the product has been used or implanted. The Group records estimated sales returns, discounts, and rebates as a reduction of turnover in the same period revenue is recognized.

Provisions for rebates, as well as sales discounts and returns, are accounted for as a reduction of turnover when revenue is recognized. Rebates are estimated based on sales terms, historical experience, and trend analysis. In estimating rebates, the Group considers the lag time between the point of sale and the payment of the rebate claim, contractual commitments, including stated rebate rates,

and other relevant information. The Group adjusts reserves to reflect differences between estimated and actual experience, and records such adjustment as a reduction of turnover in the period of adjustment.

In certain circumstances, the Group enters into arrangements in which it provides multiple deliverables to its customers. Agreements with multiple deliverables are divided into separate units of accounting. Total revenue is first allocated among the deliverables based upon their relative fair values. Revenue is then recognized for each deliverable in accordance with the principles described above. Fair values are determined based on the prices at which the individual deliverables are regularly sold to other third parties.

Shipping and Handling Shipping and handling costs incurred were $316 million and $284 million in fiscal years 2016 and 2015, respectively, and are included in *distribution and administrative expenses* in the consolidated profit and loss account.

Research and Development Research and development expense are expensed when incurred. Research and development expense include costs of all basic research activities as well as other research, engineering, and technical effort required to develop a new product or service or make significant improvement to an existing product or manufacturing process. Research and development expense also include pre-approval regulatory and clinical trial expenses.

Costs Associated with Exit Activities The Group accrues employee termination costs associated with ongoing benefit arrangements, including benefits provided as part of the Group's U.S. severance policy or provided in accordance with non-U.S. statutory requirements, if the obligation is attributed to prior services rendered, the rights to the benefits have vested, the payment is probable, and the amount can be reasonably estimated. Other costs associated with exit activities may include distributor cancellation fees, costs related to leased facilities to be abandoned or subleased, and asset impairments.

Contingencies The Group records a liability in the consolidated financial statements for loss contingencies when a loss is known or considered probable and the amount can be reasonably estimated. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss is reasonably possible but not known or probable, and can be reasonably estimated, the estimated loss or range of loss is disclosed. Income tax liabilities are not accounted for under the loss contingency rules, but rather specific accounting guidance. Insurance recoveries related to potential claims are recognized up to the amount of the recorded liability when coverage is confirmed and the estimated recoveries are probable of payment. These recoveries are not netted against the related liabilities for financial statement presentation.

Tax Guarantees As a result of the acquisition of Covidien, the Group has guarantee commitments and indemnifications with Tyco International plc (Tyco International) and TE Connectivity Ltd. (TE Connectivity) which relate to certain contingent tax liabilities as part of a tax sharing agreement. Each reporting period, the Group evaluates the potential loss that it believes is probable. The guarantee has not been amortized into profit, because there is no predictable pattern of performance. As a result, the liability generally will be reduced upon the Group's release from its obligations or as payments are made. At April 29, 2016, liabilities related to guarantee commitments associated with Tyco International's and TE Connectivity's tax obligations totaled $284 million and are included in *provisions for liabilities* on the consolidated balance sheet.

The Group also has receivables due from Tyco International and TE Connectivity as a result of the tax sharing agreement. At April 29, 2016, receivables from Tyco International and TE Connectivity totaled $261 million and are included in *debtors* on the consolidated balance sheet. See Note 20 for additional background on the tax sharing agreement.

Other Expense Other expense includes royalty income and expense, realized equity security gains and losses, realized foreign currency transaction and derivative gains and losses, impairment charges on equity securities, Puerto Rico excise tax, and U.S. medical device excise tax.

Foreign Currency Translation Assets and liabilities of non-U.S. dollar functional currency entities are translated to U.S. dollars at period-end exchange rates, and the resulting gains and losses arising from the translation of those net assets are recorded as a cumulative translation adjustment, a component of *accumulated other comprehensive loss* on the consolidated balance sheet. Elements of the consolidated profit and loss account are translated at the average monthly currency exchange rates in effect during the period and foreign currency transaction gains and losses are included in *other expense* in the consolidated profit and loss account.

Comprehensive Profit and Accumulated Other Comprehensive Loss In addition to profit for the financial year, comprehensive profit includes changes in currency exchange rate translation adjustments, unrealized gains and losses on currency exchange rate derivative contracts and interest rate derivative instruments qualifying and designated as cash flow hedges, net changes in retirement obligation funded status, and unrealized gains and losses on available-for-sale marketable securities. Taxes are not provided on cumulative translation adjustments as substantially all translation adjustments relate to profit that is intended to be indefinitely reinvested outside the U.S.

Earnings Per Share Earnings per share is calculated using the two-class method. Accordingly, profit is allocated to both ordinary shares and participating securities in determining earnings per ordinary share. Due to the limited number of A Preferred Shares outstanding, this allocation had no effect on ordinary earnings per share; therefore, it is not presented below. Basic earnings per share is computed based on the weighted average number of ordinary shares outstanding. Diluted earnings per share is computed based on the weighted average number of ordinary shares outstanding, increased by the number of additional shares that would have been outstanding had the potentially dilutive ordinary shares been issued, and reduced by the number of shares the Group could have repurchased from the proceeds from issuance of the potentially dilutive shares. Potentially dilutive ordinary shares include stock options and other stock-based awards granted under stock-based compensation plans and shares committed to be purchased under the employee stock purchase plan.

The table below sets forth the computation of basic and diluted earnings per share:

	Fiscal Year	
(in millions, except per share data)	**2016**	**2015**
Numerator:		
Profit for the financial year attributable to ordinary shareholders	$ 3,486	$ 2,675
Denominator:		
Basic – weighted average shares outstanding	1,410	1,096
Effect of dilutive securities:		
Employee stock options	12	9
Employee restricted stock units	4	4
Other	—	—
Diluted – weighted average shares outstanding	1,426	1,109
Basic earnings per share	$ 2.47	$ 2.44
Diluted earnings per share	$ 2.44	$ 2.41

The calculation of weighted average diluted shares outstanding excludes options to purchase approximately 2 million and 5 million ordinary shares in fiscal years 2016 and 2015, respectively, because their effect would be anti-dilutive on the Group's earnings per share.

New Accounting Standards

Recently Adopted

In April 2014, the Financial Accounting Standards Board (FASB) issued amended guidance for reporting discontinued operations. The amended guidance changes the criteria for determining when the results of operations are to be reported as discontinued operations and expands the related disclosure requirements. The guidance defines a discontinued operation as a component or group of components that is disposed of or classified as held for sale, which is a strategic shift that has, or will have, a major effect on financial position and results of operations. The Group prospectively adopted this accounting guidance in the first quarter of fiscal year 2016. Its adoption did not have a material impact on the Group's consolidated financial statements.

In September 2015, the FASB issued accounting guidance which eliminates the requirement for an acquirer in a business combination to restate prior period financial statements for measurement period adjustments. An acquirer in a business combination is required to report provisional amounts when measurements are incomplete at the end of the reporting period covering the business combination. Prior to the issuance of the new guidance, an acquirer was required to adjust such provisional amounts by restating prior period financial statements. Under the new guidance, the acquirer will recognize the measurement-period adjustment in the period the adjustment is determined. The Group prospectively adopted this accounting guidance in the third quarter of fiscal year 2016. Its adoption did not have a material impact on the Group's consolidated financial statements.

In November 2015, the FASB issued accounting guidance that requires all deferred tax assets and liabilities, along with any related valuation allowance, to be classified as noncurrent on the consolidated balance sheet. Current guidance requires the deferred taxes for each jurisdiction to be presented as a net current asset or liability and net noncurrent asset or liability. As a result of the new guidance, each jurisdiction will now only have one net noncurrent deferred tax asset or liability. The new guidance does not change the existing requirement that only permits offsetting deferred tax assets and liabilities within a single jurisdiction. Entities have the option to apply the new guidance prospectively or retrospectively. This accounting guidance is effective for financial statements issued for annual periods beginning after December 15, 2016, with early adoption permitted. The Group prospectively adopted

this accounting guidance in the third quarter of fiscal year 2016. Prior periods have not been retrospectively adjusted for adoption of this statement.

In March 2016, the FASB issued accounting guidance which eliminates the requirement to apply the equity method of accounting retrospectively when a reporting entity obtains significant influence over a previously held investment. Instead, the equity method of accounting should be applied prospectively from the date significant influence is obtained. Investors should add the cost of acquiring the additional interest in the investee (if any) to the current basis of their previously held interest. For available-for-sale securities that become eligible for the equity method of accounting, any unrealized gain or loss recorded within accumulated other comprehensive income (AOCI) should be recognized in earnings at the date the investment initially qualifies for the use of the equity method. The Group prospectively adopted this accounting guidance in the fourth quarter of fiscal year 2016. Its adoption did not have a material impact on the Group's consolidated financial statements.

Not Yet Adopted

In May 2014, the FASB issued amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue in an amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. This accounting guidance is effective for the Group beginning in the first quarter of fiscal year 2019 using one of two prescribed retrospective methods. Early adoption is permitted. The Group is evaluating the impact of the amended revenue recognition guidance on the Group's consolidated financial statements.

In February 2016, the FASB issued guidance which requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet. The guidance is to be applied using a modified retrospective approach at the beginning of the earliest comparative period in the financial statements and is effective for the Group beginning in the first quarter of fiscal year 2020. Early adoption is permitted. The Group is evaluating the impact of the lease guidance on the Group's consolidated financial statements.

In March 2016, the FASB issued guidance to simplify the accounting for share based payment transactions by requiring all excess tax benefits and deficiencies to be recognized in income tax expense or benefit in earnings. An entity can make an entity-wide accounting policy election to either estimate the expected forfeiture awards or account for forfeitures as they occur. This accounting guidance is effective for the Group beginning in the first quarter of fiscal year 2018. Early adoption is permitted for any entity in any interim or annual period. The Group is currently assessing the impact of the guidance on the Group's consolidated financial statements.

2. Acquisition and Acquisition-Related Items

The Group had various acquisitions and other acquisition-related activity during fiscal years 2016 and 2015. Certain acquisitions were accounted for as business combinations as noted below. In accordance with authoritative guidance on business combination accounting, the assets and liabilities of the companies acquired were recorded as of the acquisition date, at their respective fair values, and consolidated. With the exception of the Covidien acquisition, and unless otherwise disclosed, the pro forma impact of these acquisitions was not significant, either individually or in the aggregate, to the results of the Group for fiscal years 2016 and 2015. The results of operations related to each company acquired have been included in the Group’s consolidated profit and loss account since the date the company was acquired.

Acquisition of Covidien public limited company in Fiscal Year 2015 On January 26, 2015 (Acquisition Date), pursuant to the transaction agreement, dated as of June 15, 2014 (the Transaction Agreement), the Group acquired Covidien plc (Covidien), and Covidien and Medtronic, Inc. became subsidiaries of the Group (collectively, the Transactions). In connection with the consummation of the Transactions, Medtronic re-registered as a public limited company organized under the laws of Ireland.

On January 26, 2015, (a) each Covidien ordinary share was converted into the right to receive $35.19 in cash and 0.956 of a newly issued Medtronic plc share (the Arrangement Consideration) in exchange for each Covidien share held by such shareholders, and (b) each share of Medtronic, Inc. common stock was converted into the right to receive one Medtronic ordinary share. Based on the number of outstanding shares of Medtronic, Inc. and Covidien as of January 23, 2015 (the last business day prior to the close of the transaction), former Medtronic, Inc. and Covidien shareholders held approximately 69 percent and 31 percent, respectively, of Medtronic's ordinary shares after giving effect to the acquisition.

Covidien was a global leader in the development, manufacture, and sale of healthcare products for use in clinical and home settings. The operating results for Covidien are included in the Minimally Invasive Therapies Group, Cardiac and Vascular Group, and Restorative Therapies Group segments.

Fair Value of Consideration Transferred

Total consideration was approximately $50.0 billion, consisting of $16.0 billion cash and $34.0 billion of non-cash consideration. Total consideration is comprised of the equity value of the shares that were outstanding as of January 23, 2015 and the portion of Covidien's share awards and share options earned as of January 23, 2015 ($559 million). Share awards and share options not earned ($496 million) as of January 23, 2015 will be expensed over the remaining future vesting period, including $189 million and $70 million recognized in *acquisition-related items* and *restructuring charges* in the consolidated profit and loss account, respectively, for fiscal year 2015. Share award and share options of $58 million and $18 million were recognized in *acquisition-related items* and *restructuring charges* in the consolidated profit and loss account, respectively, for fiscal year 2016.

The following table summarizes the total fair value of consideration transferred:

(in millions, except per share data)		
Cash consideration paid to Covidien shareholders ($35.19 per share)	$	15,994
Cash consideration paid for vested Covidien share awards ($35.19 per share)		33
Total cash consideration	$	16,027
Covidien shares outstanding as of January 23, 2015		455
Exchange ratio per share		0.956
Total Medtronic shares issued to Covidien shareholders[(1)]		435
Medtronic per share value as of January 23, 2015	$	76.95
Fair value of Medtronic shares issued to Covidien shareholders	$	33,435
Fair value of shares issued to Covidien share award holders[(1)]		70
Fair value of share options and awards issued to Covidien share option and award holders		456
Total fair value of consideration transferred	$	49,988

(1) 1 million ordinary shares were issued, net, to Covidien share award holders.

Fair Value of Assets Acquired and Liabilities Assumed

The Group accounted for the acquisition of Covidien as a business combination using the acquisition method of accounting. The assets acquired and liabilities assumed were recorded at their respective fair values as of the Acquisition Date. The fair value of assets acquired and liabilities assumed was finalized during the third quarter of fiscal year 2016. During the measurement period, which ended January 26, 2016, adjustments were made to finalize Covidien's preliminary fair value estimates related primarily to other current assets, intangible assets, goodwill, certain property value, contingent liabilities and the related deferred tax impacts. Based upon the acquisition valuation, the Group acquired $18.3 billion of customer-related intangible assets, $7.1 billion of technology-based intangible assets, $430 million of tradenames, with weighted average estimated useful lives of 18, 16, and 6 years, respectively, $420 million of IPR&D, and $30.0 billion of goodwill.

The fair values of the assets acquired and liabilities assumed are as follows:

(in millions)		
Accounts receivable	$	1,349
Inventories		2,219
Other current assets		3,181
Property, plant, and equipment		2,293
Goodwill		29,979
Intangible assets		26,210
Other assets		761
Total assets acquired		65,992
Short-term borrowings		1,011
Other current liabilities		2,434
Long-term debt		4,623
Long-term deferred tax liabilities		4,745
Other long-term liabilities		3,191
Total liabilities assumed		16,004
Net assets acquired	$	49,988

Goodwill has been allocated to the Minimally Invasive Therapies Group, Cardiac and Vascular Group, Restorative Therapies Group, and Diabetes Group. Goodwill is calculated as the excess of the consideration transferred over the net assets acquired and represents the expected turnover and cost synergies of the combined company. Goodwill recognized as a result of the acquisition is not deductible for tax purposes. See Note 6 for additional information about goodwill and other intangible assets.

Contingent liabilities assumed as part of the acquisition of Covidien total $2.7 billion and are included in *provisions for liabilities* on the consolidated balance sheet. These contingent liabilities include $1.5 billion related to income taxes (including uncertain tax positions and guarantee commitments) and $1.2 billion related to legal claims (including product liability and environmental matters). Contingent liabilities are recorded at their estimated fair values, aside from those pertaining to uncertainty in income taxes which are an exception to the fair value basis of accounting. See Note 20 for additional background on these contingent liabilities.

Actual and Pro Forma Impact

The Group's consolidated financial statements for fiscal year 2015 include Covidien's results of operations from the Acquisition Date through April 24, 2015. Turnover and operating loss attributable to Covidien during this period and included in the Group's consolidated financial statements for fiscal year 2015 total $2.7 billion and $423 million, respectively. The $423 million operating loss includes $623 million of amortization from the step-up in fair value of inventory acquired, $379 million of intangible asset amortization, $218 million of acquisition-related charges, and $142 million of restructuring charges, all of which relate to the Covidien acquisition.

The following unaudited pro forma information gives effect to the Group's acquisition of Covidien as if the acquisition had occurred on April 26, 2014, the first day of fiscal year 2015, and had been included in the consolidated profit and loss account for fiscal year 2015.

(in millions)		Fiscal Year 2015
Pro forma turnover	$	28,369
Pro forma profit for the financial year		3,944

The historical consolidated financial information of the Group has been adjusted in the pro forma information to give effect to pro forma events that are (1) directly attributable to the transaction, (2) factually supportable, and (3) expected to have a continuing impact on the combined results. Pro forma adjustments were tax-effected at the Group's statutory rate. These pro forma amounts are not necessarily indicative of the results that would have been obtained if the acquisition had occurred as of the beginning of fiscal year 2015 presented or that may occur in the future, and do not reflect future synergies, integration costs, or other such costs or savings.

Fiscal Year 2016 The fair values of the assets acquired and liabilities assumed from acquisitions during fiscal year 2016 are as follows:

(in millions)	Twelve, Inc.	RF Surgical Systems, Inc.	Medina Medical	All Other	Total
Other current assets	$ 60	$ 40	$ 11	$ 134	$ 245
Property, plant, and equipment	—	2	—	39	41
IPR&D	192	—	122	143	457
Other intangible assets	—	115	—	199	314
Goodwill	291	135	126	304	856
Other assets	—	2	—	15	17
Total assets acquired	543	294	259	834	1,930
Current liabilities	37	27	6	91	161
Long-term deferred tax liabilities, net	34	27	34	53	148
Other liabilities	—	—	—	50	50
Total liabilities assumed	71	54	40	194	359
Net assets acquired	$ 472	$ 240	$ 219	$ 640	$ 1,571

Twelve, Inc.

On October 2, 2015, the Group's Coronary & Structural Heart division acquired Twelve, Inc. (Twelve), a privately-held medical device company focused on the development of a transcatheter mitral valve replacement device. Total consideration for the transaction was approximately $472 million, which included an upfront payment of $428 million and the estimated fair value of product development-based contingent consideration of $44 million. Based upon the acquisition valuation, the Group acquired $192 million of IPR&D and $291 million of goodwill. The acquired goodwill is not deductible for tax purposes. The registered office of Twelve at the time of acquisition was 250 Chesapeake Avenue, Redwood City, California, 94063.

RF Surgical Systems, Inc.

On August 11, 2015, the Group's Surgical Solutions division acquired RF Surgical Systems, Inc. (RF Surgical), a medical device company focused on the detection and prevention of retained surgical sponges. Total consideration for the transaction was approximately $240 million. Based upon the acquisition valuation, the Group acquired $68 million of technology-based intangible assets, $47 million of customer-related intangible assets, with estimated useful lives of 18 and 16 years, respectively, and $135 million of goodwill. The acquired goodwill is not deductible for tax purposes. The registered address of RF Surgical at the time of acquisition was 5927 Landau Court, Carlsbad, California, 92008.

Medina Medical

On August 31, 2015, the Group's Neurovascular division acquired Medina Medical (Medina), a privately-held medical device company focused on commercializing treatments for vascular abnormalities of the brain, including cerebral aneurysms. Total consideration for the transaction was approximately $219 million, which includes an upfront payment of $155 million and the estimated fair value of revenue-based and product development-based contingent consideration of $64 million. The Group had previously invested in Medina and held an 11 percent ownership position. Net of this ownership position, the transaction value was approximately $195 million. Based upon the acquisition valuation, the Group acquired $122 million of IPR&D and $126 million of goodwill. The acquired goodwill is not deductible for tax purposes. The registered address of Medina at the time of acquisition was 937 Hamilton Avenue, Menlo Park, California, 94025.

The Group accounted for the acquisitions of Twelve, RF Surgical, Medina, and all other fiscal year 2016 acquisitions included in the table above, as business combinations using the acquisition method of accounting.

Fiscal Year 2015 The fair values of the assets acquired and liabilities assumed from acquisitions during fiscal year 2015 are as follows:

(in millions)	NGC Medical S.p.A.	Sapiens Steering Brain Stimulation	All Other	Total
Other current assets	$ 55	$ 3	$ 12	$ 70
Property, plant, and equipment	15	1	2	18
IPR&D	—	30	39	69
Other intangible assets	159	—	157	316
Goodwill	197	170	108	475
Other assets	3	3	49	55
Total assets acquired	429	207	367	1,003
Current liabilities	34	4	6	44
Long-term deferred tax liabilities, net	51	—	66	117
Other liabilities	4	—	—	4
Total liabilities assumed	89	4	72	165
Net assets acquired	$ 340	$ 203	$ 295	$ 838

NGC Medical S.p.A

On August 26, 2014, the Group acquired NGC Medical S.p.A. (NGC), a privately-held Italian company that offers a broad suite of hospital managed services. Total consideration for this transaction was approximately $340 million. The Group had previously invested in NGC and held a 30 percent ownership position in that company. Net of this ownership position, the transaction value was approximately $238 million. Based upon the acquisition valuation, the Group acquired $159 million of customer-related intangible assets and tradenames with an estimated useful life of 20 years at the time of acquisition and $197 million of goodwill. The acquired goodwill is not deductible for tax purposes. The registered address of NGC at the time of acquisition was Via per Novedrate, 35, 22060 Novedrate CO, Italy.

Sapiens Steering Brain Stimulation

On August 25, 2014, the Group acquired Sapiens Steering Brain Stimulation (Sapiens), a privately-held developer of deep brain stimulation technologies. Total consideration for the transaction was approximately $203 million. Based upon the acquisition valuation, the Group acquired $30 million of IPR&D and $170 million of goodwill. The acquired goodwill is not deductible for tax purposes. The registered address of Sapiens at the time of acquisition was High Tech Campus 48, 5656 AE Eindhoven, Netherlands.

The Group accounted for the acquisitions of NGC, Sapiens, and all other fiscal year 2015 acquisitions included in the table above, as business combinations using the acquisition method of accounting.

Acquisition-Related Items During fiscal year 2016, the Group recorded charges from acquisition-related items of $283 million, primarily related to costs incurred in connection with the Covidien acquisition. The charges incurred in connection with the Covidien acquisition include $219 million of professional services and integration costs and $58 million of accelerated or incremental stock compensation expense. These amounts are included within *acquisition-related items* in the consolidated profit and loss account.

During fiscal year 2015, the Group recorded charges from acquisition-related items of $550 million, primarily related to costs incurred in connection with the Covidien acquisition. The charges incurred in connection with the Covidien acquisition include $275 million of professional services and integration costs, $189 million of accelerated or incremental stock compensation expense, and $69 million of incremental officer and director excise tax. These amounts are included within *acquisition-related items* in the consolidated profit and loss account.

Contingent Consideration Certain of the Group's business combinations and purchases of intellectual property involve the potential for the payment of future contingent consideration upon the achievement of certain product development milestones and/or various other favorable operating conditions. Payment of the additional consideration is generally contingent on the acquired company reaching certain performance milestones, including attaining specified turnover levels or achieving product development targets. For business combinations subsequent to April 24, 2009, a liability is recorded for the estimated fair value of the contingent consideration on the acquisition date. The fair value of the contingent consideration is remeasured at each reporting period with the change in fair value recognized as profit or expense within *acquisition-related items* in the consolidated profit and loss account. The Group measures the liability on a recurring basis using Level 3 inputs.

The fair value of contingent consideration is measured using projected payment dates, discount rates, probabilities of payment, and projected revenues (for turnover-based considerations). Projected contingent payment amounts are discounted back to the current period using a discounted cash flow model. Projected revenues are based on the most recent internal operational budgets and long-range strategic plans. Increases (decreases) in projected turnover, probabilities of payment, discount rates, or projected payment dates may result in higher (lower) fair value measurements. Fluctuations in any of the inputs may result in a significantly lower (higher) fair value measurement.

The recurring Level 3 fair value measurements of contingent consideration include the following significant unobservable inputs:

(in millions)	Fair Value at April 29, 2016	Valuation Technique	Unobservable Input	Range
			Discount rate	11% - 27%
Turnover-based payments	$ 195	Discounted cash flow	Probability of payment	30% - 100%
			Projected fiscal year of payment	2017 - 2025
			Discount rate	0.3% - 5.5%
Product development-based payments	$ 182	Discounted cash flow	Probability of payment	75% - 100%
			Projected fiscal year of payment	2017 - 2025

At April 29, 2016, the estimated maximum potential amount of undiscounted future contingent consideration that the Group is expected to make associated with all completed business combinations or purchases of intellectual property prior to April 24, 2009 was approximately $175 million. The Group estimates the milestones or other conditions associated with the contingent consideration will be reached in fiscal year 2017 and thereafter.

The fair value of contingent consideration associated with acquisitions subsequent to April 24, 2009, as of April 29, 2016 and April 24, 2015, was $377 million and $264 million, respectively, and is reported in *provisions for liabilities* on the consolidated balance sheet. The portion of the contingent consideration related to the acquisition date fair value is reported as *financing activities* in the consolidated statements of cash flows. Amounts paid in excess of the original acquisition date fair value are reported as *operating activities* in the consolidated statements of cash flows.

The following table provides a reconciliation of the beginning and ending balances of contingent consideration:

	Fiscal Year	
(in millions)	2016	2015
Beginning Balance	$ 264	$ 68
Acquired contingent consideration	—	236
Purchase price contingent consideration	149	40
Contingent consideration payments	(22)	(85)
Change in fair value of contingent consideration	(14)	5
Ending Balance	$ 377	$ 264

3. Restructuring Charges

Cost Synergies Initiative The cost synergies initiative, initially referred to as the fiscal year 2015 initiative, was the beginning of the Group's restructuring program primarily related to the acquisition of Covidien. This initiative is expected to contribute to the approximately $850 million in cost synergies expected to be achieved as a result of the Covidien acquisition through fiscal year 2018, including administrative office optimization, manufacturing and supply chain infrastructure, certain program cancellations, and certain general and administrative savings. Restructuring charges are expected to be incurred in future fiscal years as cost synergy strategies are finalized. Restructuring accruals resulting from restructuring charges are scheduled to be substantially complete within one year from the period in which the restructuring charge was initially incurred.

A summary of the activity related to the cost synergies initiative is presented below:

(in millions)	Employee Termination Costs	Asset Write-downs	Other Costs	Total
April 25, 2014	$ —	$ —	$ —	$ —
Restructuring charges	213	28	7	248
Payments/write-downs	(77)	(28)	—	(105)
April 24, 2015	$ 136	$ —	$ 7	$ 143
Restructuring charges	248	23	61	332
Payments/write-downs	(153)	(23)	(31)	(207)
Reversal of excess accrual	(18)	$ —	$ —	(18)
April 29, 2016	$ 213	$ —	$ 37	$ 250

As a result of certain employees identified for termination finding other positions within the Group and revisions to severance provisions, the Group recorded an $18 million reversal of excess restructuring reserves during the fiscal year ended April 29, 2016.

As part of the cost synergies initiative for fiscal year 2016, the Group recognized $23 million of asset write-downs, which included $9 million related to inventory write-offs of discontinued product lines recognized within *cost of sales* in the consolidated profit and loss account. In addition, for the fiscal year ended April 29, 2016, asset write-downs included $14 million related to tangible asset impairments.

In fiscal year 2015, the Group recognized $28 million of asset write-downs, which included $15 million related to inventory write-offs of discontinued product lines and production-related asset impairments recognized within *cost of sales* in the consolidated profit and loss account. In addition, for the fiscal year ended April 24, 2015, asset write-downs included $13 million related to tangible asset impairments.

Covidien Initiative Covidien's pre-acquisition restructuring program is designed to improve Covidien's cost structure. The program consists of reducing corporate expenses, expanding shared services, consolidating manufacturing locations, and optimizing distribution centers. The Covidien restructuring initiative is scheduled to be substantially complete by the end of fiscal year 2018. At the Acquisition Date, the Group reserved $103 million in connection with the Covidien initiative, which consisted of employee termination costs of $76 million and other costs of $27 million.

A summary of the activity related to the Covidien initiative is presented below:

(in millions)	Employee Termination Costs	Other Costs	Total
January 26, 2015 (Acquisition Date)	$ 76	$ 27	$ 103
Restructuring charges	—	—	—
Payments/write-downs	(10)	(10)	(20)
Reversal of excess accrual	(5)	—	(5)
April 24, 2015	$ 61	$ 17	$ 78
Restructuring charges	—	—	—
Payments/write-downs	(49)	(12)	(61)
Reversal of excess accrual	(10)	—	(10)
April 29, 2016	$ 2	$ 5	$ 7

During fiscal years 2016 and 2015, the Group recorded reversals of excess restructuring reserves related to the Covidien initiative of $10 million and $5 million, respectively. The reversals were primarily a result of certain employees identified for termination finding other positions within the Group and early lease termination negotiations in fiscal year 2015.

4. Special Charges (Gains) and Certain Litigation Charges

Special Charges (Gains) During fiscal year 2016, the Group recognized a special charge of $70 million in connection with the impairment of a debt investment.

During fiscal year 2015, the Group recognized a $138 million gain, which consisted of a $41 million gain on the sale of a product line in the Surgical Technologies division and a $97 million gain on the sale of an equity method investment. Also, during 2015, continuing with the Group's commitment to improving the health of people and communities throughout the world, the Group made charitable contributions of $100 million to the Medtronic Foundation, a related party non-profit organization.

Certain Litigation Charges The Group classifies material litigation charges and gains recognized as certain litigation charges. During fiscal years 2016 and 2015, the Group recorded certain litigation charges of $108 million and $42 million, respectively, which relate to additional accounting charges for probable and reasonably estimable damages, which were recorded as a result of additional filed and unfiled claims, and other litigation matters. Refer to Note 20 for additional information.

5. Financial Assets and Short-Term Investments

The Group holds investments consisting primarily of marketable debt and equity securities. The authoritative guidance is principally applied to financial assets and liabilities such as marketable equity securities and debt and equity securities that are classified and accounted for as trading and available-for-sale and are measured on a recurring basis. Further, we also hold cost or equity method investments which are measured at fair value on a nonrecurring basis.

The following table summarizes the Group's investments by level, significant investment category, and the related consolidated balance sheet classification at April 29, 2016:

	Valuation				Balance Sheet Classification	
(in millions)	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Short-term Investments	Financial Assets
Available-for-sale securities:						
Level 1:						
U.S. government and agency securities	$ 792	$ 14	$ (1)	$ 805	$ 805	$ —
Marketable equity securities	75	21	(11)	85		85
Total Level 1	867	35	(12)	890	805	85
Level 2:						
Corporate debt securities	3,935	85	(24)	3,996	3,996	—
U.S. government and agency securities	902	2	—	904	904	—
Mortgage-backed securities	1,016	17	(18)	1,015	1,015	—
Other asset-backed securities	192	3	—	195	195	—
Debt funds	3,040	5	(281)	2,764	2,764	—
Total Level 2	9,085	112	(323)	8,874	8,874	—
Level 3:						
Corporate debt securities	1	—	—	1	—	1
Auction rate securities	47	—	(3)	44	—	44
Total Level 3	48	—	(3)	45	—	45
Total available-for-sale securities	$ 10,000	$ 147	$ (338)	$ 9,809	$ 9,679	$ 130
Trading securities:						
Level 1:						
Exchange-traded funds	65	15	(1)	79	79	—
Total Level 1	65	15	(1)	79	79	—
Total trading securities	$ 65	$ 15	$ (1)	$ 79	$ 79	$ —
Cost method, equity method, and other investments:						
Level 3:						
Cost method, equity method, and other investments	506	—	—	N/A	—	506
Total Level 3	506	—	—	N/A	—	506
Total cost method, equity method, and other investments	$ 506	$ —	$ —	N/A	$ —	$ 506
Total investments	$ 10,571	$ 162	$ (339)	$ 9,888	$ 9,758	$ 636

The following table summarizes the Group's investments by level, significant investment category, and the related consolidated balance sheet classification at April 24, 2015:

	Valuation				Balance Sheet Classification	
(in millions)	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Short-term Investments	Financial Assets
Available-for-sale securities:						
Level 1:						
U.S. government and agency securities	$ 1,525	$ 17	$ (1)	$ 1,541	$ 1,541	$ —
Marketable equity securities	64	35	(19)	80	—	80
Total Level 1	1,589	52	(20)	1,621	1,541	80
Level 2:						
Corporate debt securities	6,282	105	(10)	6,377	6,377	—
U.S. government and agency securities	1,597	4	(3)	1,598	1,598	—
Mortgage-backed securities	1,462	22	(6)	1,478	1,478	—
Non-U.S. government and agency securities	85	—	—	85	85	—
Certificates of deposit	44	—	—	44	44	—
Other asset-backed securities	504	3	—	507	507	—
Debt funds	3,061	19	(150)	2,930	2,930	—
Total Level 2	13,035	153	(169)	13,019	13,019	—
Level 3:						
Corporate debt securities	1	—	—	1	—	1
Auction rate securities	109	—	(4)	105	—	105
Total Level 3	110	—	(4)	106	—	106
Total available-for-sale securities	$ 14,734	$ 205	$ (193)	$ 14,746	$ 14,560	$ 186
Trading securities:						
Level 1:						
Exchange-traded funds	58	19	—	77	77	—
Total Level 1	58	19	—	77	77	—
Total trading securities	$ 58	$ 19	$ —	$ 77	$ 77	$ —
Cost method, equity method, and other investments:						
Level 3:						
Cost method, equity method, and other investments	520	—	—	N/A	—	520
Total Level 3	520	—	—	N/A	—	520
Total cost method, equity method, and other investments	$ 520	$ —	$ —	N/A	$ —	$ 520
Total investments	$ 15,312	$ 224	$ (193)	$ 14,823	$ 14,637	$ 706

Marketable Debt and Equity Securities The following tables present the gross unrealized losses and fair values of the Group's available-for-sale securities that have been in a continuous unrealized loss position deemed to be temporary, aggregated by investment category at April 29, 2016 and April 24, 2015:

	April 29, 2016			
	Less than 12 months		More than 12 months	
(in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate debt securities	$ 756	$ (18)	$ 136	$ (6)
Auction rate securities	—	—	44	(3)
Mortgage-backed securities	196	(5)	92	(5)
U.S. government and agency securities	308	(4)	67	(5)
Debt funds	670	(26)	1,601	(256)
Marketable equity securities	45	(11)	—	—
Total	$ 1,975	$ (64)	$ 1,940	$ (275)

	April 24, 2015			
	Less than 12 months		More than 12 months	
(in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate debt securities	$ 944	$ (9)	$ 34	$ (1)
Auction rate securities	—	—	105	(4)
Mortgage-backed securities	346	(3)	206	(3)
U.S. government and agency securities	356	(1)	267	(3)
Debt funds	1,291	(109)	559	(41)
Marketable equity securities	4	(19)	—	—
Total	$ 2,941	$ (141)	$ 1,171	$ (52)

The following table represents the range of the unobservable inputs utilized in the fair value measurement of the auction rate securities classified as Level 3 at April 29, 2016:

	Valuation Technique	Unobservable Input	Range (Weighted Average)
Auction rate securities	Discounted cash flow	Years to principal recovery	2 yrs. - 12 yrs. (3 yrs.)
		Illiquidity premium	6%

The Group reviews the fair value hierarchy classification on a quarterly basis. Changes in the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The Group's policy is to recognize transfers into and out of levels within the fair value hierarchy at the end of the fiscal quarter in which the actual event or change in circumstances that caused the transfer occurs. There were no transfers between Level 1, Level 2, or Level 3 during the fiscal year ended April 29, 2016. When a determination is made to classify an asset or liability within Level 3, the determination is based upon the significance of the unobservable inputs to the overall fair value measurement.

The following tables provide a reconciliation of the beginning and ending balances of items measured at fair value on a recurring basis that used significant unobservable inputs (Level 3):

(in millions)	Total Level 3 Investments	Corporate Debt Securities	Auction Rate Securities
April 24, 2015	$ 106	$ 1	$ 105
Total unrealized losses included in other comprehensive income	(3)	—	(3)
Settlements	(58)	—	(58)
April 29, 2016	$ 45	$ 1	$ 44

(in millions)	Total Level 3 Investments	Corporate Debt Securities	Auction Rate Securities
April 25, 2014	$ 106	$ 9	$ 97
Total realized losses and other-than-temporary impairment losses included in profit	(5)	(5)	—
Total unrealized gains included in other comprehensive income	10	2	8
Settlements	(5)	(5)	—
April 24, 2015	$ 106	$ 1	$ 105

Activity related to the Group's investment portfolio is as follows:

	Fiscal Year			
	2016		2015	
(in millions)	Debt[1]	Equity[2][3]	Debt[1]	Equity[2][4]
Proceeds from sales	$ 9,881	$ 42	$ 5,640	$ 250
Gross realized gains	36	38	33	164
Gross realized losses	(53)	—	(19)	—
Impairment losses recognized	—	(114)	—	(29)

(1) Includes available-for-sale debt securities.
(2) Includes marketable equity securities, cost method, equity method, exchange-traded funds, and other investments.
(3) As a result of certain acquisitions that occurred during the fiscal year ended April 29, 2016, the Group recognized a non-cash realized gain of $9 million on its previously-held minority investment included in *other expense* on the consolidated profit and loss account.
(4) As a result of certain acquisitions that occurred during the fiscal year ended April 24, 2015, the Group recognized a non-cash realized gain of $41 million on its previously-held minority investments included in *other expense* on the consolidated profit and loss account. Also, a realized gain on an equity method investment totaling $97 million is included in *special charges (gains)* on the consolidated profit and loss account.

Credit losses represent the difference between the present value of cash flows expected to be collected on certain mortgage-backed securities and auction rate securities and the amortized cost of these securities. Based on the Group's assessment of the credit quality of the underlying collateral and credit support available to each of the remaining securities in which invested, the Group believes it has recognized all necessary other-than-temporary impairments as the Group does not have the intent to sell, nor is it more likely than not that the Group will be required to sell, before recovery of the amortized cost.

At April 29, 2016 and April 24, 2015, the credit loss portion of other-than temporary impairments on debt securities was not significant. The total reductions for available-for-sale debt securities sold during the fiscal years 2016 and 2015 were not significant.

The April 29, 2016 balance of available-for-sale debt securities, excluding debt funds which have no single maturity date, by contractual maturity is shown in the following table. Within the table, maturities of mortgage-backed securities have been allocated based upon timing of estimated cash flows assuming no change in the current interest rate environment. Actual maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

(in millions)	April 29, 2016
Due in one year or less	$ 899
Due after one year through five years	3,181
Due after five years through ten years	2,792
Due after ten years	88
Total debt securities	$ 6,960

The Group holds investments in marketable equity securities, which are classified as *financial assets* on the consolidated balance sheet. The aggregate carrying amount of these investments was $85 million and $80 million at April 29, 2016 and April 24, 2015, respectively. During the fiscal years 2016 and 2015, the Group determined that the fair value of certain marketable equity securities were below their carrying values and that the carrying values of these investments were not expected to be recoverable within a reasonable period of time. As a result, the Group recognized $20 million and $7 million in impairment charges for fiscal years 2016 and 2015 respectively, which were recognized within *other expense* in the consolidated profit and loss account.

Cost Method, Equity Method, and Other Investments The Group holds investments in equity and other securities that are accounted for using the cost or equity method, which are classified as *financial assets* on the consolidated balance sheet. At April 29, 2016 and April 24, 2015, the aggregate carrying amount of equity and other securities without a quoted market price and accounted for using the cost or equity method was $506 million and $520 million, respectively. These cost or equity method investments are measured at fair value on a nonrecurring basis. The total carrying value of these investments is reviewed quarterly for changes in circumstance or the occurrence of events that suggest the Group's investment may not be recoverable. The value of cost or equity method investments is not adjusted if there are no identified events or changes in circumstances that may have a material adverse effect on the fair value of the investment.

During fiscal year 2016, the Group determined that the fair values of certain cost method investments were below their carrying values and that the carrying values of these investments were not expected to be recoverable within a reasonable period of time. As a result, the Group recognized $23 million in impairment charges during fiscal year 2016, which was recorded in *other expense* in the consolidated profit and loss account and $70 million in impairment charges which was recorded in *special charges (gains)* in the consolidated profit and loss account. During fiscal year 2015, the Group determined that the fair values of certain cost method investments were below their carrying values and that the carrying values of these investments were not expected to be recoverable within a reasonable period of time. As a result, the Group recognized $7 million in impairment charges during fiscal year 2015, which was recorded in *other expense* in the consolidated profit and loss account. These investments fall within Level 3 of the fair value hierarchy, due to the use of significant unobservable inputs to determine fair value, as the investments are privately-held entities without quoted market prices. To determine the fair value of these investments, the Group used all pertinent financial information available related to the entities, including financial statements and market participant valuations from recent and proposed equity offerings.

Financial assets and short-term investments activity for fiscal years 2016 and 2015 was as follows:

(in millions)	Debt	Equity	Total
April 25, 2014	$ 12,926	$ 733	$ 13,659
Purchases	7,498	84	7,582
Proceeds from sales	(5,640)	(250)	(5,890)
Realized gains, net	14	164	178
Impairments	—	(29)	(29)
Unrealized gains, net	12	19	31
Other	(64)	(124)	(188)
April 24, 2015	$ 14,746	$ 597	$ 15,343
Purchases	5,234	170	5,404
Proceeds from sales	(9,881)	(42)	(9,923)
Realized (losses)/gains, net	(17)	38	21
Impairments	—	(114)	(114)
Unrealized (losses)/gains, net	(191)	14	(177)
Other	(82)	(78)	(160)
April 29, 2016	$ 9,809	$ 585	$ 10,394

6. Intangible Assets

Indefinite-lived intangible asset activity for fiscal years 2016 and 2015 was as follows:

(in millions)	Goodwill	Acquired IPR&D	Total
April 25, 2014	$ 10,593	$ 119	$ 10,712
Additions as a result of the Covidien acquisition	29,619	434	30,053
Additions as a result of acquisitions	472	71	543
Other adjustments, net	(9)	—	(9)
Impairments	—	(5)	(5)
Transfers	—	(88)	(88)
Currency translation and other	(112)	(32)	(144)
April 24, 2015	$ 40,563	$ 499	$ 41,062
Measurement period adjustments related to Covidien	360	(14)	346
Additions as a result of acquisitions	856	457	1,313
Other adjustments, net	(31)	(2)	(33)
Transfers	—	(219)	(219)
Currency translation and other	(248)	—	(248)
April 29, 2016	$ 41,500	$ 721	$ 42,221

The Group assesses goodwill for impairment annually in the third quarter and whenever an event occurs or circumstances change that would indicate that the carrying amount may be impaired. Impairment testing for goodwill is performed at the reporting unit level. The Group included the Minimally Invasive Therapies Group as an additional reporting unit in its annual impairment testing performed in the third quarter of fiscal year 2016. The test for impairment of goodwill requires the Group to make several estimates about fair value, most of which are based on projected future cash flows. The Group calculated the excess of each reporting unit's fair value over its carrying amount, including goodwill, utilizing a discounted cash flow analysis. As a result of the analysis performed, the fair value of each reporting unit's goodwill was deemed to be greater than the carrying value. The Group did not record any goodwill impairments during fiscal years 2016 or 2015.

The Group assesses indefinite-lived assets for impairment annually in the third quarter and whenever an event occurs or circumstances change that would indicate that the carrying amount may be impaired. Similar to the goodwill impairment test, the indefinite-lived assets impairment test requires the Group to make several estimates about fair value, most of which are based on

projected future cash flows. The Group calculates the excess of indefinite-lived asset fair values over their carrying values utilizing a discounted future cash flow analysis. The Group did not record any significant indefinite-lived asset impairments during fiscal year 2016. As a result of the analysis performed during fiscal year 2015, the fair value of certain IPR&D indefinite-lived assets were deemed to be less than their carrying value, resulting in an impairment loss of $5 million, which was recognized in *acquisition-related items* in the consolidated profit and loss account. Due to the nature of IPR&D projects, the Group may experience future delays or failures to obtain regulatory approvals to conduct clinical trials, failures of such clinical trials, delays or failures to obtain required market clearances or other failures to achieve a commercially viable product, and as a result, may recognize impairment losses in the future.

The changes in the carrying amount of goodwill by reportable segment for fiscal years 2016 and 2015 are as follows:

(in millions)	Cardiac and Vascular Group	Minimally Invasive Therapies Group	Restorative Therapies Group	Diabetes Group	Total
April 25, 2014	$ 2,881	$ —	$ 6,368	$ 1,344	$ 10,593
Additions as a result of Covidien acquisition	2,795	23,427	2,897	500	29,619
Additions as a result of other acquisitions	245	—	218	9	472
Other adjustments, net	—	—	(9)	—	(9)
Currency adjustment, net	(66)	—	(45)	(1)	(112)
April 24, 2015	$ 5,855	$ 23,427	$ 9,429	$ 1,852	$ 40,563
Goodwill as a result of acquisitions	393	264	199	—	856
Measurement period adjustments related to Covidien	21	318	21	—	360
Other adjustments, net	—	(34)	3	—	(31)
Currency adjustment, net	(26)	(191)	(32)	1	(248)
April 29, 2016	$ 6,243	$ 23,784	$ 9,620	$ 1,853	$ 41,500

Definite-Lived Intangible Assets Carrying Value Definite-lived intangible assets activity for fiscal years 2016 and 2015 is as follows:

(in millions)	Customer-related	Purchased technology and patents	Trademarks and tradenames	Other	Total
Cost:					
April 25, 2014	$ 76	$ 3,857	$ 408	$ 124	$ 4,465
Additions as a result of acquisitions	18,448	7,187	445	2	26,082
Retired intangible assets	—	(9)	—	(47)	(56)
Transfers	—	88	—	—	88
Currency translation and other	(32)	(65)	(3)	—	(100)
April 24, 2015	$ 18,492	$ 11,058	$ 850	$ 79	$ 30,479
Additions as a result of acquisitions	96	209	2	7	314
Purchase accounting adjustments	—	30	—	7	37
Retired intangible assets	—	(124)	—	(20)	(144)
Transfers	—	219	—	—	219
Currency translation and other	8	5	2	(1)	14
April 29, 2016	$ 18,596	$ 11,397	$ 854	$ 72	$ 30,919
Accumulated Amortization:					
April 25, 2014	$ (6)	$ (1,878)	$ (332)	$ (82)	$ (2,298)
Amortization expense	(267)	(427)	(30)	(9)	(733)
Retired intangible assets	—	9	—	47	56
Currency translation and other	—	28	(1)	—	27
April 24, 2015	$ (273)	$ (2,268)	$ (363)	$ (44)	$ (2,948)
Amortization expense	(1,058)	(826)	(40)	(7)	(1,931)
Retired intangible assets	—	124	—	20	144
Currency translation and other	—	(6)	—		(6)
April 29, 2016	$ (1,331)	$ (2,976)	$ (403)	$ (31)	$ (4,741)
Net book value:					
April 24, 2015	$ 18,219	$ 8,790	$ 487	$ 35	$ 27,531
April 29, 2016	$ 17,265	$ 8,421	$ 451	$ 41	$ 26,178

The Group assesses definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an intangible asset (asset group) may not be recoverable. When events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable, the Group calculates the excess of an intangible asset's carrying value over its undiscounted future cash flows. If the carrying value is not recoverable, an impairment loss is recognized based on the amount by which the carrying value exceeds the fair value. The inputs used in the fair value analysis fall within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs to determine fair value. The Group did not recognize any intangible asset impairments during fiscal years 2016 and 2015.

Definite-Lived Intangible Asset Amortization Amortization expense for fiscal years 2016 and 2015 was $1.9 billion and $733 million, respectively.

Estimated aggregate amortization expense based on the current carrying value of amortizable intangible assets, excluding any possible future amortization associated with acquired IPR&D, which has not met technological feasibility, is as follows:

(in millions) Fiscal Year	Amortization Expense
2017	$ 1,931
2018	1,899
2019	1,805
2020	1,757
2021	1,739

7. Tangible Assets

Tangible asset activity for fiscal years 2016 and 2015 was as follows:

(in millions)	Land and Land Improvements	Buildings and Leasehold Improvements	Equipment	Construction in Progress	Total Tangible Assets
Cost:					
April 25, 2014	$ 152	$ 1,565	$ 4,409	$ 313	$ 6,439
Additions	—	8	138	425	571
Disposals	—	(31)	(348)	—	(379)
Acquisitions	72	754	1,215	309	2,350
Impairments	—	—	(13)	—	(13)
Transfers	(1)	35	330	(364)	—
Currency translation and other	(6)	(33)	(83)	(5)	(127)
April 24, 2015	$ 217	$ 2,298	$ 5,648	$ 678	$ 8,841
Additions	—	61	432	553	1,046
Disposals	(1)	(60)	(155)	(12)	(228)
Acquisitions	—	23	34	6	63
Impairments	—	—	(14)	—	(14)
Transfers	2	74	373	(449)	—
Currency translation and other	(3)	(2)	10	1	6
April 29, 2016	$ 215	$ 2,394	$ 6,328	$ 777	$ 9,714
Accumulated depreciation:					
April 25, 2014	$ (22)	$ (707)	$ (3,318)	$ —	$ (4,047)
Depreciation expense	(2)	(87)	(484)	—	(573)
Impairments	—	—	13	—	13
Disposals	—	27	350	—	377
Reclassifications to held for sale	—	—	—	—	—
Currency translation and other	1	14	51	—	66
April 24, 2015	$ (23)	$ (753)	$ (3,388)	$ —	$ (4,164)
Depreciation expense	(2)	(145)	(742)	—	(889)
Impairments	—	—	14	—	14
Disposals	1	43	125	—	169
Currency translation and other	—	1	(4)	—	(3)
April 29, 2016	$ (24)	$ (854)	$ (3,995)	$ —	$ (4,873)
Net book value:					
April 24, 2015	$ 194	$ 1,545	$ 2,260	$ 678	$ 4,677
April 29, 2016	$ 191	$ 1,540	$ 2,333	$ 777	$ 4,841

Capital expenditures are expected to be approximately $1.1 billion in fiscal year 2017.

8. Debtors

Debtors consisted of the following:

(in millions)	April 29, 2016	April 24, 2015
Amounts falling due within one year:		
Trade debtors, less allowances of $161 and $144, respectively	$ 5,562	$ 5,112
Tax assets (note 16)	697	1,334
Derivative contracts receivable (note 12)	136	511
Interest receivable	56	82
Tax sharing agreement receivable (note 1)	261	26
Bard settlement (note 20)	—	121
Other debtors and prepayments	1,021	834
Total amounts falling due within one year	7,733	8,020
Amounts falling due after one year:		
Long-term tax assets (note 16)	1,413	753
Tax sharing agreement receivable (note 1)	—	270
Derivative contracts receivable (note 12)	112	222
Other debtors	571	539
Total amounts falling due after one year	2,096	1,784
Total debtors	$ 9,829	$ 9,804

9. Creditors

Creditors consisted of the following:

(in millions)	April 29, 2016	April 24, 2015
Amounts falling due within one year:		
Financing arrangements (note 10)	$ 993	$ 2,434
Trade creditors	1,709	1,610
Accrued payroll and employee benefits [(1)]	1,682	1,542
Accrued interest	126	134
Income taxes payable	566	942
Deferred revenue	159	139
Payables on derivatives (note 12)	113	42
Accruals and other creditors	828	1,217
Total amounts falling due within one year	$ 6,176	$ 8,060
Amounts falling due after one year:		
Financing arrangements (note 10)	30,247	33,752
Income taxes payable	2,903	2,468
Accrued employee benefits	268	234
Payables on derivatives and hedges (note 12)	106	74
Deferred revenue	80	64
Accruals and other creditors	57	83
Total amounts falling due after one year	$ 33,661	$ 36,675

(1) Includes pay related social insurance of approximately $24 million and $17 million for the fiscal years ended April 29, 2016 and April 24, 2015, respectively.

10. Financing Arrangements

Short-term borrowings consisted of the following:

(in millions)	April 29, 2016	April 24, 2015
Capital lease obligations	$ 106	$ 16
Bank borrowings	387	303
Floating rate three-year 2014 senior notes	250	—
0.875 percent three-year 2014 senior notes	250	—
2.625 percent five-year 2011 senior notes	—	500
4.750 percent ten-year 2005 senior notes	—	600
1.350 percent 2012 CIFSA senior notes	—	600
2.800 percent 2010 CIFSA senior notes	—	400
Interest rate swaps	—	10
Debt premium	—	5
Total short-term borrowings	$ 993	$ 2,434

Commercial Paper On January 26, 2015, Medtronic Global Holdings S.C.A. (Medtronic Luxco), an entity organized under the laws of Luxembourg, entered into various agreements pursuant to which Medtronic Luxco may issue unsecured commercial paper notes (the 2015 Commercial Paper Program) on a private placement basis up to a maximum aggregate amount outstanding at any time of $3.5 billion. Medtronic and Medtronic, Inc. have guaranteed the obligations of Medtronic Luxco under the 2015 Commercial Paper Program. No amounts were outstanding at April 29, 2016 and April 24, 2015.

During fiscal years 2016 and 2015, the weighted average original maturity of the commercial paper outstanding was approximately 49 and 52 days, respectively, and the weighted average interest rate was 0.57 percent and 0.13 percent, respectively. The issuance of commercial paper reduces the amount of credit available under the Group's existing line of credit.

Bank Borrowings Outstanding bank borrowings at April 29, 2016 were short-term advances to certain non-U.S. subsidiaries under credit agreements with various banks. Bank borrowings consist primarily of borrowings at interest rates considered favorable by management ranging from 0.18% to 0.19% and the borrowing is a natural hedge of foreign currency and exchange rate risk.

Line of Credit The Group has a $3.5 billion Five Year Revolving Credit Facility ($3.5 billion Five Year Revolving Credit Facility), by and among Medtronic, Inc. and Medtronic Luxco, as borrowers, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent and issuing bank, which expires in January 2020. The $3.5 billion Five Year Revolving Credit Facility provides the Group with the ability to increase its borrowing capacity by an additional $500 million at any time during the term of the agreement. At each anniversary date of the $3.5 billion Five Year Revolving Credit Facility, but not more than twice prior to the maturity date, the Group could also request a one-year extension of the maturity date. Medtronic, Medtronic, Inc., and Medtronic Luxco have guaranteed the obligations under the Amended and Restated Revolving Credit Agreement. At April 29, 2016 and April 24, 2015, no amounts were outstanding on the committed line of credit.

Interest rates are determined by a pricing matrix, based on the issuer’s long-term debt ratings, assigned by Standard & Poor’s Ratings Services and Moody’s Investors Service. Facility fees are payable on the Credit Facility and are determined in the same manner as the interest rates. The agreement also contains customary covenants, all of which the Group was in compliance with at April 29, 2016.

Long-term debt consisted of the following:

(in millions, except interest rates)	Maturity by Fiscal Year	April 29, 2016 Payable	April 29, 2016 Effective Interest Rate	April 24, 2015 Payable	April 24, 2015 Effective Interest Rate
Floating rate three-year 2014 senior notes	2017	$ —	—%	$ 250	0.32%
0.875 percent three-year 2014 senior notes	2017	—	—	250	0.91
6.000 percent ten-year 2008 CIFSA senior notes	2018	1,150	1.41	1,150	1.41
1.375 percent five-year 2013 senior notes	2018	1,000	1.41	1,000	1.41
1.500 percent three-year 2015 senior notes	2018	1,000	1.59	1,000	1.59
5.600 percent ten-year 2009 senior notes	2019	400	5.61	400	5.61
4.450 percent ten-year 2010 senior notes	2020	766	4.47	1,250	4.47
2.500 percent five-year 2015 senior notes	2020	2,500	2.52	2,500	2.52
Floating rate five-year 2015 senior notes	2020	500	1.04	500	1.04
4.200 percent ten-year 2010 CIFSA senior notes	2021	600	2.22	600	2.22
4.125 percent ten-year 2011 senior notes	2021	500	4.19	500	4.19
3.125 percent ten-year 2012 senior notes	2022	675	3.16	675	3.16
3.200 percent ten-year 2012 CIFSA senior notes	2023	650	2.66	650	2.66
3.150 percent seven-year 2015 senior notes	2022	2,500	3.18	2,500	3.18
2.750 percent ten-year 2013 senior notes	2023	530	2.78	1,250	2.78
2.950 percent ten-year 2013 CIFSA senior notes	2024	310	2.67	750	2.67
3.625 percent ten-year 2014 senior notes	2024	850	3.65	850	3.65
3.500 percent ten-year 2015 senior notes	2025	4,000	3.61	4,000	3.61
4.375 percent twenty-year 2015 senior notes	2035	2,382	4.44	2,500	4.44
6.550 percent thirty-year 2007 CIFSA senior notes	2038	374	3.75	850	3.75
6.500 percent thirty-year 2009 senior notes	2039	300	6.52	300	6.52
5.550 percent thirty-year 2010 senior notes	2040	500	5.56	500	5.56
4.500 percent thirty-year 2012 senior notes	2042	400	4.51	400	4.51
4.000 percent thirty-year 2013 senior notes	2043	325	4.12	750	4.12
4.625 percent thirty-year 2014 senior notes	2044	650	4.67	650	4.67
4.625 percent thirty-year 2015 senior notes	2045	4,000	4.64	4,000	4.64
Three-year term loan	2018	3,000	1.12	3,000	1.12
Interest rate swaps	2021-2022	89	—	79	—
Deferred gains from interest rate swap terminations, net	—	—	—	3	—
Capital lease obligations	2018-2026	26	4.66	129	3.52
Bank borrowings	2018-2021	56	6.46	17	—
Debt premium (discount)	2018-2045	214	—	499	—
Total Long-Term Debt		$ 30,247		$ 33,752	

Senior Notes The Group has outstanding unsecured senior obligations including those indicated as senior notes in the long-term debt table above (collectively, the Senior Notes). The Senior Notes rank equally with all other unsecured and unsubordinated indebtedness of the Group. The indentures under which the Senior Notes were issued contain customary covenants, all of which the Group remains in compliance with as of April 29, 2016. The Group used the net proceeds from the sale of the Senior Notes primarily for working capital and general corporate uses, which includes the repayment of other indebtedness of the Group, and to fund the acquisition of Covidien in fiscal year 2015.

In April 2016, the Group completed a cash tender offer and redemption of $2.7 billion of senior notes for $3.0 billion of total consideration. We recognized a loss on debt extinguishment of $163 million, which included cash premiums and accelerated amortization of deferred financing costs and debt discounts and premiums. The loss on debt extinguishment was recorded in *interest payable and similar charges* in the consolidated profit and loss account. In addition to the loss on debt extinguishment,

we recognized $20 million of *interest payable and similar charges* in the consolidated profit and loss account due to the acceleration of net losses on forward starting interest rate derivatives, which had been terminated at the time of original debt issuances, relating to the portion of debt extinguished in the tender offer.

On January 26, 2015, Medtronic and Medtronic Luxco each provided a full and unconditional guarantee of the Senior Note obligations of Medtronic, Inc. and of Covidien International Finance S.A., a Luxembourg company (CIFSA).

On December 10, 2014, Medtronic, Inc. issued seven tranches of Senior Notes (collectively the 2015 Senior Notes) with an aggregate face value of $17.0 billion, resulting in cash proceeds of approximately $16.8 billion, net of discounts and issuance costs. The first tranche consisted of $1.0 billion of 1.500 percent Senior Notes due 2018. The second tranche consisted of $2.5 billion of 2.500 percent Senior Notes due 2020. The third tranche consisted of $500 million of floating rate Senior Notes due 2020 (the 2020 floating rate notes). The 2020 floating rate notes bear interest at the three-month London InterBank Offered Rate (LIBOR) plus 80 basis points. The fourth tranche consisted of $2.5 billion of 3.150 percent Senior Notes due 2022. The fifth tranche consisted of $4.0 billion of 3.500 percent Senior Notes due 2025. The sixth tranche consisted of $2.5 billion of 4.375 percent Senior Notes due 2035. The seventh tranche consisted of $4.0 billion of 4.625 percent Senior Notes due 2045. Interest on the 2020 floating rate notes is payable quarterly and interest on each series of the fixed rate notes is payable semi-annually. The Group used the combined proceeds from the 2015 Senior Notes and the $3.0 billion borrowed for a term of three years under the Term Loan Credit Agreement (as defined below) to fund the approximately $16.0 billion cash consideration portion of the January 26, 2015 estimated $50.0 billion acquisition of Covidien, to pay certain transaction and financing expenses, and for working capital and general corporate purposes.

On January 26, 2015, Covidien had $5.0 billion aggregate principal amount issued and outstanding consisting of $750 million aggregate principal amount of 2.950 percent senior notes due 2023, $600 million aggregate principal amount of 1.350 percent senior notes due 2015, $650 million aggregate principal amount of 3.200 percent senior notes due 2022, $400 million aggregate principal amount of 2.800 percent senior notes due 2015, $600 million aggregate principal amount of 4.200 percent senior notes due 2020, $1.2 billion aggregate principal amount of 6.000 percent senior notes due 2018 and $850 million aggregate principal amount of 6.550 percent senior notes due 2037 (collectively, the "CIFSA Senior Notes"). The Group recorded a fair value adjustment as required upon acquisition and subsequently recorded a premium totaling $607 million related to CIFSA Senior Notes.

At April 29, 2016 and April 24, 2015, the Group had interest rate swap agreements designated as fair value hedges of certain underlying fixed-rate obligations including the Group's $500 million 4.125 percent 2011 Senior Notes, and $675 million 3.125 percent 2012 Senior Notes. As of April 24, 2015, the Group also had an interest rate swap agreement designated as a fair value hedge underlying the fixed rate obligation related to the Group's $600 million 4.750 percent 2005 Senior Notes and the $500 million 2.625 percent 2011 Senior Notes, which were due during fiscal year 2016. For additional information regarding the interest rate swap agreements, refer to Note 12.

Term Loan On January 26, 2015, Medtronic, Inc. borrowed $3.0 billion for a term of three years under that certain Senior Unsecured Term Loan Credit Agreement (the "Term Loan Credit Agreement"), among Medtronic, Inc., Medtronic, Medtronic Luxco, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent, to finance, in part, the cash component of the Arrangement Consideration and certain transaction expenses. Medtronic and Medtronic Luxco have guaranteed the obligations of Medtronic, Inc. under the Term Loan Credit Agreement.

Contractual maturities of debt for the next five fiscal years and thereafter, excluding the debt premium and discount, the fair value of outstanding interest rate swap agreements, and the remaining deferred gains from terminated interest rate swap agreements are as follows:

(in millions) **Fiscal Year**	
2017	$ 993
2018	6,176
2019	411
2020	3,777
2021	1,104
Thereafter	18,476
Total debt	30,937
Less: Current portion of debt	993
Total long-term portion of debt	$ 29,944

Financial Instruments Not Measured at Fair Value The estimated fair value of the Group's long-term debt, including the short-term portion, at April 29, 2016 was $29.8 billion compared to a principal value of $27.4 billion. At April 24, 2015 the estimated fair value was $34.6 billion compared to a principal value of $32.1 billion. Fair value was estimated using quoted market prices for the publicly registered senior notes, classified as Level 2 within the fair value hierarchy. The fair values and principal values consider the terms of the related debt and exclude the impacts of debt discounts and derivative/hedging activity.

11. Provisions for Liabilities

Provisions for liabilities were as follows:

(in millions)	April 29, 2016	April 24, 2015
Accrued certain litigation charges	$ 1,115	$ 879
Pensions and similar obligations (note 17)	1,462	1,316
Guaranteed contingent tax liabilities	284	481
Deferred taxes, as adjusted (note 16)	3,729	4,860
Contingent consideration liabilities (note 2)	377	264
Restructuring reserves (note 3)	257	233
Warranty obligation (note 1)	108	135
Right of return	473	431
Other provisions	159	159
Total provision for liabilities	$ 7,964	$ 8,758

Provisions activity during fiscal year 2016 and fiscal year 2015 was as follows:

(in millions)	Accrued Certain Litigation Charges	Guaranteed Contingent Tax Liabilities	Right of Return	Other
April 25, 2014	$ 167	$ —	$ 249	$ 86
Contingencies related to the Covidien acquisition	729	481		
Provisions	42	—	829	173
Utilization and payments	(59)	—	(647)	(95)
Currency translation and other	—	—	—	(5)
April 24, 2015	$ 879	$ 481	$ 431	$ 159
Contingencies related to the Covidien acquisition	484	—	—	—
Provisions	108	—	1,016	190
Utilization and payments	(340)	(197)	(987)	(185)
Currency translation and other	(16)	—	13	(5)
April 29, 2016	$ 1,115	$ 284	$ 473	$ 159

12. Derivatives and Foreign Exchange Risk Management

The Group uses operational and economic hedges, as well as currency exchange rate derivative contracts and interest rate derivative instruments, to manage the impact of currency exchange and interest rate changes on earnings and cash flows. In addition, the Group uses cross currency interest rate swaps to manage currency risk related to certain debt. In order to minimize earnings and cash flow volatility resulting from currency exchange rate changes, the Group enters into derivative instruments, principally forward currency exchange rate contracts. These contracts are designed to hedge anticipated foreign currency transactions and changes in the value of specific assets and liabilities. At inception of the contract, the derivative is designated as either a freestanding derivative or a cash flow hedge. The primary currencies of these derivative instruments are the Euro and Japanese Yen. The Group does not enter into currency exchange rate derivative contracts for speculative purposes. The gross notional amounts of all currency exchange rate derivative instruments outstanding at April 29, 2016 and April 24, 2015 were $10.8 billion and $9.8 billion, respectively. The aggregate currency exchange rate gains were $314 million and $131 million in fiscal years 2016 and 2015, respectively.

The information that follows explains the various types of derivatives and financial instruments used by the Group, how and why the Group uses such instruments, how such instruments are accounted for, and how such instruments impact the Group's consolidated balance sheet, consolidated profit and loss account, and consolidated statements of cash flows.

Freestanding Derivative Forward Contracts Freestanding derivative forward contracts are used to offset the Group's exposure to the change in value of specific foreign currency denominated assets and liabilities and to offset variability of cash flows associated with forecasted transactions denominated in a foreign currency. The gross notional amount of these contracts, not designated as hedging instruments, outstanding at April 29, 2016 and April 24, 2015 was $5.0 billion and $4.7 billion, respectively.

The amounts and classification of the gains in the consolidated profit and loss account related to derivative instruments, not designated as hedging instruments, for fiscal years 2016 and 2015 are as follows:

(in millions)		Fiscal Year	
Derivatives Not Designated as Hedging Instruments	**Classification**	**2016**	**2015**
Currency exchange rate contracts	Other expense	$ 33	$ 210

Cash Flow Hedges

Currency Exchange Rate Risk

Forward 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. No gains or losses relating to ineffectiveness of cash flow hedges were recognized in the consolidated profit and loss account in fiscal years 2016 or 2015. No components of the hedge contracts were excluded in the measurement of hedge ineffectiveness and no hedges were derecognized or discontinued during fiscal years 2016 or 2015. The gross notional amounts of these contracts, designated as cash flow hedges, outstanding at April 29, 2016 and April 24, 2015 were $5.7 billion and $5.1 billion, respectively, and will mature within the subsequent two-year period.

The amount of gains (losses) and classification of the gains (losses) in the consolidated profit and loss account and other comprehensive income (OCI) related to foreign currency exchange rate contract derivative instruments designated as cash flow hedges for the fiscal years 2016 and 2015 were as follows:

Fiscal Year 2016

(in millions)	Gross Gains Recognized in OCI on Effective Portion of Derivative	Effective Portion of Gains (Losses) on Derivative Reclassified from AOCI into Profit	
Derivatives in Cash Flow Hedging Relationships	**Amount**	**Classification**	**Amount**
Currency exchange rate contracts	$ (165)	Other expense	$ 405
		Cost of sales	(37)
Total	$ (165)	Total	$ 368

Fiscal Year 2015

(in millions)	Gross Losses Recognized in OCI on Effective Portion of Derivative	Effective Portion of Gains (Losses) on Derivative Reclassified from AOCI into Profit	
Derivatives in Cash Flow Hedging Relationships	**Amount**	**Classification**	**Amount**
Currency exchange rate contracts	$ 707	Other expense	$ 221
		Cost of sales	(65)
Total	$ 707	Total	$ 156

Forecasted Debt Issuance Interest Rate Risk

Forward starting interest rate derivative instruments designated as cash flow hedges are designed to manage the exposure to interest rate volatility with regard to future issuances of fixed-rate debt. No gains or losses relating to ineffectiveness of forward starting interest rate derivative instruments were recognized in earnings during fiscal years 2016 and 2015. No components of the hedge contracts were excluded in the measurement of hedge ineffectiveness. In connection with the closing of the 2015 Senior Notes, the Group entered into forward starting interest rate derivatives with a notional amount of $5.9 billion, these swaps were terminated upon the issuance of the 2015 Senior Notes. Upon termination, there was no material ineffectiveness on the contracts which were in a net liability position, resulting in cash payment of $79 million. During fiscal year 2016, the Group terminated forward starting interest rate derivatives with a consolidated notional amount of $500 million, which were previously entered into in advance of a planned debt issuance that is no longer expected. Upon termination, these swaps were in a net liability position, resulting in a cash payment of $45 million. At April 29, 2016, the Group had $300 million of fixed pay, forward starting interest rate swaps with a weighted average fixed rate of 3.10 percent in anticipation of planned debt issuances.

For fiscal years 2016 and 2015, the Group reclassified $12 million and $11 million, respectively, of the effective portion of the net losses on forward starting interest rate derivative instruments from *accumulated other comprehensive loss* on the consolidated balance sheet to *interest payable and similar charges* in the consolidated profit and loss account. In addition, the Group reclassified $20 million from *accumulated other comprehensive loss* on the consolidated balance sheet to *interest payable and similar charges* in the consolidated profit and loss account due to the acceleration of net losses on forward starting interest derivatives, which had been terminated at the time of the original debt issuances, relating to the portion of debt extinguished in the tender offer.

The unrealized losses on outstanding forward starting interest rate swap derivative instruments at April 29, 2016 and April 24, 2015 were $48 million and $71 million, respectively.

At April 29, 2016 and April 24, 2015, the Group had $(90) million loss and $210 million gain, respectively, in after-tax net unrealized (losses) gains associated with cash flow hedging instruments recorded in *accumulated other comprehensive loss* on the consolidated balance sheet. The Group expects that $17 million of after-tax net unrealized losses as of April 29, 2016 will be reclassified into the consolidated profit and loss account over the next 12 months.

Fair Value Hedges Interest rate derivative instruments designated as fair value hedges are designed 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, the Group agrees to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount.

At April 29, 2016 and April 24, 2015, the Group had interest rate swaps in gross notional amounts of $1.2 billion and $2.0 billion, respectively, designated as fair value hedges of underlying fixed rate obligations. At April 29, 2016 and April 24, 2015, the Group had interest rate swap agreements designated as fair value hedges of underlying fixed rate obligations including the Group's $500 million 4.125 percent 2011 Senior Notes due 2021, and the $675 million 3.125 percent 2012 Senior Notes due 2022. At April 24, 2015, the Group also had an interest rate swap agreement designated as a fair value hedge underlying the fixed rate obligation related to the Group's $600 million 4.750 percent 2005 Senior Notes due 2016 and the $500 million 2.625 percent 2011 Senior Notes due 2016.

At April 29, 2016 and April 24, 2015, the market value of outstanding interest rate swap agreements was an unrealized gain of $89 million and $18 million, respectively, and the market value of the hedged items was an unrealized loss of $89 million and $18 million, respectively. No significant hedge ineffectiveness was recorded as a result of these fair value hedges for fiscal years 2016 and 2015.

During fiscal years 2016 and 2015, the Group did not have any ineffective fair value hedging instruments. In addition, the Group did not recognize any gains or losses during fiscal years 2016 or 2015 on firm commitments that no longer qualify as fair value hedges.

Balance Sheet Presentation The following tables summarize the classification and fair value amounts of derivative instruments reported on the consolidated balance sheet at April 29, 2016 and April 24, 2015. The fair value amounts are presented on a gross basis and are segregated between derivatives that are designated and qualify as hedging instruments and those that are not and are further segregated by type of contract within those two categories.

April 29, 2016

	Asset Derivatives		Liability Derivatives	
(in millions)	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Derivatives designated as hedging instruments:				
Currency exchange rate contracts	Debtors	$ 123	Creditors (amounts falling due within one year)	$ 89
Interest rate contracts	Debtors	89	Creditors (amounts falling due after more than one year)	48
Currency exchange rate contracts	Debtors	9	Creditors (amounts falling due after more than one year)	54
Total derivatives designated as hedging instruments		$ 221	Total derivatives designated as hedging instruments	$ 191
Derivatives not designated as hedging instruments:				
Commodity derivatives	Debtors	$ —	Creditors (amounts falling due within one year)	$ 1
Currency exchange rate contracts	Debtors	13	Creditors (amounts falling due within one year)	23
Cross currency interest rate contracts	Debtors	14	Creditors (amounts falling due after more than one year)	4
Total derivatives not designated as hedging instruments		$ 27	Total derivatives not designated as hedging instruments	$ 28
Total derivatives		$ 248	Total derivatives	$ 219

April 24, 2015

	Asset Derivatives		Liability Derivatives	
(in millions)	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Derivatives designated as hedging instruments:				
Interest rate contracts	Debtors	$ 10	Creditors (amounts falling due within one year)	$ —
Currency exchange rate contracts	Debtors	382	Creditors (amounts falling due within one year)	12
Interest rate contracts	Debtors	79	Creditors (amounts falling due after one year)	71
Currency exchange rate contracts	Debtors	143	Creditors (amounts falling due after one year)	3
Total derivatives designated as hedging instruments		$ 614	Total derivatives designated as hedging instruments	$ 86
Derivatives not designated as hedging instruments:				
Currency exchange rate contracts	Debtors	$ 119	Creditors (amounts falling due within one year)	$ 30
Total derivatives not designated as hedging instruments		$ 119	Total derivatives not designated as hedging instruments	$ 30
Total derivatives		$ 733	Total derivatives	$ 116

The following table provides information by level for the derivative assets and liabilities that are measured at fair value on a recurring basis at April 29, 2016 and April 24, 2015:

	April 29, 2016			April 24, 2015		
(in millions)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative assets	$ 145	$ 103	$ —	$ 644	$ 89	$ —
Derivative liabilities	166	53	—	45	71	—

The Group has elected to present the fair value of derivative assets and liabilities on the consolidated balance sheet on a gross basis even when derivative transactions are subject to master netting arrangements and may otherwise qualify for net presentation. The following table provides information as if the Group had elected to offset the asset and liability balances of derivative instruments, netted in accordance with various criteria as stipulated by the terms of the master netting arrangements with each of the counterparties. Derivatives not subject to master netting arrangements are not eligible for net presentation.

April 29, 2016		Gross Amount Not Offset on the Balance Sheet		
(in millions)	Gross Amount of Recognized Assets (Liabilities)	Financial Instruments	Cash Collateral (Received) or Posted	Net Amount
Derivative Assets:				
Currency exchange rate contracts	$ 145	$ (98)	$ (1)	$ 46
Interest rate contracts	89	(20)	—	69
Cross currency interest rate contracts	14	—	—	14
Total derivative assets	$ 248	$ (118)	$ (1)	$ 129
Derivative Liabilities:				
Currency exchange rate contracts	$ (166)	$ 85	26	$ (55)
Interest rate contracts	(48)	34	—	(14)
Cross currency interest rate contracts	(4)	—	—	(4)
Commodity contracts	(1)	—	—	(1)
Total derivative liabilities	$ (219)	$ 119	$ 26	$ (74)
Total	$ 29	$ 1	$ 25	$ 55

April 24, 2015		Gross Amount Not Offset on the Balance Sheet		
(in millions)	Gross Amount of Recognized Assets (Liabilities)	Financial Instruments	Cash Collateral (Received) or Posted	Net Amount
Derivative Assets:				
Currency exchange rate contracts	$ 644	$ (61)	$ (325)	$ 258
Interest rate contracts	89	(10)	(13)	66
Total derivative assets	$ 733	$ (71)	$ (338)	$ 324
Derivative Liabilities:				
Currency exchange rate contracts	$ (45)	$ 31	$ —	$ (14)
Interest rate contracts	(71)	40	8	(23)
Total derivative liabilities	$ (116)	$ 71	$ 8	$ (37)
Total	$ 617	$ —	$ (330)	$ 287

Concentrations of Credit Risk Financial instruments, which potentially subject the Group to significant concentrations of credit risk, consist principally of interest-bearing investments, forward exchange derivative contracts, and trade debtors.

The Group maintains cash and cash equivalents, investments, and certain other financial instruments (including currency exchange rate and interest rate derivative contracts) with various major financial institutions. The Group performs periodic evaluations of the relative credit standings of these financial institutions and limits the amount of credit exposure with any one institution. In addition, the Group has collateral credit agreements with its primary derivatives counterparties. Under these agreements, either party is required to post eligible collateral when the market value of transactions covered by the agreement exceeds specific thresholds, thus limiting credit exposure for both parties. At April 29, 2016, the Group posted net cash collateral of $25 million to its counterparties. The collateral posted was recorded in *debtors*, with the offset recorded as a decrease in *cash at bank and in hand* on the consolidated balance sheet. At April 24, 2015, the Group received net cash collateral of $330 million from its counterparties. The collateral received was recorded in *cash at bank and in hand*, with the offset recorded as an increase in *creditors (amounts falling due within one year)* on the consolidated balance sheet.

Global concentrations of credit risk with respect to trade debtors are limited due to the large number of customers and their dispersion across many geographic areas. The Group monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business. However, a significant amount of trade receivables are with hospitals that are dependent upon governmental health care systems. The current economic conditions in some countries may continue to increase the average length of time it takes the Group to collect on its outstanding trade receivables in these countries as certain payment patterns have been impacted. Although the Group does not currently foresee a significant credit risk associated with the outstanding debtors, repayment may be impacted by the financial stability of the economies of these countries.

13. Interest Payable and Similar Charges

Interest payable and similar charges were comprised of the following:

	Fiscal Year	
(in millions)	2016	2015
Interest charges related to financing arrangements	$ 1,185	$ 639
Debt tender cost	183	—
Other	18	27
Total interest payable and similar charges	$ 1,386	$ 666

14. Shareholders' Equity

Share Capital Medtronic plc is authorized to issue 2.6 billion Ordinary Shares, $0.0001 par value; 40 thousand Euro Deferred Shares, €1.00 par value; 127.5 million Preferred Shares, $0.20 par value; and 500 thousand A Preferred Shares, $1.00 par value.

(in millions, except share data)	April 29, 2016	
Authorized:	Number	Amount
Ordinary Shares, $0.0001 par value	2,600,000,000	$ —
Euro Deferred Shares, €1.00 par value	40,000	—
Preferred Shares, $0.20 par value	127,500,000	26
A Preferred Shares, $1.00 par value	500,000	1
Total authorized		$ 27
Allotted, called up and fully paid:		
Ordinary Shares, $0.0001 par value	1,399,018,022	$ —
A Preferred Shares, $1.00 par value	1,872	—
Total allotted, called up and fully paid		$ —

(in millions, except share data)	April 24, 2015	
Authorized:	**Number**	**Amount**
Ordinary Shares, $0.0001 par value	2,600,000,000	$ —
Euro Deferred Shares, €1.00 par value	40,000	—
Preferred Shares, $0.20 par value	127,500,000	26
A Preferred Shares, $1.00 par value	500,000	1
Total authorized		$ 27
Allotted, called up and fully paid:		
Ordinary Shares, $0.0001 par value	1,421,648,005	$ —
Euro Deferred Shares, €1.00 par value	40,000	—
A Preferred Shares, $1.00 par value	1,872	—
Total allotted, called up and fully paid		$ —

Euro Deferred Shares During the Transactions, the Group issued 40 thousand Euro Deferred Shares at their par value of €1.00 per share. The holders of the Euro Deferred Shares were not entitled to receive any dividend or distribution and were not entitled to receive notice of, nor attend, speak or vote at any general meeting of the Group. On a return of assets, whether on liquidation or otherwise, the Euro Deferred Shares were entitled to only the repayment of the amounts paid up on such shares, after repayment of the capital paid up on the ordinary shares plus the payment of $5 million on each of the Ordinary Shares. Euro Deferred shareholders were not entitled to any further participation in the assets or profits of the Group. On March 23, 2016, the Euro Deferred Shares were transferred back to the Group and were subsequently canceled.

A Preferred Shares The Group issued 624 A Preferred Shares, par value $1.00, each to three of its advisors in connection with the Transactions, for a total of 1,872 A Preferred Shares outstanding with an aggregate consideration of $75 thousand. The holders of A Preferred Shares are entitled to payment of dividends prior to any other class of shares in the Group equal to twice the dividend to be paid per Group ordinary share. On a return of assets, whether on liquidation or otherwise, the A Preferred Shares are entitled to repayment of the capital paid up thereon in priority to any repayment of capital to the holders of any other shares and the holders of the A Preferred Shares shall not be entitled to any further participation in the assets or profits of the Group. The holders of the A Preferred Shares are not entitled to receive notice of, nor to attend, speak, or vote at any general meeting of the Group.

Dividends The timing, declaration and payment of future dividends to holders of our ordinary and A Preferred shares falls within the discretion of the Group's board of directors and depends upon many factors, including the statutory requirements of Irish law, the Group's profit and financial condition, the capital requirements of our businesses, industry practice and any other factors the board of directors deems relevant.

Ordinary Share Redemption Program Ordinary shares are repurchased from time to time to support the Group’s stock-based compensation programs and to return capital to ordinary shareholders. During fiscal years 2016 and 2015, the Group repurchased approximately 38 million and 30 million ordinary shares at an average price of $74.92 and $64.53, respectively. In June 2015, the Group's board of directors authorized, subject to the ongoing existence of sufficient distributable reserves, the redemption of 80 million of the Company's ordinary shares. At April 29, 2016, the Group had used 8 million of the 80 million ordinary shares authorized under the repurchase program, leaving 72 million ordinary shares available for future repurchases. The Group accounts for redemptions of ordinary shares using the par value method and shares repurchased are canceled. The par value of the ordinary shares redeemed and transferred to the other undenominated capital reserve was insignificant at April 29, 2016 and April 24, 2015.

15. Stock Purchase and Award Plans

The Group measures stock-based compensation expense at the grant date based on the fair value of the award and recognizes the compensation expense over the requisite service period, which is generally the vesting period.

The Medtronic, Inc. 2013 Stock Award and Incentive Plan was originally approved by the Group's shareholders in August 2013. In January 2015, the Group's Board of Directors approved an amendment to and assumption of the existing Medtronic, Inc. 2013 Stock Award and Incentive Plan, which created the new Medtronic plc 2013 Stock Award and Incentive Plan (2013 Plan). In fiscal year 2016, the Group granted stock awards under the 2013 Plan. The 2013 Plan provides for the grant of non-qualified and incentive stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, and other stock and cash-based awards. At April 29, 2016, there were approximately 27 million shares available for future grants under the 2013 Plan.

Share Options Options are granted at the exercise price equal to the closing price of the Group's ordinary shares on the grant date. The majority of the Group's options are non-qualified options with a 10-year life and a 4-year ratable vesting term. In fiscal year 2016, the Group granted share options under the 2013 Plan.

Restricted Stock Awards Restricted stock and restricted stock units (collectively referred to as restricted stock awards) are granted to officers and key employees. The Group grants restricted stock awards that typically cliff vest after four years. The expense recognized for restricted stock awards is equal to the grant date fair value, which is equal to the closing stock price on the date of grant. Restricted stock awards are expensed over the vesting period and are subject to forfeiture if employment terminates prior to the lapse of the restrictions. The Group also grants shares of performance-based restricted stock awards that typically cliff vest after three years only if the Group has also achieved certain performance objectives. Performance awards are expensed over the performance period based on the probability of achieving the performance objectives.

Shares of restricted stock are considered issued and outstanding shares of the Group at the grant date and have the same dividend and voting rights as other ordinary shares. Restricted stock units are not considered issued or outstanding ordinary shares of the Group. Dividend equivalent units are accumulated on restricted stock units during the vesting period. In fiscal year 2016, the Group granted restricted stock units under the 2013 Plan. At April 29, 2016, all restricted stock awards outstanding were restricted stock units.

Employees Stock Purchase Plan The Medtronic plc Amended and Restated 2014 Employees Stock Purchase Plan (ESPP) allows participating employees to purchase the Group's ordinary shares at a discount through payroll deductions. The expense recognized for shares purchased under the Group's ESPP is equal to the 15 percent discount the employee receives at the end of the calendar quarter purchase period.

Employees may contribute between 2 percent and 10 percent of their wages or the statutory limit under the U.S. Internal Revenue Code toward the purchase of newly issued ordinary shares of the Group at 85 percent of its market value at the end of the calendar quarter purchase period. Employees purchased 2 million shares at an average price of $61.66 per share in fiscal year 2016. At April 29, 2016, plan participants have had approximately $12 million withheld to purchase the Group's ordinary shares at 85 percent of its market value on June 30, 2016, the last trading day before the end of the calendar quarter purchase period. At April 29, 2016, approximately 20 million ordinary shares were available for future purchase under the ESPP.

Stock Option Valuation Assumptions The Group uses the Black-Scholes option pricing model (Black-Scholes model) to determine the fair value of stock options as of the grant date. The fair value of stock options under the Black-Scholes model requires management to make assumptions regarding projected employee stock option exercise behaviors, risk-free interest rates, volatility of the Group's stock price, and expected dividends.

The following table provides the weighted average fair value of options granted to employees and the related assumptions used in the Black-Scholes model:

	Fiscal Year	
	2016	2015
Weighted average fair value of options granted	$ 13.72	$ 25.39
Assumptions used:		
Expected life (years)[1]	5.94	4.24
Risk-free interest rate[2]	1.79%	0.99%
Volatility[3]	21.00%	21.29%
Dividend yield[4]	1.96%	1.66%

(1) *Expected life:* The Group analyzes historical employee stock option exercise and termination data to estimate the expected life assumption. The Group calculates the expected life assumption using the midpoint scenario, which combines historical exercise data with hypothetical exercise data, as the Group believes this data currently represents the best estimate of the expected life of a new employee option.
(2) *Risk-free interest rate:* The rate is based on the grant date yield of a zero-coupon U.S. Treasury bond whose maturity period equals the expected term of the option.
(3) *Volatility:* Expected volatility is based on a blend of historical volatility and an implied volatility of the Group's ordinary shares. Implied volatility is based on market traded options of the Group's ordinary shares.
(4) *Dividend yield:* The dividend yield rate is calculated by dividing the Group's annual dividend, based on the most recent quarterly dividend rate, by the closing stock price on the grant date.

Stock-Based Compensation Expense The Group measures stock-based compensation expense at the grant date based on the fair value of the award and recognizes the compensation expense over the requisite service period, which is generally the vesting period.

The amount of stock-based compensation expense recognized during a period is based on the portion of the awards that are ultimately expected to vest. The Group estimates pre-vesting forfeitures at the time of grant by analyzing historical data and revises those estimates in subsequent periods if actual forfeitures differ from those estimates. Ultimately, the total expense recognized over the vesting period will equal the fair value of awards that actually vest.

Pursuant to the Transaction Agreement, outstanding stock option awards held by Covidien employees upon transaction close were converted into options to acquire the Group's ordinary shares in a manner designed to preserve the intrinsic value of such awards. In addition, unvested restricted stock units granted on or after June 15, 2014 which were held by Covidien employees upon close of the Covidien acquisition were converted into restricted stock units of the Group in a manner designed to preserve the intrinsic value of such awards. The modifications made to the restricted stock units granted on or after June 15, 2014 and all outstanding share options pursuant to the Transaction Agreement that converted such awards constituted modifications under the authoritative guidance for accounting for stock compensation. This guidance requires the Group to revalue the award upon the transaction close and allocate the revised fair value between consideration paid and continuing expense based on the ratio of service performed through the transaction date over the total service period of the award. The revised fair value allocated to post-combination services resulted in incremental expense which is recognized over the remaining service period of the award. The Group recognized $58 million of incremental expense related to these modifications in fiscal year 2016 and $189 million in fiscal year 2015, and is included in *acquisition-related items* in the consolidated profit and loss account. Except for the conversion of share options and restricted stock units discussed herein, the material terms of these awards remained unchanged.

The following table presents the components and classification of stock-based compensation expense, including the modification expense related to the Transaction Agreement, for stock options, restricted stock awards, and ESPP shares recognized in fiscal years 2016 and 2015:

	Fiscal Year	
(in millions)	**2016**	**2015**
Stock options	$ 206	$ 140
Restricted stock awards	148	284
Employees stock purchase plan	21	15
Total stock-based compensation expense	$ 375	$ 439
Cost of sales	$ 50	$ 23
Research and development expense	37	29
Distribution and administrative expense	212	128
Restructuring charges	18	70
Acquisition-related items	58	189
Total stock-based compensation expense	375	439
Taxation	(108)	(138)
Total stock-based compensation expense, net of tax	$ 267	$ 301

Stock Options The following table summarizes all stock option activity, including activity from options assumed or issued as a result of acquisitions, during fiscal years 2016:

	Options (in thousands)	Wtd. Avg. Exercise Price	Wtd. Avg. Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at April 24, 2015	62,021	53.27		
Granted	5,785	77.76		
Exercised	(11,103)	41.99		
Expired/Forfeited	(3,733)	70.62		
Outstanding at April 29, 2016	52,970	57.09	6.47	$ 1,168
Vested and expected to vest at April 29, 2016	25,542	69.91	8.48	236
Exercisable at April 29, 2016	23,383	40.14	3.90	912

The following table summarizes the total cash received from the issuance of new shares upon stock option award exercises, the total intrinsic value of options exercised and the related tax benefit during fiscal years 2016 and 2015:

	Fiscal Year	
(in millions)	2016	2015
Cash proceeds from options exercised	$ 452	$ 609
Intrinsic value of options exercised	374	329
Taxation related to options exercised	131	106

Unrecognized compensation expense related to outstanding stock options at April 29, 2016 was $303 million and is expected to be recognized over a weighted average period of 2.1 years.

Restricted Stock Awards The following table summarizes restricted stock award activity, including activity from restricted stock awards assumed or issued as a result of acquisitions, during fiscal year 2016:

	Awards (in thousands)	Wtd. Avg. Grant Price
Nonvested at April 24, 2015	10,022	$ 53.88
Granted	2,565	77.68
Vested	(3,148)	42.96
Forfeited	(619)	59.16
Nonvested at April 29, 2016	8,820	$ 64.33

The following table summarizes the weighted-average grant date fair value of restricted stock awards granted, total fair value of restricted stock awards vested and related tax benefit during fiscal years 2016 and 2015:

	Fiscal Year	
(in millions, except per share data)	2016	2015
Weighted-average grant-date fair value per restricted stock award	$ 77.68	$ 69.30
Fair value of restricted stock awards vested	276	174
Taxation related to restricted stock awards vested	76	50

Unrecognized compensation expense related to restricted stock awards at April 29, 2016 was $278 million and is expected to be recognized over a weighted average period of 2.5 years.

16. Taxation

Taxation is based on profit on ordinary activities before taxation reported for financial statement purposes. The components of profit on ordinary activities before taxation, based on tax jurisdiction, were as follows:

	Fiscal Year	
(in millions)	2016	2015
U.S.	$ 251	$ 639
International	4,003	2,847
Profit on ordinary activities before taxation	$ 4,254	$ 3,486

Taxation on profit on ordinary activities consisted of the following:

(in millions)	Fiscal Year 2016	Fiscal Year 2015
Current taxation:		
U.S.	$ 440	$ 1,128
International	835	502
Total current taxation	1,275	1,630
Deferred taxation (benefit):		
U.S.	(97)	(705)
International	(410)	(114)
Net deferred taxation (benefit)	(507)	(819)
Total taxation on profit on ordinary activities	$ 768	$ 811

Deferred taxation arises because of the different treatment of transactions for financial statement accounting and income tax accounting, known as temporary differences. The Group records the tax effect of these temporary differences as tax assets and deferred tax provisions within *debtors* and *provisions for liabilities* on the consolidated balance sheet. Tax assets generally represent items that can be used as a tax deduction or credit in a tax return in future years for which the Group has already recorded the tax benefit in the consolidated profit and loss account. The Group establishes valuation allowances for tax assets when the amount of expected future profit on ordinary activities before taxation is not likely to support the use of the deduction or credit. Deferred tax provisions generally represent taxation recognized in the consolidated financial statements for which payment has been deferred or expense has already been taken as a deduction on the Group's tax return but has not yet been recognized as an expense in the consolidated profit and loss account.

Tax assets (deferred tax provisions), shown before jurisdictional netting of debtors (provisions for liabilities), were comprised of the following:

(in millions)	April 29, 2016	April 24, 2015
Tax assets:		
Net operating loss, capital loss, and credit carryforwards	$ 7,568	$ 5,912
Other accrued liabilities	649	506
Accrued compensation	358	330
Pension and post-retirement benefits	530	449
Stock-based compensation	316	418
Other	341	300
Inventory	225	171
Federal and state benefit on uncertain tax positions	308	296
Unrealized loss on available-for-sale securities and derivative financial instruments	107	—
Gross tax assets	10,402	8,382
Valuation allowance	(7,032)	(5,607)
Total tax assets	3,370	2,775
Deferred tax provisions:		
Intangible assets	(5,173)	(5,374)
Basis impairment	(230)	(204)
Realized loss on derivative financial instruments	(112)	(112)
Other	(179)	(96)
Accumulated depreciation	(189)	(217)
Unrealized gain on available-for-sale securities and derivative financial instruments	—	(160)
Total provisions	(5,883)	(6,163)
Prepaid income taxes	365	427
Income tax receivables	529	188
Deferred tax provisions, net	$ (1,619)	$ (2,773)
Reported as (after valuation allowance and jurisdictional netting):		
Short-term tax assets	$ 697	$ 1,334
Long-term tax assets	1,413	753
Total tax assets included in debtors	2,110	2,087
Short-term deferred tax provisions	—	(119)
Long-term deferred tax provisions	(3,729)	(4,741)
Total deferred tax provisions included in provisions for liabilities	(3,729)	(4,860)
Provisions for liabilities, net	$ (1,619)	$ (2,773)

Deferred taxation activity for fiscal years 2016 and 2015 was as follows:

(in millions)	Deferred Taxation
April 25, 2014	$ 631
Provisions	819
Acquisitions	(4,268)
Charge to equity	(51)
Currency translation and other	96
April 24, 2015	$ (2,773)
Provisions	507
Acquisitions	34
Charge to equity	170
Currency translation and other	443
April 29, 2016	$ (1,619)

At April 29, 2016 , the Group had approximately $26.6 billion of net operating loss carryforwards in certain non-U.S. jurisdictions, of which $22.4 billion have no expiration, and the remaining $4.2 billion will expire in future years through 2036. Included in these net operating loss carryforwards are $18.0 billion of net operating losses related to a subsidiary of the Group, substantially all of which were recorded in fiscal year 2008 as a result of the receipt of a favorable tax ruling from certain non-U.S. taxing authorities. The Group has recorded a full valuation allowance against these net operating losses as management does not believe that it is more likely than not that these net operating losses will be utilized. Certain of the remaining non-U.S. net operating loss carryforwards of $8.6 billion have a valuation allowance recorded against the carryforwards as management does not believe that it is more likely than not that these net operating losses will be utilized.

At April 29, 2016 , the Group had $847 million of U.S. federal net operating loss carryforwards, which will expire during fiscal years 2018 through 2036. For U.S. state purposes, the Group had $755 million of net operating loss carryforwards at April 29, 2016, which will expire during fiscal years 2017 through 2036.

At April 29, 2016, the Group also had $202 million of tax credits available to reduce future income taxes payable, of which $98 million have no expiration, and the remaining credits begin to expire during fiscal year 2017.

The Group has established valuation allowances of $7.0 billion and $5.6 billion at April 29, 2016 and April 24, 2015, respectively, primarily related to the uncertainty of the utilization of certain tax assets, primarily tax loss and credit carryforwards in various jurisdictions. These valuation allowances would result in a reduction to *taxation* in the consolidated profit and loss account, if they are ultimately not required.

At April 29, 2016, the Group had certain potential non-U.S. tax attributes that had not been recorded in the consolidated financial statements, including $12.4 billion of non-U.S. special deductions with an indefinite carryforward period. The Group has treated these amounts as special deductions for financial statement purposes since utilization is contingent upon the annual performance of certain economic factors. The Group intends to recognize the applicable portion of the special deduction annually at an estimated tax rate of between 1% and 3% when and if these economic factors are met.

The Group's effective income tax rate from continuing operations varied from the U.S. federal statutory tax rate as follows:

	Fiscal Year	
	2016	2015
U.S. federal statutory tax rate	35.0%	35.0%
Increase (decrease) in tax rate resulting from:		
U.S. state taxes, net of federal tax benefit	0.9	0.8
Research and development credit	(1.2)	(0.7)
Domestic production activities	(0.3)	(0.4)
International	(23.9)	(24.3)
Puerto Rico Excise Tax	(1.6)	(1.7)
Impact of adjustments [(1)]	11.6	13.3
Reversal of excess tax accruals	—	—
Valuation allowance release	(0.9)	—
Other	(1.5)	1.3
Effective tax rate	18.1%	23.3%

(1) Adjustments include the impact of inventory step-up, impact of product technology upgrade commitment, special charges (gains), restructuring charges, certain litigation charges, acquisition-related items, amortization of intangible assets, and certain tax adjustments.

During fiscal year 2016 the Group recorded certain tax adjustments of $417 million. A $442 million certain tax adjustment charge was recorded, which primarily related to the U.S. income tax expense resulting from our completion of an internal reorganization of the ownership of certain legacy Covidien businesses that reduced the cash and investments held by our U.S.-controlled non-U.S. subsidiaries (the Internal Reorganization). As a result of the Internal Reorganization, approximately $9.7 billion of cash, cash equivalents and investments in marketable debt and equity securities previously held by U.S.-controlled non-U.S. subsidiaries became available for general corporate purposes. This charge was partially offset by a $25 million tax benefit associated with the disposition of a wholly owned U.S. subsidiary. The $417 million net certain tax adjustment was recognized in *taxation* in the consolidated profit and loss account for fiscal year 2016.

During fiscal year 2015, a settlement was reached with the IRS for the Kyphon acquisition-related matters. As a result, the Group recognized a $329 million certain tax adjustment associated with the proposed settlement. In addition, the certain tax adjustments includes a $20 million charge related to a taxable gain associated with the Covidien acquisition. The $349 million charge was recorded in *taxation* in the consolidated profit and loss account for fiscal year 2015.

No deferred taxation had been provided for any portion of the approximately $29.0 billion and $27.8 billion of undistributed earnings of the Group's subsidiaries at April 29, 2016 and April 24, 2015, respectively, since these profits have been, and under current plans will continue to be, permanently reinvested in these subsidiaries. Due to the number of legal entities and jurisdictions involved and the complexity of the legal entity structure of the Group, the complexity of the tax laws in the relevant jurisdictions, including, but not limited to the rules pertaining to the utilization of foreign tax credits in the U.S. and the impact of projections of profit for future years to any calculations, the Group believes it is not practicable to estimate, within any reasonable range, the amount of additional taxation which may be payable upon distribution of these profits.

Currently, the Group's operations in Puerto Rico, Switzerland, Singapore, Dominican Republic, Costa Rica, and Israel have various tax incentive grants. The tax reductions as compared to the local statutory rate favorably impacted earnings per diluted share by $0.33 in fiscal year 2016 and $0.37 in fiscal year 2015. Unless these grants are extended, they will expire between fiscal years 2017 and 2029. The Group's historical practice has been to renew, extend, or obtain new tax incentive grants upon expiration of existing tax incentive grants. If the Group is not able to renew, extend, or obtain new tax incentive grants, the expiration of existing tax incentive grants could have a material impact on the Group's financial results in future periods.

The Group had $2.7 billion and $2.9 billion of gross unrecognized tax benefits at April 29, 2016 and April 24, 2015, respectively. A reconciliation of the beginning and ending amount of unrecognized tax benefits for fiscal years 2016 and 2015 is as follows:

	Fiscal Year	
(in millions)	**2016**	**2015**
Gross unrecognized tax benefits at beginning of fiscal year	$ 2,853	$ 1,172
Gross increases:		
Prior year tax positions	36	331
Current year tax positions	202	231
Acquisitions	7	1,192
Gross decreases:		
Prior year tax positions	(116)	(40)
Settlements	(275)	(33)
Statute of limitation lapses	(4)	—
Gross unrecognized tax benefits at end of fiscal year	$ 2,703	$ 2,853
Cash advance paid in connection with proposed settlements	(384)	(378)
Gross unrecognized tax benefits at end of fiscal year, net of cash advance	$ 2,319	$ 2,475

If all of the Group's unrecognized tax benefits at April 29, 2016 and April 24, 2015 were recognized, $2.1 billion and $2.2 billion would impact the Group's effective tax rate, respectively. Although the Group believes that it has adequately provided for liabilities resulting from tax assessments by taxing authorities, positions taken by these tax authorities could have a material impact on the Group's effective tax rate in future periods. The Group has recorded $7 million of gross unrecognized tax benefits as a current liability, and $2.7 billion as a long-term liability. The Group estimates that within the next 12 months, it is reasonably possible that its uncertain tax positions, excluding interest, could decrease by as much as $500 million, net as a result of the resolution of tax matters with the U.S. Tax Court, Appeals Division of the IRS, other settlements with taxing authorities as well as statute of limitation lapses.

The Group recognizes interest and penalties related to tax matters in *taxation* in the consolidated profit and loss account and records the liability in *creditors (amounts falling due within one year)* and *creditors (amounts falling due after one year)* in the consolidated balance sheet. The Group had $609 million and $656 million of accrued gross interest and penalties at April 29, 2016 and April 24, 2015, respectively. During fiscal years 2016 and 2015, the Group recognized gross interest payable and similar charges of approximately $80 million and $142 million, respectively, in *taxation* in the consolidated profit and loss account.

The Group's reserves for uncertain tax positions relate to unresolved matters with the IRS and other taxing authorities. These reserves are subject to a high degree of estimation and management judgment. Resolution of these significant unresolved matters, or positions taken by the IRS or other tax authorities during future tax audits, could have a material impact on the Group's financial results in future periods. The Group continues to believe that its reserves for uncertain tax positions are appropriate and that it has meritorious defenses for its tax filings and will vigorously defend them during the audit process, appellate process, and through litigation in courts, as necessary.

The major tax jurisdictions where the Group conducts business which remain subject to examination are as follows:

Jurisdiction	Earliest Examination Year Open
United States - federal and state	1996
Brazil	2011
Canada	2005
China	2009
Costa Rica	2012
Dominican Republic	2011
France	2011
Germany	2009
India	2001
Ireland	2011
Israel	2010
Italy	2005
Japan	2010
Luxembourg	2009
Mexico	2005
Puerto Rico	2009
Singapore	2011
Switzerland	2003
United Kingdom	2009

See Note 20 for additional information regarding the status of current tax audits and proceedings.

17. Retirement Benefit Plans

Pension and similar obligations were as follows:

(in millions)	April 29, 2016	April 24, 2015
U.S. defined pension plans	$ 910	$ 752
Non-U.S. defined benefit pension plans	422	458
Postretirement benefit obligations	100	64
Other	30	42
Total obligation	$ 1,462	$ 1,316

The Group sponsors various retirement benefit plans, including defined benefit pension plans (pension benefits), post-retirement medical plans (post-retirement benefits), defined contribution savings plans, and termination indemnity plans, covering substantially all U.S. employees and many employees outside the U.S. The expense related to these plans was $584 million and $433 million in fiscal years 2016 and 2015, respectively.

In the U.S., the Group maintains a qualified pension plan designed to provide guaranteed minimum retirement benefits to all eligible U.S. employees. Pension coverage for non-U.S. employees is provided, to the extent deemed appropriate, through separate plans. In addition, U.S. and Puerto Rico employees are also eligible to receive specified Group paid health care and life insurance benefits through the Group’s post-retirement benefits. In addition to the benefits provided under the qualified pension plan, retirement benefits associated with wages in excess of the IRS allowable limits are provided to certain employees under a non-qualified plan.

The amounts included in the Group's financial statements are based on the most recent actuarial valuations, which are generally as of the end of the fiscal year. The actuarial valuations are performed by the individual plan's independent and professionally qualified actuaries. The actuarial reports are not available for public inspection.

At April 29, 2016 and April 24, 2015, the net underfunded status of the Group's benefit plans was $1.5 billion and $1.3 billion, respectively.

Defined Benefit Pension Plans The change in benefit obligation and funded status of the Group's U.S. and Non-U.S. pension benefits were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	Fiscal Year		Fiscal Year	
(in millions)	2016	2015	2016	2015
Accumulated benefit obligation at end of year:	$ 2,757	$ 2,699	$ 1,367	$ 1,462
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	2,956	2,203	1,647	1,031
Service cost	120	104	81	60
Interest cost	122	105	31	33
Benefit obligations assumed in Covidien acquisition	—	214	—	472
Employee contributions	—	—	16	16
Plan curtailments and settlements	(28)	—	(133)	(35)
Actuarial (gain) loss	(42)	391	(103)	354
Benefits paid	(80)	(61)	(49)	(34)
Currency exchange rate changes and other	—	—	45	(250)
Projected benefit obligation at end of year	$ 3,048	$ 2,956	$ 1,535	$ 1,647
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 2,204	$ 1,917	$ 1,189	$ 889
Actual return on plan assets	(70)	69	(44)	162
Plan assets acquired in Covidien acquisition	—	188	—	262
Employer contributions	112	91	93	80
Employee contributions	—	—	16	16
Plan settlements	(28)	—	(118)	(1)
Benefits paid	(80)	(61)	(49)	(34)
Currency exchange rate changes	—	—	26	(185)
Fair value of plan assets at end of year	$ 2,138	$ 2,204	$ 1,113	$ 1,189
Funded status at end of year:				
Fair value of plan assets	$ 2,138	$ 2,204	$ 1,113	$ 1,189
Benefit obligations	3,048	2,956	1,535	1,647
Underfunded status of the plans	(910)	(752)	(422)	(458)
Recognized liability	$ (910)	$ (752)	$ (422)	$ (458)
Amounts recognized on the consolidated balance sheet consist of:				
Non-current assets	$ —	$ 21	$ 20	$ 2
Current liabilities	(12)	(11)	(8)	(48)
Non-current liabilities	(898)	(762)	(434)	(412)
Recognized liability	$ (910)	$ (752)	$ (422)	$ (458)
Amounts recognized in accumulated other comprehensive income:				
Prior service cost (benefit)	$ 4	$ 4	$ (14)	$ (2)
Net actuarial loss	1,361	1,253	359	372
Ending balance	$ 1,365	$ 1,257	$ 345	$ 370

In certain countries outside the U.S., fully funding pension plans is not a common practice, as funding provides no income tax benefit. Consequently, certain pension plans were partially funded as of April 29, 2016 and April 24, 2015. U.S. and non-U.S. plans with accumulated benefit obligations in excess of plan assets consisted of the following:

(in millions)	Fiscal Year 2016	Fiscal Year 2015
Accumulated benefit obligation	$ 3,922	$ 3,678
Projected benefit obligation	4,333	4,032
Plan assets at fair value	2,981	2,823

Plans with projected benefit obligations in excess of plan assets consisted of the following:

(in millions)	Fiscal Year 2016	Fiscal Year 2015
Projected benefit obligation	$ 4,362	$ 4,319
Plan assets at fair value	3,009	3,086

The net periodic benefit cost of the plans included the following components:

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	Fiscal Year		Fiscal Year	
(in millions)	2016	2015	2016	2015
Service cost	$ 120	$ 104	$ 81	$ 60
Interest cost	122	105	31	33
Expected return on plan assets	(180)	(160)	(48)	(41)
Amortization of net actuarial loss	98	65	20	12
Settlement gain	(1)	—	(10)	—
Net periodic benefit cost	$ 159	$ 114	$ 74	$ 64

The other changes in plan assets and projected benefit obligations recognized in *accumulated other comprehensive loss* in the consolidated balance sheet for fiscal year 2016 were as follows:

(in millions)	U.S. Pension Benefits	Non-U.S. Pension Benefits
Net actuarial loss (gain)	$ 205	$ (11)
Amortization of net actuarial loss	(98)	(12)
Prior service cost	—	(12)
Effect of exchange rates	1	10
Total loss (gain) recognized in accumulated other comprehensive (loss) income	$ 108	$ (25)
Total loss recognized in net periodic benefit cost and accumulated other comprehensive (loss) income	$ 267	$ 49

The estimated net actuarial loss that will be amortized from accumulated other comprehensive (loss) income into net periodic benefit cost, before tax, in fiscal year 2017 for U.S. and non-U.S. pension benefits is expected to be $89 million and $17 million, respectively.

The actuarial assumptions were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	Fiscal Year		Fiscal Year	
	2016	2015	2016	2015
Critical assumptions – projected benefit obligation:				
Discount rate	3.60% - 4.30%	4.20%	0.25% - 10.20%	1.88%
Rate of compensation increase	3.90%	3.90%	2.83%	2.92%
Critical assumptions – net periodic benefit cost:				
Discount rate	4.20% - 4.80%	4.75%	0.80% - 9.00%	3.32%
Expected return on plan assets	8.20%	8.25%	4.35%	4.77%
Rate of compensation increase	3.90%	3.90%	2.92%	2.80%

The Group changed the methodology used to estimate the service and interest cost components of net periodic pension cost and net periodic postretirement benefit cost for the Group's pension and other postretirement benefit plans, effective April 30, 2016. Previously, the Group estimated such cost components utilizing a single weighted-average discount rate derived from the market-observed yield curves of high-quality fixed income securities used to measure the pension benefit obligation and accumulated postretirement benefit obligation. The new methodology utilizes a full yield curve approach in the estimation of these cost components by applying the specific spot rates along the yield curve to their underlying projected cash flows and provides a more precise measurement of service and interest costs by improving the correlation between projected cash flows and their corresponding spot rates. The current yield curves represent high quality, long-term fixed income instruments. The change does not affect the measurement of the Group's pension obligation or accumulated postretirement benefit obligation. The Group has accounted for this change prospectively as a change in accounting estimate.

The expected long-term rate of return on plan assets assumptions are determined using a building block approach, considering historical averages and real returns of each asset class. In certain countries, where historical returns are not meaningful, consideration is given to local market expectations of long-term returns.

Retirement Benefit Plan Investment Strategy The Group has an account that holds the assets for both the U.S. pension plan and other U.S. post-retirement benefits, primarily retiree medical benefits. For investment purposes, the plans are managed in an identical way, as their objectives are similar.

The Group has a Qualified Plan Committee (the Plan Committee) that sets investment guidelines for U.S. pension plan and other U.S. post-retirement benefits with the assistance of an external consultant. These guidelines are established based on market conditions, risk tolerance, funding requirements, and expected benefit payments. The Plan Committee also oversees the investment allocation process, selects the investment managers, and monitors asset performance. As pension liabilities are long-term in nature, the Group employs a long-term total return approach to maximize the long-term rate of return on plan assets for a prudent level of risk. An annual analysis on the risk versus the return of the investment portfolio is conducted to justify the expected long-term rate of return assumption.

The investment portfolio contains a diversified portfolio of investment categories, including equities, fixed income securities, hedge funds, and private equity. Securities are also diversified in terms of domestic and international securities, short- and long-term securities, growth and value styles, large cap and small cap stocks, active and passive management, and derivative-based styles.

Outside the U.S., pension plan assets are typically managed by decentralized fiduciary committees. There is significant variation in policy asset allocation from country to country. Local regulations, local funding rules, and local financial and tax considerations are part of the funding and investment allocation process in each country.

The Plan did not hold any investments in the Group’s ordinary shares at April 29, 2016 or April 24, 2015.

The Group's pension plan target allocations at April 29, 2016 and April 24, 2015, by asset category, were as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	Fiscal Year		Fiscal Year	
	2016	2015	2016	2015
Asset category:				
Equity securities	49%	49%	34%	35%
Debt securities	23	23	27	29
Other	28	28	39	36
Total	100%	100%	100%	100%

Retirement Benefit Plan Asset Fair Values The following is a description of the valuation methodologies used for retirement benefit plan assets measured at fair value.

Short-term investments Valued at the closing price reported in the active markets in which the individual security is traded.

U.S. government securities Certain U.S. government securities are valued at the closing price reported in the active markets in which the individual security is traded. Other U.S. government securities are valued based on inputs other than quoted prices that are observable.

Corporate debt securities Valued based on inputs other than quoted prices that are observable.

Common stock Valued at the closing price reported in the active markets in which the individual security is traded.

Equity mutual funds/Commingled trusts Valued based on the year-end net asset values of the investment vehicles. The net asset values of the investment vehicles are based on the fair values of the underlying investments of the commingled trusts valued at the closing price reported in the active markets in which the individual security is traded. Certain equity commingled trusts contain underlying investments that are characterized as Level 1 or Level 2 and provide a daily net asset value. The Group classifies these investments as Level 2. Certain equity commingled trusts contain a material amount underlying investments that are characterized as Level 3 and do not have a daily reported net asset value. The Group classifies these investments as Level 3.

Fixed income/Commingled trusts Valued based on the year-end net asset values of the investment vehicles. The net asset values of the investment vehicles are based on the fair values of the underlying investments of the commingled trusts valued based on inputs other than quoted prices that are observable. The Group evaluates fixed income commingled trusts to characterize the underlying investments as Level 1, 2, or 3. Certain fixed income commingled trusts contain underlying investments that are characterized as Level 1 or Level 2 and the Group classifies these investments as Level 2. Certain fixed income commingled trusts could contain a material amount underlying investments that are characterized as Level 3 and the Group would classify these investments as Level 3. As of April 29, 2016, no fixed income commingled trusts are classified as Level 3.

Partnership Units Valued based on the year-end net asset values of the underlying partnerships. The net asset values of the partnerships are based on the fair values of the underlying investments of the partnerships. Quoted market prices are used to value the underlying investments of the partnerships, where the partnerships consist of the investment pools which invest primarily in common stocks. Partnership units include partnerships, private equity investments, and real asset investments. Partnerships primarily include long/short equity and absolute return strategies. These investments can be redeemed monthly with notice periods ranging from 45 to 95 days. As of April 29, 2016, there is one absolute return strategy fund totaling $1 million that is in the process of liquidation. The Group expects to receive the proceeds over the next five years. Private equity investments consist of common stock and debt instruments of private companies. For private equity funds, the sum of the unfunded commitments as of April 29, 2016 is $119 million, and the estimated liquidation period of these funds is expected to be one to 15 years. Real asset investments consist of commodities, derivatives, Real Estate Investment Trusts, and illiquid real estate holdings. These investments have redemption and liquidation periods ranging from 30 days to 10 years. Other valuation procedures are utilized to arrive at fair value if a quoted market price is not available for a partnership investment.

Registered Investment Companies Valued at the quoted market prices of shares held by the plan at year-end in the active market on which the individual securities are traded.

Insurance Contracts Comprised of investments in collective (group) insurance contracts, consisting of individual insurance policies. The policyholder is the employer and each member is the owner/beneficiary of their individual insurance policy. These policies are a part of the insurance company's general portfolio and participate in the insurer's profit-sharing policy on an excess yield basis.

The methods described above may produce fair values that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Group believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

There were no transfers between Level 1, Level 2, or Level 3 during fiscal years 2016 or 2015.

The following tables provide information by level for the retirement benefit plan assets that are measured at fair value, as defined by U.S. GAAP. See Note 1 for discussion of the fair value measurement terms of Levels 1, 2, and 3.

U.S. Pension Benefits

(in millions)	Fair Value at April 29, 2016	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3
Short-term investments	$ 127	$ 127	$ —	$ —
U.S. government securities	146	137	9	—
Corporate debt securities	216	—	216	—
Equity mutual funds/commingled trusts	956	—	763	193
Fixed income mutual funds	231	—	231	—
Partnership units	462	—	—	462
Total	$ 2,138	$ 264	$ 1,219	$ 655

(in millions)	Fair Value at April 24, 2015	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3
Short-term investments	$ 247	$ 247	$ —	$ —
U.S. government securities	155	109	46	—
Corporate debt securities	5	—	4	1
Equity commingled trusts	951	—	751	200
Fixed income commingled trusts	374	—	374	—
Partnership units	472	—	—	472
Total	$ 2,204	$ 356	$ 1,175	$ 673

The following tables provide a reconciliation of the beginning and ending balances of U.S. pension benefit assets measured at fair value that used significant unobservable inputs (Level 3):

(in millions)	Total Level 3 Investments	Corporate Debt Securities	Commingled Trusts	Partnership Units
April 24, 2015	$ 673	$ 1	$ 200	$ 472
Total realized gains included in profit	10	—	—	10
Total unrealized losses included in accumulated other comprehensive (loss) income	(151)	(1)	(7)	(143)
Purchases and (sales), net	123	—	—	123
April 29, 2016	$ 655	$ —	$ 193	$ 462

(in millions)	Total Level 3 Investments	Corporate Debt Securities	Commingled Trusts	Partnership Units
April 25, 2014	$ 959	$ 1	$ 285	$ 673
Total realized gains included in profit	162	—	65	97
Total unrealized gains included in accumulated other comprehensive (loss) income	(130)	—	(31)	(99)
Purchases and (sales), net	(318)	—	(119)	(199)
April 24, 2015	$ 673	$ 1	$ 200	$ 472

Non-U.S. Pension Benefits

(in millions)	Fair Value at April 29, 2016	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3
Registered investment companies	$ 1,037	$ —	$ 1,037	$ —
Insurance contracts	76	—	—	76
Total	$ 1,113	$ —	$ 1,037	$ 76

(in millions)	Fair Value at April 24, 2015	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3
Registered investment companies	$ 1,113	$ —	$ 1,113	$ —
Insurance contracts	60	—	—	60
Partnership units	16	—	—	16
Total	$ 1,189	$ —	$ 1,113	$ 76

The following tables provide a reconciliation of the beginning and ending balances of non-U.S. pension benefit assets measured at fair value that used significant unobservable inputs (Level 3):

(in millions)	Total Level 3 Investments	Insurance Contracts	Partnership Units
April 24, 2015	$ 76	$ 60	$ 16
Purchases and (sales), net	(2)	14	(16)
Currency exchange rate changes	2	2	—
April 29, 2016	$ 76	$ 76	$ —

(in millions)	Total Level 3 Investments	Insurance Contracts	Partnership Units
April 25, 2014	$ 21	$ 11	$ 10
Total unrealized gains included in accumulated other comprehensive (loss) income	1	(1)	2
Purchases and (sales), net	63	56	7
Currency exchange rate changes	(9)	(6)	(3)
April 24, 2015	$ 76	$ 60	$ 16

Retirement Benefit Plan Funding It is the Group's policy to fund retirement costs within the limits of allowable tax deductions. During fiscal year 2016, the Group made discretionary contributions of approximately $112 million to the U.S. pension plan. Internationally, the Group contributed approximately $93 million for pension benefits during fiscal year 2016. The Group anticipates that it will make contributions of $73 million to its pension benefits in fiscal year 2017. Based on the guidelines under the U.S. Employee Retirement Income Security Act of 1974 and the various guidelines which govern the plans outside the U.S., the majority of anticipated fiscal year 2017 contributions will be discretionary. The Group believes that, along with pension assets, the returns on invested pension assets, and Group contributions, the Group will be able to meet its pension and other post-retirement obligations in the future.

Retiree benefit payments, which reflect expected future service, are anticipated to be paid as follows:

(in millions)	Gross Payments	
Fiscal Year	U.S. Pension Benefits	Non-U.S. Pension Benefits
2017	$ 87	$ 39
2018	96	40
2019	105	39
2020	116	40
2021	126	43
2022 – 2026	810	265
Total	$ 1,340	$ 466

Post-retirement Benefit Plans The net periodic benefit cost associated with the Group's post-retirement benefit plans was $12 million and $14 million in fiscal years 2016 and 2015, respectively. The Group's projected benefit obligation for all post-retirement benefit plans was $369 million and $352 million at April 29, 2016 and April 24, 2015, respectively. The Group's fair value of plan assets for all post-retirement benefit plans was $269 million and $288 million at April 29, 2016 and April 24, 2015, respectively. The activity during fiscal years 2016 and 2015 related to both the change in projected benefit obligations and the fair value of plan assets was not material.

Defined Contribution Savings Plans The Group has defined contribution savings plans that cover substantially all U.S. employees and certain non-U.S. employees. The general purpose of these plans is to provide additional financial security during retirement by providing employees with an incentive to make regular savings. Group contributions to the plans are based on employee contributions and Group performance and since fiscal year 2006, the entire match has been made in cash. Expense under these plans was $269 million and $188 million in fiscal years 2016 and 2015, respectively.

Effective May 1, 2005, the Group froze participation in the existing defined benefit pension plan in the U.S. and implemented two new plans including an additional defined benefit pension plan and a new defined contribution pension plan, respectively: the Personal Pension Account (PPA) and the Personal Investment Account (PIA). Employees in the U.S. hired on or after May 1, 2005 have the option to participate in either the PPA or the PIA. Participants in the PPA receive an annual allocation of their salary and bonus on which they will receive an annual guaranteed rate of return which is based on the ten-year Treasury bond rate. Participants in the PIA also receive an annual allocation of their salary and bonus; however, they are allowed to determine how to invest their funds among identified fund alternatives. The cost associated with the PPA is included in U.S. Pension Benefits in the tables presented earlier. The defined contribution cost associated with the PIA was approximately $58 million and $53 million in fiscal years 2016 and 2015, respectively.

Effective January 1, 2016, the Group froze participation in the existing defined benefit (PPA) and contribution (PIA) pension plans in the U.S. and implemented a new form of benefit under the existing defined contribution plan for legacy Covidien employees and employees in the U.S. hired on or after January 1, 2016. Participants in the Medtronic Core Contribution (MCC) also receive an annual allocation of their salary and bonus and are allowed to determine how to invest their funds among identified fund alternatives. The cost associated with the MCC is included in U.S. Pension Benefits in the tables presented earlier. The defined contribution cost associated with the MCC was approximately $12 million in fiscal year 2016.

18. Leases

The Group leases office, manufacturing, research facilities, and warehouses, as well as transportation, data processing, and other equipment under capital and operating leases. A substantial number of these leases contain options that allow the Group to renew at the fair rental value on the date of renewal.

Future minimum payments under capitalized leases and non-cancelable operating leases at April 29, 2016 were:

(in millions) Fiscal Year	Capitalized Leases	Operating Leases
2017	$ 109	$ 180
2018	5	130
2019	4	90
2020	4	56
2021	3	33
Thereafter	16	55
Total minimum lease payments	141	544
Less amounts representing interest	(9)	N/A
Present value of net minimum lease payments	$ 132	N/A

Rent expense for all operating leases was $269 million and $195 million in fiscal years 2016 and 2015, respectively. The increase in fiscal year 2016 rent expense was primarily related to the Covidien acquisition.

19. Accumulated Other Comprehensive (Loss) Income

Changes in AOCI by component were as follows:

(in millions)	Unrealized Gain (Loss) on Available-for-Sale Securities [1]	Cumulative Translation Adjustments [2]	Net Change in Retirement Obligations [3]	Unrealized Gain (Loss) on Derivatives [4]	Total Accumulated Other Comprehensive (Loss) Income
April 25, 2014, net of tax	$ (6)	$ 218	$ (765)	$ (44)	$ (597)
Other comprehensive income (loss) before reclassifications, before tax	169	(495)	(617)	545	(398)
Tax (expense) benefit	(60)	—	198	(199)	(61)
Other comprehensive income (loss) before reclassifications, net of tax	109	(495)	(419)	346	(459)
Reclassifications, before tax	(138)	—	78	(145)	(205)
Tax benefit (expense)	49	—	(25)	53	77
Reclassifications, net of tax	(89)	—	53	(92)	(128)
Other comprehensive income (loss), net of tax	20	(495)	(366)	254	(587)
April 24, 2015, net of tax	$ 14	$ (277)	$ (1,131)	$ 210	$ (1,184)
Other comprehensive loss before reclassifications, before tax	(201)	(197)	(226)	(145)	(769)
Tax benefit	94	—	85	51	230
Other comprehensive loss before reclassifications, net of tax	(107)	(197)	(141)	(94)	(539)
Reclassifications, before tax	(22)	—	114	(327)	(235)
Tax benefit (expense)	8	—	(39)	121	90
Reclassifications, net of tax	(14)	—	75	(206)	(145)
Other comprehensive loss, net of tax	(121)	(197)	(66)	(300)	(684)
April 29, 2016, net of tax	$ (107)	$ (474)	$ (1,197)	$ (90)	$ (1,868)

(1) Represents net realized losses on sales of available-for-sale securities that were reclassified from AOCI to *other expense* in the consolidated profit and loss account (see Note 5).

(2) Taxes are not provided on cumulative translation adjustments as substantially all translation adjustments relate to earnings that are intended to be indefinitely reinvested outside the U.S.

(3) Includes net amortization of prior service costs and actuarial losses included in net periodic benefit cost (see Note 17).

(4) Relates to cash flow hedges that were reclassified from AOCI to *other expense* or *cost of sales* in the consolidated profit and loss account and forward starting interest rate derivative instruments that were reclassified from AOCI to *interest payable and similar charges, net* in the consolidated profit and loss account (see Note 12).

20. Commitments and Contingencies

The Group and its affiliates are involved in a number of legal actions involving product liability, intellectual property disputes, shareholder related matters, environmental proceedings, taxation disputes, and governmental proceedings and investigations in the United States and around the world, including those described below. With respect to governmental proceedings and investigations, our standard practice is to cooperate with regulators and investigators in responding to inquiries. The outcomes of these legal actions are not within the Group's complete control and may not be known for prolonged periods of time. In some actions, the enforcement agencies or private claimants seek damages, as well as other civil or criminal remedies (including injunctions barring the sale of products that are the subject of the proceeding), that could require significant expenditures or result in lost revenues. The Group records a liability in the consolidated financial statements for loss contingencies related to legal actions when a loss is known or considered probable and the amount can be reasonably estimated. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss is reasonably possible but not known or probable, and can be reasonably estimated, the estimated loss or range of loss is disclosed. When determining the estimated loss or range of loss, significant judgment is required. Estimates of probable losses resulting from litigation and governmental proceedings involving the Group are inherently difficult to predict, particularly when the matters are in early procedural stages, with incomplete scientific facts or legal discovery, involve unsubstantiated or indeterminate claims for damages, potentially involve penalties, fines or punitive damages, or could result in a change in business practice. At April 29, 2016 and April 24, 2015, accrued certain litigation charges were approximately $1.0 billion and $879 million,

respectively. The ultimate cost to the Group with respect to accrued certain litigation charges could be materially different than the amount of the current estimates and accruals and could have a material adverse impact on the Group's consolidated profit, financial position, or cash flows. The Group includes accrued certain litigation charges in *provisions for liabilities* on the consolidated balance sheet.

In addition to litigation contingencies, the Group also has certain taxation and guarantee obligations that may potentially result in future costs. While it is not possible to predict the outcome for most of the matters discussed below, the Group believes it is possible that costs associated with them could have a material adverse impact on the Group's consolidated profit, financial position, or cash flows.

Product Liability Matters

Sprint Fidelis

In 2007, a putative class action was filed in the Ontario Superior Court of Justice in Canada seeking damages for personal injuries allegedly related to the Group's Sprint Fidelis family of defibrillation leads. On October 20, 2009, the court certified a class proceeding but denied class certification on plaintiffs' claim for punitive damages. Pretrial proceedings are underway. The Group has not recognized an expense related to damages in connection with this matter because any potential loss is not currently probable or reasonably estimable under U.S. GAAP. Additionally, the Group cannot reasonably estimate the range of loss, if any, that may result from this matter.

INFUSE Litigation

The Group estimates law firms representing approximately 6,000 claimants have asserted or intend to assert personal injury claims against Medtronic in the U.S. state and federal courts involving the INFUSE bone graft product. As of September 1, 2016, the Group has reached agreements to settle approximately 4,300 of these claims, and certain of the remaining claims are expected to proceed to trial beginning in fiscal year 2017. The Group's provisions for this matter are included within accrued certain litigation charges in *provisions for liabilities* on the consolidated balance sheet as discussed above.

Other INFUSE Litigation

On June 5, 2014, Humana, Inc. filed a lawsuit for unspecified monetary damages in the U.S. District Court for the Western District of Tennessee, alleging that Medtronic, Inc. violated federal racketeering (RICO) law and various state laws, by conspiring with physicians to promote unapproved uses of INFUSE. In September of 2015 the Court granted Medtronic’s motion to dismiss the primary allegations, including the RICO claims, in Humana’s complaint. In April of 2016 the Court denied Humana's motion to file an amended complaint. The Group has not recognized an expense related to damages in connection with this matter because any potential loss is not currently probable or reasonably estimable under U.S. GAAP. Additionally, the Group cannot reasonably estimate the range of loss, if any, that may result from this matter.

Pelvic Mesh Litigation

The Group, through the acquisition of Covidien, is currently involved in litigation in various state and federal courts against manufacturers of pelvic mesh products alleging personal injuries resulting from the implantation of those products. Two subsidiaries of Covidien supplied pelvic mesh products to one of the manufacturers, C.R. Bard (Bard), named in the litigation. The litigation includes a federal multi-district litigation in the U.S. District Court for the Northern District of West Virginia and cases in various state courts and jurisdictions outside the U.S. Generally, complaints allege design and manufacturing claims, failure to warn, breach of warranty, fraud, violations of state consumer protection laws and loss of consortium claims. In July 2015, the Group and Bard agreed that Bard would pay the Group $121 million towards the settlement of 11,000 of these claims. That agreement does not resolve the dispute between the Group and Bard with respect to claims that do not settle, if any. As part of the agreement, the Group and Bard agreed to dismiss without prejudice their pending litigation with respect to Bard’s obligation to defend and indemnify the Group. The Group estimates law firms representing approximately 15,800 claimants have asserted or may assert claims involving products manufactured by Covidien’s subsidiaries. As of September 1, 2016, the Group has reached agreements to settle approximately 6,200 of these claims. The Group's provisions for this matter are included within accrued certain litigation charges in *provisions for liabilities* on the consolidated balance sheet as discussed above.

Patent Litigation

Ethicon

On December 14, 2011, Ethicon filed an action against Covidien in the U.S. District Court for the Southern District of Ohio, alleging patent infringement and seeking monetary damages and injunctive relief. On January 22, 2014, the district court entered summary judgment in Covidien's favor, and the majority of this ruling was affirmed by the Federal Circuit on August 7, 2015. Following appeal, the case was remanded back to the District Court with respect to one patent. On January 21, 2016, Covidien

filed a second action in the U.S. District Court for the Southern District of Ohio, seeking a declaration of non-infringement with respect to a second set of patents held by Ethicon. The court consolidated this second action with the remaining patent issues from the first action. In addition to claims of non-infringement, the Group asserts affirmative defenses of invalidity for each of the patents-in-suit. The case is currently in the early stages of fact discovery. The Group has not recognized an expense related to damages in connection with this matter because any potential loss is not currently probable or reasonably estimable under U.S. GAAP. Additionally, the Group cannot reasonably estimate the range of loss, if any, that may result from this matter.

Shareholder Related Matters

INFUSE

On March 12, 2012, Charlotte Kokocinski (Kokocinski) filed a shareholder derivative action against both Medtronic, Inc. and certain of its current and former officers and directors in the U.S. District Court for the District of Minnesota, setting forth certain allegations, including a claim that defendants violated various purported duties in connection with the INFUSE bone graft product and otherwise. On March 25, 2013, the Court dismissed the case without prejudice, and Kokocinski subsequently filed an amended complaint. On March 30, 2015, the Court granted defendants' motion to dismiss the amended complaint, dismissing the case with prejudice. Kokocinski sought reconsideration of that decision, and, on September 30, 2015, the Court denied Kokocinski's request for reconsideration. Kokocinski has appealed the Court's decision to the U.S. Court of Appeals for the Eighth Circuit.

West Virginia Pipe Trades and Phil Pace, on June 27, 2013 and July 3, 2013, respectively, filed putative class action complaints against Medtronic, Inc. and certain of its officers in the U.S. District Court for the District of Minnesota, alleging that the defendants made false and misleading public statements regarding the INFUSE Bone Graft product during the period of December 8, 2010 through August 3, 2011. The matters were consolidated in September, 2013, and in the consolidated complaint plaintiffs alleged a class period of September 28, 2010 through August 3, 2011. On September 30, 2015, the Court granted defendants' motion for summary judgment in the consolidated matters. Plaintiffs have appealed the dismissal to the U.S. Court of Appeals for the Eighth Circuit.

Shareholder Related Matters Resulting from the Covidien Acquisition

On July 2, 2014, Lewis Merenstein filed a putative shareholder class action in Hennepin County, Minnesota, District Court seeking to enjoin the then-potential acquisition of Covidien. The lawsuit named Medtronic, Inc., Covidien, and each member of the Medtronic, Inc. Board of Directors at the time as defendants, and alleged that the directors breached their fiduciary duties to shareholders with regard to the then-potential acquisition. On August 21, 2014, Kenneth Steiner filed a putative shareholder class action in Hennepin County, Minnesota, District Court, also seeking an injunction to prevent the potential Covidien acquisition. In September 2014, the *Merenstein* and *Steiner* matters were consolidated and in December 2014, the plaintiffs filed a preliminary injunction motion seeking to enjoin the Covidien transaction. On December 30, 2014, a hearing was held on plaintiffs' motion for preliminary injunction and on defendants' motion to dismiss. On January 2, 2015, the District Court denied the plaintiffs' motion for preliminary injunction and on January 5, 2015 issued its opinion. On March 20, 2015, the District Court issued its order and opinion granting Medtronic's motion to dismiss the case. In May of 2015, the plaintiffs filed an appeal, and, in January of 2016, the Minnesota State Court of Appeals affirmed in part, reversed in part, and remanded the case to the District Court for further proceedings. In February of 2016, the Group petitioned the Minnesota Supreme Court to review the decision of the Minnesota State Court of Appeals, and on April 19, 2016 the Minnesota Supreme Court granted the Group's petition on the issue of whether most of the original claims are properly characterized as direct or derivative under Minnesota law. A decision from the Minnesota Supreme Court is expected in calendar year 2017.

The Group has not recognized an expense related to damages in connection with the shareholder related matters, because any potential loss is not currently probable or reasonably estimable under U.S. GAAP. Additionally, the Group cannot reasonably estimate the range of loss, if any, that may result from these matters.

Environmental Proceedings

The Group, through the acquisition of Covidien, is involved in various stages of investigation and cleanup related to environmental remediation matters at a number of sites. These projects relate to a variety of activities, including removal of solvents, metals and other hazardous substances from soil and groundwater. The ultimate cost of site cleanup and timing of future cash flows is difficult to predict given uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods.

The Group is a successor to a company which owned and operated a chemical manufacturing facility in Orrington, Maine from 1967 until 1982, and is responsible for the costs of completing an environmental site investigation as required by the Maine Department of Environmental Protection (MDEP). MDEP served a compliance order on Mallinckrodt LLC and U.S. Surgical Corporation, subsidiaries of Covidien, in December 2008. The compliance order included a directive to remove a significant volume of soils at the site. On December 19, 2008, Covidien filed an appeal with the Maine Board of Environmental Protection

(Maine Board) to challenge the terms of the compliance order. A hearing before the Maine Board began on January 25, 2010 and concluded on February 4, 2010. On August 19, 2010, the Maine Board modified the MDEP order and issued a final order requiring removal of two landfills, capping of the remaining three landfills, installation of a groundwater extraction system and long-term monitoring of the site and the three remaining landfills.

On April 3, 2014, the Maine Supreme Judicial Court affirmed the Maine Board's compliance order. The Group has proceeded with implementation of the investigation and remediation at the site in accordance with the MDEP order as modified by the Maine Board order.

The Group has also been involved in a lawsuit filed in the U.S. District Court for the District of Maine by the Natural Resources Defense Council and the Maine People's Alliance. Plaintiffs sought an injunction requiring Covidien to conduct extensive studies of mercury contamination of the Penobscot River and Bay and options for remediating such contamination, and to perform appropriate remedial activities, if necessary.

On July 29, 2002, following a March 2002 trial, the District Court entered an opinion and order which held that conditions in the Penobscot River and Bay may pose an imminent and substantial endangerment and that Covidien was liable for the cost of performing a study of the river and bay. The District Court subsequently appointed an independent study panel to oversee the study and ordered Covidien to pay costs associated with the study. A report issued by the study panel contains recommendations for a variety of potential remedial options which could be implemented individually or in a variety of combinations, and included preliminary cost estimates for a variety of potential remedial options, which the report describes as "very rough estimates of cost," ranging from $25 million to $235 million. The report indicates that these costs are subject to uncertainties, and that before any remedial option is implemented, further engineering studies and engineering design work are necessary to determine the feasibility of the proposed remedial options. In June of 2014, a trial was held to determine if remediation was necessary and feasible, and on September 2, 2015, the District Court issued an order concluding that further engineering study and engineering design work is appropriate to determine the nature and extent of remediation in the Penobscot River and Bay. In January of 2016, the Court appointed an engineering firm to conduct the next phase of the study. The study is targeted for completion late calendar year 2017.

The Group's provisions for environmental proceedings are included within accrued certain litigation charges in *provisions for liabilities* on the consolidated balance sheet as discussed above.

Government Matters

Medtronic has received subpoenas or document requests from the Attorneys General in Massachusetts, California, Oregon, Illinois, and Washington seeking information regarding sales, marketing, clinical, and other information relating to the INFUSE bone graft product. The Group has not recognized an expense related to damages in connection with these matters, because any potential loss is not currently probable or reasonably estimable under U.S. GAAP. Additionally, the Group cannot reasonably estimate the range of loss, if any, that may result from these matters.

On May 2, 2011, the U.S. Attorney's Office for the District of Massachusetts issued a subpoena to ev3, a subsidiary of the Group, requesting production of documents relating to sales and marketing and other issues in connection with several neurovascular products. The matters under investigation relate to activities prior to Covidien's acquisition of ev3 in 2010. ev3 complied as required with the subpoena and cooperated with the investigation. In the third quarter of fiscal year 2016, the Group accrued expenses in connection with this matter, which are included within accrued certain litigation charges in *provisions for liabilities* on the consolidated balance sheet as discussed above.

On September 2, 2014, the U.S. Department of Health and Human Services, Office of Inspector General and the U.S. Attorney's Office for the Northern District of California, issued a subpoena requesting production of documents relating to sales and marketing practices associated with certain of ev3's peripheral vascular products. The Group has not recognized an expense related to damages in connection with this matter, because any potential loss is not currently probable or reasonably estimable under U.S. GAAP. Additionally, the Group cannot reasonably estimate the range of loss, if any, that may result from this matter.

Taxation

In March 2009, the U.S. IRS issued its audit report on Medtronic, Inc. for fiscal years 2005 and 2006. Medtronic, Inc. reached agreement with the IRS on some, but not all matters related to these fiscal years. On December 23, 2010, the IRS issued a statutory notice of deficiency with respect to the remaining issues. Medtronic, Inc. filed a petition with the U.S. Tax Court on March 21, 2011 objecting to the deficiency. During October and November 2012, Medtronic, Inc. reached resolution with the IRS on various matters, including the deductibility of a settlement payment. Medtronic, Inc. and the IRS agreed to hold one issue, the calculation of amounts eligible for the one-time repatriation holiday, because such specific issue was being addressed by other taxpayers in litigation with the IRS. The remaining unresolved issue for fiscal years 2005 and 2006 relates to the allocation of profit between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico, which is one of the Group's key manufacturing sites. The U.S. Tax Court proceeding with respect to this issue began on February 3, 2015 and ended on March 12, 2015. On June 9,

2016, the U.S. Tax court issued its opinion with respect to the allocation of profit between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico for fiscal years 2005 and 2006. The U.S. Tax Court generally rejected the IRS's position, but also made certain modifications to the Medtronic, Inc. tax returns as filed. An Appeal of the U.S. Tax Court Opinion must be filed within 90 days of the final decision by the Tax Court. The final decision will not occur until all issues related to the fiscal years are resolved. As one item remains open, the calculation of amounts eligible for the one-time repatriation holiday, a final decision is not expected until later this fiscal year.

In October 2011, the IRS issued its audit report on Medtronic, Inc. for fiscal years 2007 and 2008. Medtronic, Inc. reached agreement with the IRS on some but not all matters related to these fiscal years. During the first quarter of fiscal year 2016, the Group finalized its agreement with the IRS on the proposed adjustments associated with the tax effects of the Group's acquisition of Kyphon Inc. (Kyphon). The settlement was consistent with the certain tax adjustment recorded during the fourth quarter of fiscal year 2015. During the first quarter of fiscal year 2017, an expected settlement was reached with the IRS for all outstanding issues for tax years 2007 and 2008 except for the allocation of profit between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico for the businesses that are the subject of the U.S. Tax Court Case for fiscal years 2005 and 2006.

In April 2014, the IRS issued its audit report on Medtronic, Inc. for fiscal years 2009, 2010, and 2011. Medtronic, Inc. reached agreement with the IRS on some but not all matters related to these fiscal years. The significant issues that remain unresolved relate to the allocation of profit between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico, and proposed adjustments associated with the tax effects of its acquisition structures for Ardian, CoreValve, Inc., and Ablation Frontiers, Inc. During the first quarter of fiscal year 2017, an expected settlement was reached with the IRS for all outstanding issues for fiscal years 2009, 2010, and 2011 except for the allocation of profit between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico for the businesses that are the subject of the U.S. Tax Court Case for fiscal years 2005 and 2006. The IRS continues to audit Medtronic, Inc.'s U.S. federal income tax returns for the fiscal years 2012 through 2014.

Covidien and the IRS have concluded and reached agreement on its audit of Covidien's U.S. federal income tax returns for the 2008 and 2009 tax years. The IRS continues to audit Covidien's U.S. federal income tax returns for the years 2010 through 2012. Open periods for examination also include certain periods during which Covidien was a subsidiary of Tyco International plc (Tyco International). The resolution of these matters is subject to the conditions set forth in the Tyco tax sharing agreement (Tax Sharing Agreement). Tyco International has the right to administer, control and settle all U.S. income tax audits for periods prior to the 2007 separation.

The IRS concluded its field examination of certain of Tyco International's U.S. federal income tax returns for the years 1997 through 2000 and proposed tax adjustments, several of which also affect Covidien's income tax returns for certain years after 2000. Tyco International appealed certain of the tax adjustments proposed by the IRS and had resolved all but one of the matters associated with the proposed tax adjustments. The IRS asserted that substantially all of Tyco International's intercompany debt originating during the years 1997 through 2000 should not be treated as debt for U.S. federal taxation purposes, and disallowed interest deductions related to the intercompany debt and certain tax attribute adjustments recognized on Tyco International's U.S. income tax returns. The Group disagreed with the IRS's proposed adjustments and, on July 22, 2013, Tyco International filed a petition with the U.S. Tax Court contesting the IRS assessment. On January 15, 2016, Tyco International, as audit managing party under the Tax Sharing Agreement, entered into Stipulations of Settled Issues with the IRS intended to resolve all Federal tax disputes related to this intercompany debt issue for the Tax Sharing Participants for the 1997 - 2000 audit cycle before the U.S. Tax Court. The Stipulations of Settled Issues were contingent upon the IRS Appeals Division applying the same settlement terms to all intercompany debt issues on appeal for subsequent audit cycles (2001 - 2007). On May 17, 2016 the IRS Office of Appeals issued fully executed Forms 870-AD that effectively settled the matters on appeal on the same terms as those set forth in the Stipulations of Settled Issues, and on May 31, 2016 the U.S. Tax Court entered decisions consistent with the Stipulations of Settled Issues. As a result, all aspects of this controversy that were before the U.S. Tax Court and Appeals Division of the IRS have been finally resolved for audit cycles from 1997-2007.

See Note 10 for additional discussion of taxation.

Guarantees

As a result of the acquisition of Covidien, the Group has guarantee commitments and indemnifications with Tyco International, TE Connectivity Ltd. (TE Connectivity), and Mallinckrodt plc (Mallinckrodt) which relate to certain contingent tax liabilities.

On June 29, 2007, Covidien entered into the Tax Sharing Agreement, under which Covidien shares responsibility for certain of its, Tyco International's, and TE Connectivity's taxation liabilities for periods prior to Covidien's 2007 separation from Tyco International (2007 separation). Covidien, Tyco International, and TE Connectivity share 42 percent, 27 percent, and 31 percent, respectively, of U.S. taxation liabilities that arise from adjustments made by tax authorities to Covidien's, Tyco International's, and TE Connectivity's U.S. income tax returns, taxation liabilities arising from adjustments made by tax authorities to intercompany transactions or similar adjustments, and certain taxes attributable to internal transactions undertaken in anticipation of the 2007 separation. If Tyco International and TE Connectivity default on their obligations to Covidien under the Tax Sharing Agreement, the Group would be liable for the entire amount of these liabilities. All costs and expenses associated with the management of these tax liabilities are being shared equally among the parties.

In connection with the 2007 separation, all tax liabilities associated with Covidien business became Covidien's tax liabilities. Following Covidien's spin-off of its Pharmaceuticals business to Covidien shareholders through a distribution of all the outstanding ordinary shares of Mallinkrodt (2013 separation), Mallinckrodt became the primary obligor to the taxing authorities for the tax liabilities attributable to its subsidiaries, a significant portion of which relate to periods prior to the 2007 separation. However, Covidien remains the sole party subject to the Tax Sharing Agreement. Accordingly, Mallinckrodt does not share in Covidien's liability to Tyco International and TE Connectivity, nor in the receivable that Covidien has from Tyco International, and TE Connectivity.

If any party to the Tax Sharing Agreement were to default in its obligation to another party to pay its share of the distribution taxes that arise as a result of no party's fault, each non-defaulting party would be required to pay, equally with any other non-defaulting party, the amounts in default. In addition, if another party to the Tax Sharing Agreement that is responsible for all or a portion of a taxation liability were to default in its payment of such liability to a taxing authority, the Group could be legally liable under applicable tax law for such liabilities and be required to make additional tax payments. Accordingly, under certain circumstances, the Group may be obligated to pay amounts in excess of the Group's agreed upon share of Covidien's, Tyco International's and TE Connectivity's tax liabilities.

The Group has used available information to develop its best estimates for certain assets and liabilities related to periods prior to the 2007 separation, including amounts subject to or impacted by the provisions of the Tax Sharing Agreement. The actual amounts that the Group may be required to ultimately accrue or pay under the Tax Sharing Agreement, however, could vary depending upon the outcome of the unresolved tax matters. Final determination of the balances will be made in subsequent periods, primarily related to certain pre-2007 separation tax liabilities and tax years open for examination. These balances will also be impacted by the filing of final or amended income tax returns in certain jurisdictions where those returns include a combination of Tyco International, Covidien, and/or TE Connectivity legal entities for periods prior to the 2007 separation. The resolutions with the U.S. Tax Court and IRS Appeals for fiscal years 1997 through 2007 were finalized during May 2016. However, the Tax Sharing Agreement remains in place with respect to taxation liabilities that are not the subject of such resolution.

In conjunction with the 2013 separation, Mallinckrodt assumed the tax liabilities that are attributable to its subsidiaries, and Covidien indemnified Mallinckrodt to the extent that such tax liabilities arising from periods prior to 2013 exceed $200 million, net of certain tax benefits realized. In addition, in connection with the 2013 separation, Covidien entered into certain other guarantee commitments and indemnifications with Mallinckrodt.

See Note 1 to the consolidated financial statements included in the Group's Annual Report on Form 10-K for the year ended April 29, 2016 for additional information.

Except as described above in this note or for taxation related matters, the Group has not recognized an expense related to losses in connection with these matters because any potential loss is not currently probable or reasonably estimable under U.S. GAAP. Additionally, the Group cannot reasonably estimate the range of loss, if any, that may result from these matters.

For the purpose of Section 357 of the Companies Act, 2014, the Company has undertaken to indemnify the creditors of the following subsidiaries incorporated in the Republic of Ireland, in respect of all losses and liabilities as referred to in Section 357 of the Companies Act 2014 for the financial year ending on April 29th, 2016 or any amended financial period incorporating the said financial year.

- Makani II
- Medtronic Irish Finco
- Covidien Limited
- Covidien Holdings Ireland Limited
- Covidien Finance Ireland Ltd

The Company does not expect any material loss to arise from these guarantees.

In the normal course of business, the Group and/or its affiliates periodically enter into agreements that require one or more of them to indemnify customers or suppliers for specific risks, such as claims for injury or property damage arising out of the Group or its affiliates' products or the negligence of any of their personnel or claims alleging that any of their products infringe third-party patents or other intellectual property. The Group's maximum exposure under these indemnification provisions cannot be estimated, and the Group has not recorded any provisions within the consolidated financial statements. Historically, the Group has not experienced significant losses on these types of indemnifications.

21. Profit Attributable to Medtronic plc

In accordance with Section 304 of the Companies Act 2014, the Group is availing of the exemption from presenting and filing its individual profit and loss account. Medtronic plc's loss for fiscal year 2016 and fiscal year 2015 as determined in accordance with Irish GAAP and Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland,' was $124 million and $48 million, respectively.

22. Segment, Geographic, and Employee Information

The Group's management evaluates performance and allocates resources based on profit and loss from operations before taxation and interest payable and similar charges, net, not including corporate determined charges, as presented in the table below. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note 1.

In the fourth quarter of fiscal year 2015, the Group amended the way in which management evaluates performance and allocates resources due to the Covidien acquisition. As a result, the Group began to operate under four reportable segments and four operating segments. This change had no impact on the Group's consolidated results for prior periods presented.

The Group's Cardiac and Vascular Group consists of three divisions: Cardiac Rhythm & Heart Failure, Coronary & Structural Heart, and Aortic & Peripheral Vascular. The primary products sold by this operating segment include products for cardiac rhythm disorders and cardiovascular disease, as well as services to diagnose, treat, and manage heart and vascular-related disorders and diseases. The products produced by this operating segment require highly-skilled, technical manufacturing processes and are distributed through direct sales representatives in the U.S. and through direct sales representatives and indirect distributors outside of the U.S. Further, the primary customers of this operating segment are surgeons and specialists and the regulatory approval process for the Cardiac and Vascular Group is similar across all components. The Group's Minimally Invasive Therapies Group consists of two divisions: Surgical Solutions and Patient Monitoring & Recovery. The primary products sold by this operating segment include those which enhance patient outcomes through minimally invasive solutions. These products include those for advanced and general surgical care and patient monitoring, nursing and patient care, and airway and ventilation. Further, the regulatory approval process for the Minimally Invasive Therapies Group is similar across all components. The Group's Restorative Therapies Group consists of four divisions: Spine, Neuromodulation, Surgical Technologies, and Neurovascular. The primary customers of this operating segment include spinal surgeons, neurosurgeons, and pain specialists. The products sold by this operating segment are distributed through direct sales representatives in the U.S. and through direct sales representatives and indirect distributors outside of the U.S. Further, the regulatory approval process for the Restorative Therapies Group is similar across all components. The primary products sold by the Group's Diabetes Group include those for diabetes management and the approval process for the Diabetes is similar across all divisions.

Turnover of the Group's reportable segments include end-customer revenue from the sale of products each reportable segment develops and manufactures or distributes. Turnover and profit on ordinary activities before taxation by reportable segment are as follows:

	Fiscal Year	
(in millions)	2016	2015
Cardiac and Vascular Group	$ 10,196	$ 9,361
Minimally Invasive Therapies Group	9,563	2,387
Restorative Therapies Group	7,210	6,751
Diabetes Group	1,864	1,762
Total turnover	$ 28,833	$ 20,261

(in millions)	Fiscal Year 2016	Fiscal Year 2015
Cardiac and Vascular Group	$ 3,182	$ 3,140
Minimally Invasive Therapies Group	1,394	342
Restorative Therapies Group	1,976	1,828
Diabetes Group	543	540
Total reportable segments' profit on ordinary activities before taxation	7,095	5,850
Impact of inventory step-up	(226)	(623)
Impact of product technology upgrade commitment	—	(74)
Special (charges) gains	(70)	38
Restructuring charges (1)	(299)	(252)
Certain litigation charges	(108)	(42)
Acquisition-related items	(283)	(550)
Interest payable and similar charges	(955)	(280)
Corporate	(900)	(581)
Total profit on ordinary activities before taxation	$ 4,254	$ 3,486

(1) Restructuring charges within this table include the impact of amounts recorded within *cost of sales* in the consolidated profit and loss account.

The following table presents the Group's assets by reportable segment:

(in millions)	April 29, 2016	April 24, 2015
Cardiac and Vascular Group	$ 13,563	$ 13,642
Minimally Invasive Therapies Group (1)	52,227	51,261
Restorative Therapies Group (1)	14,564	15,254
Diabetes Group	2,592	2,597
Total Assets of reportable segments	82,946	82,754
Corporate	16,836	23,969
Total assets	$ 99,782	$ 106,723

(1) Assets at April 24, 2015 have been adjusted from balances reported in the Form 10-K, due to subsequent event adjustments.

Geographic Information

The following table presents turnover to external customers and tangible assets by geographic region:

(in millions)	Americas (1)	EMEA (2)	Asia Pacific	Greater China	Consolidated
Fiscal Year 2016					
Turnover to external customers	$ 17,578	$ 6,700	$ 3,060	$ 1,495	$ 28,833
Tangible assets	3,728	708	220	185	4,841
Fiscal Year 2015					
Turnover to external customers	12,125	5,064	2,059	1,013	20,261
Tangible assets	3,604	725	165	183	4,677

(1) The U.S., which is included in the Americas, had turnover to external customers of $16.4 billion and $11.3 billion in fiscal years 2016 and 2015, respectively. Tangible assets includes $3.3 billion and $3.0 billion in the U.S. in fiscal years 2016 and 2015, respectively.

(2) EMEA consists of the following regions: Europe, Middle East, and Africa. Turnover to Ireland was insignificant during all periods presented. Tangible assets includes $169 million and $151 million in Ireland in fiscal years 2016 and 2015, respectively.

No single customer represented over 10 percent of the Group's consolidated turnover in fiscal years 2016 or 2015.

Employee Information

The average number of full-time equivalent persons employed by the Group during the year was as follows:

	Fiscal Year	
	2016	2015
Cardiac and Vascular Group	30,085	27,668
Minimally Invasive Therapies Group [(1)]	32,590	9,117
Restorative Therapies Group	17,630	16,108
Diabetes Group	5,668	5,351
Corporate Employees	7,118	2,962
Total	93,091	61,206

(1) The Minimally Invasive Therapies Group is comprised almost entirely of employees acquired through the acquisition of Covidien on January 26, 2015. The full-time equivalent persons was 36,467 as of April 24, 2015.

Total employee costs consisted of the following:

	Fiscal Year	
(in millions)	2016	2015
Wages and salaries	$ 6,411	$ 5,358
Social insurance	575	419
Stock-based compensation	375	439
Pension and postretirement costs	584	433
Other	413	349
Total	$ 8,358	$ 6,998

Capitalized employee costs during the years ended April 29, 2016 and April 24, 2015, and subsequently not expensed, were $872 million and $832 million, respectively.

23. Directors' Remuneration

On the Acquisition Date, all directors from Medtronic, Inc. became the directors of Medtronic plc, and two additional directors were added. The consolidated financial statements have been presented with comparative information based on the historical operations of Medtronic, Inc. Therefore, directors' remuneration presented in the table below for fiscal years 2016 and 2015 are presented on that basis.

Emoluments earned by the directors from the Acquisition Date to April 24, 2015 totaled $33 million, which included fees earned for the services of the non-executives, salary and incentive compensation earned by the CEO, and excise tax reimbursements related to the Transactions, totaling $30 million. Contributions to the defined contribution and defined benefit retirement plans for the CEO from the Acquisition Date to April 24, 2015 were $4 thousand and $185 thousand, respectively.

(in millions)	Fiscal Year 2016	Fiscal Year 2015
Emoluments:		
Emoluments to directors, excluding the CEO [1]:	$ 3.8	$ 7.1
Emoluments to CEO [2]	12.0	36.2
Total emoluments	15.8	43.3
Contributions to retirement benefits plans:		
Defined contribution [3]	—	—
Defined benefit [4]	0.2	0.2
Total contributions to retirement benefits plans	0.2	0.2
Total emoluments and contributions	$ 16.0	$ 43.5

(1) There were no contributions made to retirement benefit schemes or compensation paid for loss of office to non-executive directors during the periods presented.
(2) Includes cash payments, grant date fair value of stock awards, tax reimbursements, and business and travel allowances. Excludes stock option awards expense totaling $3 million for each of the fiscal years 2016 and 2015.
(3) Contributions were $12 thousand and $13 thousand for fiscal years 2016 and 2015, respectively.
(4) Contributions were $212 thousand and $192 thousand for the fiscal years 2016 and 2015, respectively.

Indemnification Agreements Effective January 26, 2015, Medtronic entered into deeds of indemnification (the "Deeds of Indemnification") with the directors and corporate secretary of Medtronic. The Deeds of Indemnification provide indemnification to such directors and the corporate secretary to the fullest extent permitted by the laws of Ireland, and in accordance with Medtronic's memorandum and articles of association, for all expenses and other amounts actually incurred in any action or proceeding in which the director or corporate secretary is or may be involved by reason of the fact that he or she is or was a Medtronic director or corporate secretary or otherwise serving Medtronic or other entities at Medtronic's request, on the terms and conditions set forth in the Deeds of Indemnification. Further, Medtronic agrees, to the fullest extent permitted by the laws of Ireland, to advance expenses incurred in defense of these proceedings, on the terms and conditions set forth in the Deeds of Indemnification. The Deeds of Indemnification also provide procedures for requesting and obtaining indemnification and advancement of expenses.

24. Auditors' Remuneration

Auditors' remuneration for all professional services rendered by PricewaterhouseCoopers Ireland and its affiliated firms was as follows:

(in millions)	Fiscal Year 2016	Fiscal Year 2015
Audit of the Group financial statements	$ 16.7	$ 13.3
Other assurance services	0.5	4.2
Tax advisory services	3.0	3.2
Other	—	0.2
Total remuneration	$ 20.2	$ 20.9

Auditors' remuneration for all professional services rendered by the statutory auditor PricewaterhouseCoopers Ireland was as follows:

(in millions)	Fiscal Year 2016	Fiscal Year 2015
Audit of the Group financial statements	$ 0.7	$ 0.5
Other assurance services	—	1.0
Tax advisory services	0.2	0.2
Total remuneration	$ 0.9	$ 1.7

25. Subsidiary Undertakings

As of April 29, 2016, the Group had the following subsidiary undertakings:

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
7157240 Canada Inc.	Healthcare	100	16771 Chemin Ste-Marie Kirkland H9H 5H3 Canada
Ablation Frontiers L.L.C.	Healthcare	100	2210 Farday Ave Ste 100 Carlsbad Caifornia 92008 United States
Accucomp (Pty.) Ltd.	Healthcare	100	379 Roan Crescent Corporate Park North PO Box 8108 1685 South Africa
Accufusion (Pty.) Ltd.	Healthcare	100	379 Roan Crescent Corporate Park North PO Box 8108 1685 South Africa
Advanced Absorbent Products Holdings Limited	Holding Company	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Advanced Medical Technologies GmbH	Healthcare	100	Kasteler Str 11 66620 Nonnweiler Germany
Advanced Uro-Solutions, L.L.C.	Healthcare	100	Kasteler Str 11 66620 Nonnweiler Germany
Aircraft Medical Ltd.	Healthcare	100	10 St. Andrew Square, Edinburgh EH2 2AF, Scotland
Airox	Healthcare	100	11 Rue Marechal Foch Pau 64000 France
Airox, Inc.	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 02048 United States
Arterial Vascular Engineering Canada, Company	Healthcare	100	Brookfield Pl Ste 2100 181 Bay St Toronto, Ontario Canada
Arterial Vascular Engineering UK Limited	Healthcare	100	Mitre House, 160 Aldersgate St London, United Kingdom
ASE Partners SAS	Healthcare	100	2 rue Diderot LaClef de St Pierre Elancourt 78990 France
ATS Acquisition Corp.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Auto Suture do Brasil Ltda.	Healthcare	100	900 Moema Sao Paula SP-CEP-04074-020 Sao Paula Brazil
Auto Suture European Services Center	Healthcare	100	16 Place de I'Iris Tour CB21 Courbevoie 92400 France
Auto Suture Holdings Pty Ltd	Healthcare	100	Riverview Park, Lane Cove Level 1, 166 Epping Road Sydney NSW 2066 Australia
Auto Suture Puerto Rico, Inc.	Healthcare	100	P.O. Box 7292 Sabanetas Industrial Park Ponce 00731 Puerto Rico
Auto Suture U.K. Limited	Healthcare	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Aviation Acquisition Co., Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Aviation US Parent, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
BARRX Medical Inc.	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 02048 United States
Batts Far East Limited	Healthcare	100	United 12-16, 18th Floor BEA Tower Millennium City 5, 418 Kwun Tong Road, Hong Kong
The Beacon (No. 1) Limited Partnership	Healthcare	100	16 Grosvenor Crescent/Belgravia London SW1X7EP United Kingdom
Beacon Endoscopic Limited	Healthcare	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Beacon Endoscopic LLC	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 02048 United States
Beijing Libeier Biology Engineering Research Institute Co., Ltd.	Healthcare	100	No 100, 6th Kechuang Street Economic & Technological Development Area East Beijing 100176 China

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Beijing Wei Rui Medical Devices Co., Ltd.	Healthcare	100	No 10, West Heilongtan Road, Wenquan Town, HaiDian District, Beijing 100095 China
Bellco Canada Inc.	Healthcare	100	2900 Argenta Road, Unit 10, Mississauga, Ontario L5N 7X9, Canada
Bellco Do Brasil	Healthcare	100	Rue Sampaio Viana no, 277, conuncto 91, Paraiso, CEP.04.004-000, Sao Paulo, Brazil
Bellco France S.A.S.	Healthcare	100	8 allée Hendrik Lorentz le Parc de Haute Maison, Immeuble D5 Champs Sur Marne, BP2 77447 Marne La Vallée Cedex 2, Marne
Bellco Nordic AB	Healthcare	100	Solna Business Park, Svetsarvägen 15, Solna 171 41, Sweden
Bellco S.r.l.	Healthcare	100	1 via Camurana, Mirandola 41037, Italy
Biostar Biomedikal Mühendislik Anonim Sirketi	Healthcare	100	Yeni Sahra Mah. Yavuz Selim, Cad No.: 17 Kat:1, Atasehir, Istanbul, Turkey
Bo Yao (Shanghai) Medical Device Co. Ltd.	Healthcare	100	Part A, 4th Floor, No. 180 Ri Jing Road, Pilot Free Trade Zone, Shanghai
Cardiocom UK LTD	Healthcare	100	Building 9, Croxley Green Business Park, Hatters Lane, Watford WD18 8 WW, United Kingdom
CardioInsight Technologies, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Carmel Biosensors Ltd.	Healthcare	100	c/o Yigal Aron & Co., 1 Azriel Center, Tel Aviv 67021 Israel
CCI Centro Covidien de Inovação e Educação para a Saúde Ltda	Healthcare	100	Av. Jornalista Roberto Marinho, 85, 9th floor Sao Paolo 04.576-01 Brazil
CCI Istanbul Teknolojik Hizmetler Limited Sirketi	Healthcare	100	No:2 K-1/0/1/2, Umraniye Istanbul Turkey
CDK U.K. Limited	Healthcare	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Changzhou Kangdi Medical Stapler Co., Ltd.	Healthcare	100	No. 16 Kunlun Road, Zinbei Zone, Changzhou City Jiangsu Province China
Changzhou Kanghui Medical Innovation Co., Ltd.	Healthcare	100	No. 16 Kunlun Road, Zinbei Zone, Changzhou City Jiangsu Province China
Comercial Kendall (Chile) Limitada	Healthcare	100	VItacura 2763 Ofice 501 Las Condes Santiago Chile
CorMedica Corporation	Healthcare	100	11 Mercer Road, Natick, Massachusetts United States
Corventis Europe BVBA	Healthcare	100	Louizalaan 149-bus24 1050 Elsene Belgium
Corventis Pte. Ltd.	Healthcare	100	46 East Coast Rd #07-03 Eastgate 428766 Singapore
Covidien (China) Medical Devices Technology Co., Ltd.	Healthcare	100	Room 302-16 No 8, 188 New Jun Hoan Rd., Minhang District, Shanghai, PR China
Covidien (Gibraltar) Holding Limited	Holding Company	100	57/63 Line Wall Road Gibraltar
Covidien (Gibraltar) Limited	Holding Company	100	57/63 Line Wall Road Gibraltar
Covidien (HKSAR) Co., Limited	Holding Company	100	Unit 12-16, 18th Floor, BEA Tower Milennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon Hong Kong
Covidien (Israel) Ltd.	Healthcare	100	5 Shacham Street, PO Box 3069 North Industrial Park Caesaria Israel
Covidien (Proprietary) Limited	Healthcare	100	379 Roan Crescent, Randjiespark, Midrand, Guateng, South Africa

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Covidien (Shanghai) Management Consulting Co., Ltd.	Healthcare	100	3rd & 4th Floor Tyco Plaza Caohejing Hi-Tech Park, 99 Tian Zhou Road Shanghai 200233 China
Covidien (Thailand) Limited	Healthcare	99.99	319 Chamchuri Square / 17th Floor, Unit 1-8 Phayathai Road, Pathumwan Sub-District Bangkok 10330 Thailand
Covidien (UK) Commercial Limited	Healthcare	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Covidien (UK) Manufacturing Limited	Healthcare	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Covidien AG	Healthcare	100	Victor von Bruns-Strasse 19 Neuhausen am Rheinfall CH-8212 Switzerland
Covidien Argentina S.A.	Healthcare	100	Agencia Numero 11, Carolos Pellegrini N685 1 Piso// Ciudad Autonoma, Buenos Aires 1009 Argentina
Covidien Asia Investments Limited	Holding Company	100	c/o MauriTrust Consulting & Management Limited 210, St. James Court, Rue St. Denis Port Louis Mauritius
Covidien Australia Pty Ltd	Healthcare	100	Riverview Park, Lane Cove Level 1, 166 Epping Road Sydney NSW 2066 Australia
Covidien Belgium 2 NV	Healthcare	100	Generaal de Wittelaan 9/5 Belgium 2800 Mechelen Belgium
Covidien Canada Holdings (A) Cooperatie U.A.	Holding Company	100	Westerduinweg 3, 1755LE Petten, Postbus 3 1755ZG Petten Netherlands
Covidien Canada Holdings (B) Cooperatie U.A.	Holding Company	100	Westerduinweg 3, 1755LE Petten, Postbus 3 1755ZG Petten Netherlands
Covidien Canada Holdings (C) Cooperatie U.A.	Holding Company	100	Westerduinweg 3, 1755LE Petten, Postbus 3 1755ZG Petten Netherlands
Covidien Canada Holdings LLC	Holding Company	100	15 Hampshire Street Mansfield Massachusetts 02048 United States
Covidien Canada ULC	Healthcare	100	12th floor Fifth Avenue Place 425 - 1st Street, S.W. Calgary, Alberta T2P 3L8 Canada
Covidien Caribbean, Inc.	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 02048 United States
Covidien Colombia S.A.	Healthcare	100	Carretera Central Norte Km 18, Edificio Prados de la Morea viaChia, Chi-Cundianamarca, Columbia
Covidien Delaware VI Corp.	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 02048 United States
Covidien Deutschland GmbH	Healthcare	100	Gewerbepark 1 Neustadt 93333 Germany
Covidien Engineering Services Private Limited	Healthcare	99.99	DLF Cyber City, Block No. 3, Ground Floor, Plot No. 129 to 132, APHB Colony, Gachibowli Hyderabad 5000019 India
Covidien Eurasia LLC	Healthcare	100	2nd Syromyatnichesky side-street 1 Moscow 105120 Russia
Covidien Finance International GmbH	Healthcare	100	Victor von Bruns-Strasse 19 Neuhausen am Rheinfall 8212 Switzerland
Covidien Finance Ireland Limited	Healthcare	100	20 On Hatch, Lower Hatch Street, Dublin 2, Ireland
Covidien France Holdings (A) Cooperatie U.A.	Holding Company	100	Westerduinweg 3, 1755LE Petten, Postbus 3, 1755ZG Petten Netherlands
Covidien France Holdings (B) Cooperatie U.A.	Holding Company	100	Westerduinweg 3, 1755LE Petten, Postbus 3, 1755ZG Petten Netherlands
Covidien France Holdings, Inc.	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Group Holdings Limited	Healthcare	100	Appleby , Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda
Covidien Group S.a.r.l.	Holding Company	100	3b, bd Prince Henri Luxembourg L-1724 Luxembourg

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Covidien Healthcare Holding UK Limited	Holding Company	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Covidien Healthcare India Private Limited	Healthcare	100	Building No. 9B, 10th Fl DFL Cyber City Phase III Gurgaon 12202 India
Covidien Healthcare International Trading (Shanghai) Co., Ltd.	Healthcare	100	Part 102, Building 2, No. 556 Fasai Road Shanghai 200233
Covidien Healthcare Trading (Shanghai) Co., Ltd.	Healthcare	100	Room 01, 9/F, Building 6, No. 1528 Gumei Road Caohejing Hi-Tech Park, Zuhui District Shanghai 200233 China
Covidien Holding Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Holdings International Corporation	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Holdings Ireland Limited	Holding Company	100	20 On Hatch, Lower Hatch Street, Dublin 2 Ireland
Covidien Holdings S.a.r.l.	Holding Company	100	3b Bld Prince Henri L-1724 Luxembourg
Covidien Hong Kong No.2 Limited	Healthcare	100	Unit 12-16, 18th Floor, BEA Tower Millennium City 5, 418 Kwun Tong Road Kowloon Hong Kong
Covidien Hungary Kft.	Healthcare	100	Mariassy u7, 1095 Budapest 1095, Hungary
Covidien International (US) Holdings A, LLC	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien International Finance S.A.	Holding Company	100	3b Bld Prince Henri L-1724 Luxembourg
Covidien International S.a.r.l.	Healthcare	100	3b Bld Prince Henri L-1724 Luxembourg
Covidien Ireland Commercial Limited	Healthcare	100	55 Merrion Sq, Dublin 2 Ireland
Covidien Ireland Limited	Healthcare	100	Srah Industrial Estate, Tullamore, Co. Offaly Ireland
Covidien Israel Holdings Ltd	Holding Company	100	5 Shacham St North Industrial Park Caesarea PO 3069, Caesarea 38900 Israel
Covidien Israel Investments Ltd	Healthcare	100	5 Shacham St North Industrial Park Caesarea PO 3069, Caesarea 38900 Israel
Covidien Israel Surgical Research Ltd	Healthcare	100	7 Hamerape St., Jerusalem, Israel
Covidien Japan, Inc.	Healthcare	100	10-2, Yoga 4-chome, (wef Jan 1 2002) Setagaya-ku Tokyo
Covidien Korea, Inc.	Healthcare	100	5th Floor Hibrand Living Center 215 Yangjae-dong Seocho-gu Seoul South Korea
Covidien Limited	Healthcare	100	20 On Hatch, Lower Hatch Street, Dublin 2, Ireland
Covidien llc	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Logistics BVBA	Healthcare	100	Weg naar Zwartberg, Opglabbeek 3660 Belgium
Covidien LP	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Lyon	Healthcare	100	2 Rue Diderot La Clef De Saint Pierre, Elancourt 78990 France
Covidien Manufacturing Grenoble	Healthcare	100	16 avenue du Général de Gaulle BP117F38 800 Le Pont de Claix France
Covidien Manufacturing Solutions, S.A.	Healthcare	100	BLP Abogados Building, Via Lindora Business Center, Raidal Santa Ana-San Antonio de Belen, San Jose KM3 Costa Rica

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Covidien Medical	Healthcare	100	53 Dubininskaya Street, Bldg 5, Moscow 115054 Russia
Covidien Medical Products (Shanghai) Manufacturing L.L.C.	Healthcare	100	Building #10, No. 789 Puxing Road, Caohejing EPZ Pujiang Town, Minhang District Shanghai 201114 China
Covidien New Zealand Limited	Healthcare	100	c/o Russell McVeagh, Level 30, Vero Centre, 48 Shortland Street Auckland New Zealand
Covidien Nigeria Limited	Healthcare	100	c/o Regus Business Centre, 3rd Floor Mulliner Towers 39 Aldred Rewatnt Road, Ikoyi, Lagos Nigeria
Covidien Peru S.A.	Healthcare	100	Av.E. Cavenecia No. 225 of. 405, Lima 27, Peru
Covidien Philippines, Inc.	Healthcare	99.99	Unit 1905-1906 Hanstm Sq, San Miguel Avenue Ortiqas Center, Pasig City, 1065 Philippines
Covidien Private Limited	Healthcare	100	103 Penang Road, #10-01 Visioncrest Commercial, 238467 Singapore
Covidien Pty Limited	Healthcare	100	Riverview Park Level 1, 166 Epping Road, Lane Cove 2066 Australia
Covidien Sales LLC	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Sendirian Berhad	Healthcare	100	Level 12, Wisma Kelana Brem Tower 1, Jalan 557/15 (Jalan Stadiu, KelanaJaya 47301 Petaling Jayam Selangor Danil Ehsan, Malaysia
Covidien Services Europe Limited	Healthcare	100	Block G, First Floor, Cherrywood Business Park Dublin, Ireland
Covidien Sigma Limited	Holding Company	100	Appleby Hamilton Canon's Court, 22 Victoria Street HM12 Bermuda
Covidien Swiss Holding GmbH	Holding Company	100	Victor von Bruns-Strasse 1919 8212 Neuhausen am Rheinfall Switzerland
Covidien Taiwan Limited	Healthcare	100	4F, No. 407, RueiGuang Road, NeiHu District Taipei Taiwan
Covidien Trevoux	Healthcare	100	116 avenue de Formans Trevoux 01600 France
Covidien UK Holding Ltd	Holding Company	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Covidien UK Limited	Healthcare	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Covidien Uruguay S.A.	Healthcare	100	Sarandi #693, 3rd floor Montevideo 11000 Uruguay
Covidien US Holdings, Inc.	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Ventures Ltd.	Healthcare	100	Appleby Hamilton Canon's Court, 22 Victoria Street HM12 Bermuda
Covidien VII (Denmark) ApS	Holding Company	100	Arne Jacobsens Alle 7 5th Floor, 2300 Copenhagen 2300 Denmark
Davis & Geck Caribe Limited	Healthcare	100	Close Brothers (Cayman) Limited, PO Box 1034, Harbour Place, 103 South Church St, George Town KY1-1102 Grand Cayman
Dendron GmbH	Healthcare	100	Lise-Meitner-Allee 31 Bochum H4801 Germany
Diabeter B.V.	Healthcare	100	Blaak 6 Rotterdam 3011 TA Netherlands
Diabeter Zorg B.V.	Healthcare	100	Blaak 6 Rotterdam 3011 TA Netherlands
DISAB Diagnostic Imaging Holding AB	Holding Company	100	c/o Tyco Healthcare Norden AB PO Box 54 Solna SE-171 74 Sweden
Especialidades Medicas Kenmex, S.A. de C.V.	Healthcare	100	Calle: 9 SUR No. 125 Ciudad Industrial Rijuana 22244 Mexico

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Eur-o-Flex de Mexico S.A. de C.V.	Healthcare	100	Avenida Insurgentes Sur No. 863, Piso 15 y 16, Col. Napoles Deleg. Benito Juarez CP 03810 Mexico
ev3 Australia Pty Limited	Healthcare	100	Riverview Park, 166 Epping Road, Lane Cove NSW 2066 Australia
ev3 B.V.	Healthcare	100	Europalaan 25, Maastricht-Airport, Netherlands
ev3 Canada Inc.	Healthcare	100	44 Chipman Hill, PO Box 7289 Stn. "A" Suite 1000 Canada
ev3 International, Inc.	Healthcare	100	3033 Campus Drive, Plymouth MN 55441 United States
ev3 Medical Devices (Beijing) Company, Ltd.	Healthcare	100	Room 2501, Building B, Chaowai MEN Tower, No. 26 Chao Yang Men Wai Street, Chaoyang District, Beijing 1000020 China
ev3, Inc.	Healthcare	100	3033 Campus Drive, Plymouth MN 55441 United States
First Lafayette Holdings LLC	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Floreane Medical Implants	Healthcare	100	116 avenue du Formans Trevoux 016600 France
Fundacion Medtronic Aula Miguel Servet	Healthcare	100	Maria de Portugal, 11, Madrid 28050, Spain
GC Holdings, Inc.	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Given Imaging (Asia Pacific) Pte. Ltd.	Healthcare	100	Kojimachi Bldg. 3-3 Kojimachi Chiyoda-ku Tokyo 102-0083 Singapore
Given Imaging (Asia) Company Limited	Healthcare	100	1001 The Hennessy, 256 Hennessy Road, Wanchai Hong Kong
Given Imaging (Los Angeles) LLC	Healthcare	100	555 Long Wharf Drive, New Haven, Connecticut 06511 United States
Given Imaging B.V.	Healthcare	100	Westblaak 89, 3012 KG Rotterdam 3012KG Netherlands
Given Imaging do Brazil Ltda.	Healthcare	100	Rua Cayowaa No 225mm Sala 20 Perdizes Sao Paolo CEP05018-000 Brazil
Given Imaging GmbH	Healthcare	100	Borsteler Chaussee 47, Hamburg 22453 Germany
Given Imaging K.K.	Healthcare	100	2F KDX Kojimachi Bldg, 3-3 Kojimachi Chiyoda-ku, Tokyo 102-0083 Japan
Given Imaging Ltd.	Healthcare	100	2 Hacarmel Street, New Industrial Park, Yoqneam 20692 Israel
Given Imaging Pty Limited	Healthcare	100	The Park Unit 6A, 5 Talavera Road, North Ryde NSW 2113 Australia
Given Imaging Vietnam Co., Ltd.	Healthcare	100	Unit 6A, 6th Fl, Standard Factory Building, 14th Street Ho Chi Minh City Vietnam
Given Imaging, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Graphic Controls (Barbados), Ltd.	Healthcare	100	PO Box 169W Bridgetown Barbados
Graphic Holdings, Inc.	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Haemopharm Biofluids Srl	Healthcare	100	Via dell'Industria 6, Tovo di Sant'Agata (SO), 23030, Italy
Healthcare Aviation Trust	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Heartstone Services GmbH	Healthcare	100	Victor von Bruns-Strasse 1919 8212 Neuhausen am Rheinfall Switzerland

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
HET Systems, LLC	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
IHS SAGLIK HIZMETLERI LTD STI	Healthcare	100	Saray mah.Esnaf sok. Akkom Ofis Park Laodik Plaza No: , 2 K.4, Ümraniye Istanbul, Istanbul, Turkey
Imedex Biomateriaux	Healthcare	100	116 avenue du Formans Trevoux 016600 France
Inbrand Holdings Limited	Holding Company	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Inbrand Limited	Healthcare	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Inbrand UK Limited	Healthcare	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
India Medtronic Private Limited	Healthcare	100	1241, Solitaire Corporate Pk, Bldg No 12, 4th fl, Andheri-Ghatkopar Link Rd, Andheri(E), Mumbai 400093, India
InnerDyne Holdings, Inc.	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
InnerDyne, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Instruventional Inc.	Healthcare	100	99 Hereford Street, Brampton L6YOR3, Canada
Invatec S.p.A.	Healthcare	100	Via Martiri della Liberta 7, Roncadelle, Brescia 25030, Italy
Integrated Health Solutions International Sarl	Healthcare	100	Route du Molliau 31, Tolochenaz CH - 1131, Switzerland
Invatec Technology Center GmbH	Healthcare	100	Revisions und Steuerberatungsgesellschaft, Zweiniederlassung Weinfeldenm Markstrasse 28, Weinfelden 8570, Switzerland
Kendall Company of South Africa (Pty) Limited, The	Healthcare	100	PO Box 85 Century City 7446 South Africa
Kendall de Mexico, S.A. de C.V.	Healthcare	100	Avenida Insurgentes Sur No. 863, Piso 15 y 16, Col. Napoles Mexico
Kendall de Venezuela, C.A.	Healthcare	100	Calle Caroni Con Madrid, Edificio Centro Caroni, Piso #3Urb. Las Mercedes Caracas Venezuela
Kendall Ludlow Holding Corporation	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Kendall Innovadores en Cuidados al Paciente S.A.	Healthcare	100	San Jose, Sabana Norte del Restaurante, Las Tunas, 100 Norte y 5 Este Costa Rica
Kendall SAS	Healthcare	100	TOUR CB 21 16, PLACE DE L'IRIS Paris La Defense Cedex 92040 France
Kendall, S.A. (Panama)	Healthcare	100	55-0739 Paitillam Calle Primera (Harry Eno) Urbanizacion Industrial Los Angeles, Panama
Kendall-Gammatron Limited	Healthcare	100	117 Moo 2, Tambol Klongmai, Amphur Sampran Nakorn Phathom Province 73110 Thailand
KMS Colon, Panama, S.A.	Healthcare	100	Avenida anta Isabel y Calle 20 Colon PO Box 0302-00504 Colon Zona Libre Panama
KMS Montevideo, Uruguay, S.A.	Healthcare	100	Lavalleja Ruta 8 Km. 17500 Edif. Costa Park Zonamerica Montevideo 33126 Uruguay
Kyphon Americas, Inc.	Healthcare	100	1221 Crossman Avenue, Sunnyvale, California 94089 United States
Kyphon Cayman Ltd.	Healthcare	100	Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman
Kyphon Ireland Research Holding Limited	Healthcare	100	Parkmore Business Park West Ballybrit Galway Ireland
Kyphon Sàrl	Healthcare	100	Pierre-a-Bot 97, Neuchatel 2000, Switzerland

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Kyphon South Africa (Proprietary) Ltd.	Healthcare	100	402 Centrepoint, Loxton Road, Milnerton 7441 South Africa
La Trevoltiane	Healthcare	100	116 avenue de Formans Trevoux 01600 France
Lafayette Healthcare Limited	Healthcare	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Lafayette Pharmaceuticals Pty Limited	Healthcare	100	Riverview Park Level 1, 166 Epping Road, Lane Cove 2066 Australia
Lazarus Effect LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Lazarus Effect, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Life Design Systems, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Ludlow Technical Products Canada, Ltd.	Healthcare	100	215 Herbert Street Gananoque Ontario K7G 2Y7 Canada
Ludlow Technical Products Corporation	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Ludlow Technical Products France	Healthcare	100	2 rue Diderot La Clef De Saint Pierre, Elancourt 78990 France
Magnolia Medical, LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Makani II Unlimited Company	Healthcare	100	20 Lower Hatch Street, Dublin 2 Ireland
Mallinckrodt DAR Srl	Healthcare	100	Via G. Bove 2-4-6-8, 41037 Mirandola MO, Italy
Mallinckrodt Holdings B.V.	Holding Company	100	Hogeweg 105, PO Box 2205, 5300 CE, Zaltbommel 5300cb Netherlands
Mallinckrodt Holdings, LLC	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Mallinckrodt International Financial Services Company	Healthcare	100	20 On Hatch Lower Hatch Street, 1st Floor Dublin 2, Ireland
Mallinckrodt Medical S.A.	Healthcare	100	Avenida de San Pablo 28 Edificio II Poligono Industrial Coslada, Madrid Spain
Mallinckrodt Polska Sp.z o.o.	Healthcare	100	Ul. Pawinskiego 5a lok. 33,02-106 Warsaw Poland
Mallinckrodt Sweden AB	Healthcare	100	PO Box 54, Solna SE 171 74 Sweden
Mallinckrodt US LLC	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Mareane	Healthcare	100	116 Avenue Formans Trevoux 01600 France
Medefield Pty Limited	Healthcare	100	Riverview Park, Level 1, 166 Epping Road Lane Cove Sydney NSW 2066 Australia
Medical Education Y.K.	Healthcare	100	Comodio Shidome, 2-14-1 Higashi Shimbashi Minato-Ku Tokyo 105-0021 Japan
Medina Medical LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medina Medical, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Mediquip Sdn. Bhd.	Healthcare	100	Padang Lati Mukim Paya 02450 Kangar Perlis Indera Kayangan Malaysia
Medtronic - Sequoia (Cayman) Innovation Investment Management Partners, Ltd.	Healthcare	100	Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, Cayman Islands

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Medtronic (Africa) (Proprietary) Limited	Healthcare	100	Woodmead North Office Park, 54 Maxwell Drive, Jukskeiview, Sandton 2195, South Africa
Medtronic (Schweiz) A.G. (Medtronic (Suisse) S.A.)	Healthcare	100	Talstrasse 9 Munchenbuchsee 3053 Switzerland
Medtronic (Shanghai) Ltd.	Healthcare	100	10th Fl, Bldg. 3 No 6 Lane 3158 Long Dong Avenue Shanghai
Medtronic (Shanghai) Management Co. Ltd.	Healthcare	100	Floor 3, No 180 Rijing Road, Shanghai 201203
Medtronic (Taiwan) Ltd.	Healthcare	100	2F, No. 2, Sec. 1, Dunhua S. Road, Songshan District, Teipei City, Taiwan R.O.C. 10506, Russia
Medtronic (Thailand) Limited	Healthcare	100	10th Fl, Unit B-Q House Convent Bldg 38 Convent Roadm Silom Bangrak 10500
Medtronic 3F Therapeutics, Inc.	Healthcare	100	1851 Deere Ave, Santa Ana, California 92008 United States
Medtronic Ablation Frontiers LLC	Healthcare	100	2210 Faraday Avenue, Suite 100, Carlsbad, California 92008 United States
Medtronic Ablation Reorganization LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Adriatic d.o.o.	Healthcare	100	Folnegoviceva lc Zagreb Croatia
Medtronic Advanced Energy Acquisition LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Advanced Energy LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Advanced Energy Luxembourg S.a.r.l.	Healthcare	100	1 rue Poteger 1-2347 Luxembourg
Medtronic Advanced Energy Luxembourg S.a.r.l. LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic AF Acquisition LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic AF Luxembourg S.a r.l.	Healthcare	100	1 rue Poteger 1-2347 Luxembourg
Medtronic Aktiebolag	Healthcare	100	Farogatan 33, P.O. Box 1034, Kista 164 51, Sweden
Medtronic Angiolink, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Ardian Acquisition LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Ardian LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Ardian Luxembourg S.a.r.l.	Healthcare	100	1 rue Poteger 1-2347 Luxembourg
Medtronic Ardian Luxembourg S.a.r.l. LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Asia, Ltd.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic ATS Medical, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Australasia Pty. Limited	Healthcare	100	97 Waterloo Road, North Ryde 2113, Australia
Medtronic B.V.	Healthcare	100	Earl Bakkenstraat 10, Heerlen 6422 PJ, Netherlands
Medtronic Bakken Research Center B.V.	Healthcare	100	Endepolsdomein 5, Maastricht 6229 GW, Netherlands

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Medtronic Belgium S.A./N.V.	Healthcare	100	Burgemeester Etienne De Munterlaan 5 (Avenue du Bourgmestre Etienne De Munter 5) Brussels 1090
Medtronic Bio-Medicus, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic BioPharma B.V.	Healthcare	100	Earl Bakkenstraat 10, Heerlen 6422 PJ, Netherlands
Medtronic BioPharma Sàrl	Healthcare	100	Route de Pierre-a-Bot 97 Neuchatel 2000, Switzerland
Medtronic Braun, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Bulgaria EOOD	Healthcare	100	22 Emile de Laveleye Street, Vazrazhdane Region, Sofia 1000, Bulgaria
Medtronic Care Management Services, LLC	Healthcare	100	7980 Century Blvd, Chanhassen, Minnesota 55317 United States
Medtronic Chile SpA	Healthcare	100	Av.Cerro Colorado 5240, pico 10 torre II, Las Condes, Santiago, Chile
Medtronic China Kanghui Holdings	Holding Company	100	Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman
Medtronic China, Ltd.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic China Venture Fund (Cayman) L.P.	Healthcare	67	P.O. Box 309, Ugland House, South Church Street, George Town, Cayman Islands
Medtronic Comercial Ltda.	Healthcare	100	Joaquim Floriano Street, 100-7th Floor, Sao Paulo CEP 04534-000, Brazil
Medtronic CoreValve LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic CryoCath LP	Healthcare	100	9000, Trans-Canada Highway, Pointe-Claire, Quebec H9R 5Z8, Canada
Medtronic CV Luxembourg LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic CV Luxembourg S.a.r.l.	Healthcare	100	1, rue de Potager, L-2347, Luxembourg
Medtronic CV Reorganization, LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic CV, LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Czechia s.r.o.	Healthcare	100	Revnicka 170/4 (Oregon House), Prague 5- Trebonice 155 21, Czech Republic
Medtronic Danmark A/S	Healthcare	100	Arne Jacobsens Alle 17 Copenhagen S 2300 Denmark
Medtronic do Brasil Ltda.	Healthcare	100	Rua Monsenhor Arruda, Carmara, Suite 2, Vila Ede 53 Sao Paulo Brazil
Medtronic Europe BVBA/SPRL	Healthcare	100	Burgemeester Etienne De Munterlaan 5 (Avenue du Bourgmestre Etienne De Munter 5) Brussels 1090 Belgium
Medtronic Europe Sàrl	Healthcare	100	Route du Molliau 31 Case-postale Tolochenaz 1131 Switzerland
Medtronic Fabrication SAS	Healthcare	100	Route d'Anor Zone Industrielle Fourmies 59610 France
Medtronic Finance Holdings ULC	Holding Company	100	P.O. Box 309, Ugland House, Grand Cayman KY1-1104 Cayman Islands
Medtronic Finland Oy	Healthcare	100	Hitsaajankatu 20, 4th floor Helsinki 00810 Finland
Medtronic France S.A.S.	Healthcare	100	27/33 quai Alphonse le Gallo, Immeuble ILEO, Boulogne Billancourt 92100, France

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Medtronic G.m.b.H.	Healthcare	100	Earl-Bakken-Platz 1 Dusseldorf Meerbusch 40670 Germany
Medtronic Global Holdings GP S.à r.l.	Holding Company	100	1, rue du Potager, L-2347, Luxembourg, Grand Duchy of Luxembourg
Medtronic Global Holdings S.C.A.	Holding Company	100	1, rue du Potager, L-2347, Luxembourg, Grand Duchy of Luxembourg
Medtronic Group Holding, Inc.	Holding Company	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Hellas Medical Device Commercial S.A.	Healthcare	99.95	5, Ag. Varvaras Str. GR-15231 Halandri Athens
Medtronic Holding B.V.	Holding Company	100	Earl Bakkenstraat 10, Heerlen 6422 PJ, Netherlands
Medtronic Holding Switzerland G.m.b.H.	Holding Company	100	c/o Acton Treuhand AG, Gotthardstrasse 28, Zug 6304, Switzerland
Medtronic Holding, Inc.	Holding Company	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Holdings Unlimited	Holding Company	100	Citco B.V.I. Limited, Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola
Medtronic Hong Kong Limited	Healthcare	100	Suite 1106-11 11/F, Tower 1 Slkotas ut Hong Kong
Medtronic Hong Kong Medical Limited	Healthcare	100	Suite 1106-11, 11/F., Tower 1, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong
Medtronic Hungaria Kereskedelmi Kft	Healthcare	100	Alkotas Point Alkotas ut. 50 Budapest 1123 Hungary
Medtronic Ibérica S.A.	Healthcare	100	Calle Maria de Portugal 11, 3rd Floor, Madrid 28050, Spain
Medtronic Integrated Health Solutions LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International Holding LLC	Holding Company	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International Technology, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International Trading Pte. Ltd.	Healthcare	100	#49, Changi South Avenue 2, NASACO TECH CENTRE,Singapore 486056, Singapore
Medtronic International Trading Sàrl	Healthcare	100	Route du Molliau 31, Tolochenaz CH-1131, Switzerland
Medtronic International Trading, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International, Ltd.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Interventional Vascular, Inc.	Healthcare	100	35a Cherry Hill Drive Danvers Massachusetts 01923 United States
Medtronic Invatec LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic IP Holding International Luxembourg S.a.r.l.	Holding Company	100	1, rue de Potager, L-2347, Luxembourg
Medtronic Ireland Limited	Healthcare	100	Unit Ga, Swords Business Campus, Balheary Road, Swords, Co Dublin, Ireland
Medtronic Ireland Manufacturing	Healthcare	100	Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland
Medtronic Irish Finco	Healthcare	100	20 Lower Hatch Street, Dublin 2 Ireland
Medtronic Italia S.p.A.	Healthcare	100	Via Varesina 162, new address per 30/10/2014 Milano 20156, Italy

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Medtronic Japan Co., Ltd.	Healthcare	100	Branch 5 2-14-1 Higashi Shimbashi Tokyo 105-0021 Japan
Medtronic Jolife LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Kazakhstan Limited Liability Partnership	Healthcare	100	VP-2/1, Nursaya-1, D.Konayev Street, Yesil District, Astana, Kazakhstan
Medtronic KL Holdings LLC	Holding Company	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Korea Ltd.	Healthcare	100	5th Floor, Sajo Building 1001 Daechi-Dong, Kangnam-ku Seoul Korea
Medtronic Latin America, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Limited	Healthcare	100	Building 9, Croxley Green Business Park, Hatters Lane, Watford WD18 8 WW, United Kingdom
Medtronic LLC	Healthcare	100	Naberezhnaya Tower, Tower C, Presnenskaya Naberezhnaya 10, Moscow 123317, Russia Federation
Medtronic Logistics LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Luxembourg Global Holdings S.à r.l.	Holding Company	100	1, rue du Potager, L-2347, Luxembourg, Grand Duchy of Luxembourg
Medtronic Marketing AG	Healthcare	100	Victor von Bruns-Strasse 19, 8212 Neuhausen am Rheinfall, Neuhausen am Rheinfall 8212, Switzerland
Medtronic Medical Device (Chengdu) Co., Ltd.	Healthcare	100	3/F 180 Rijing Road, Shanghai Waigaoqiao Free Trade Zone, Shanghai
Medtronic Medikal Teknoloji Ticaret Limited Sirketi	Healthcare	100	Saray Mah. Dr. Adnan Buyukdeniz Cad., Akkom Ofis Park 2. Blok No: 4 Kat:18, Umraniye, Istanbul 34768, Turkey
Medtronic Mediterranean SAL	Healthcare	99.9	Regional Development Center, St. Charles City Center - 6th Floor, Omar Daouk Street, PO Box 13-6572, Beirut, Lebanon
Medtronic META FZ-LLC	Healthcare	100	Dubai Technology & Media Free Zone, Dubai, United Arab Emirates
Medtronic Mexico S. de R.L. de C.V. (Tijuana)	Healthcare	100	Paseo Cucapa #10510 El Lago, Tijuana B.C. Mexico 22210
Medtronic Micro Motion Sciences, Inc.	Healthcare	100	7000 Central Avenue N.E. Minneapolis, Minnesota 55432 United States
Medtronic MiniMed, Inc.	Healthcare	100	18000 Devonshire Street Northridge California 91325 United States
Medtronic Monitoring, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Navigation Israel Ltd.	Healthcare	100	Kochav Yokneam, P.O. Box 548, Yokneam 20692, Israel
Medtronic Navigation, Inc.	Healthcare	100	826 Coal Creek Circle Louisville Colorado 80027 United States
Medtronic New Zealand Limited	Healthcare	100	c/o Martelli Mckegg, Level 20, Pricewaterhouse CoopersTower, 188 Quay Street, Auckland 1010, New Zealand
Medtronic Norge AS	Healthcare	100	Gaustadalleen 21, Oslo N-0349, Norway
Medtronic Oesterreich G.m.b.H.	Healthcare	100	Handelska 94-96, Millenium Tower OG 20, Wien 1200, Austria
Medtronic of Canada Ltd.	Healthcare	100	99 Hereford Street, Brampton, Ontario L6Y 0R3, Canada
Medtronic Pacific Trading, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Philippines, Inc.	Healthcare	100	Unit 810, Level 8, Sun Life Centre, 5th Avenue, Rizal Drive, Bonifacio Global City 1634, Philippines

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Medtronic Poland Sp. z o.o.	Healthcare	100	ul. Ostrobramska 101, Warsaw 04-041, Poland
Medtronic Portugal, Lda	Healthcare	100	Rua Tomas da Fonseca, Torre E, 11, Lisboa, 1600-209 Portugal
Medtronic PS Acquisition LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic PS Medical, Inc.	Healthcare	100	125 Cremona Drive Goleta California 93117 United States
Medtronic PS Reorganization LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Puerto Rico Operations Co.	Healthcare	100	Ceiba Norte Industrial Park, Road 31, Km. 24, HM 4, Call Box 4070, Juncos 00777-4070, Puerto Rico
Medtronic R&D Diabetes Denmark A/S	Healthcare	100	Arne Jacobsens Alle 7 Copenhagen S 2300
Medtronic Romania SRL	Healthcare	100	Baneasa Business & Technology Park, 42-44 Bucuresti-Ploiesti Road, Building A, Wing A1, Room 7 , Bucharest 013696, Romania
Medtronic S. de R.L. de C.V. (Mexico City)	Healthcare	100	Av Nuevo Leon 67 Col Condessa Mexico City
Medtronic S.A.I.C.	Healthcare	99	Maipu Street 757, 6th Floor Buenos Aires Argentina
Medtronic Saudi Arabia Company	Healthcare	50	PO Box 10213, Riyadh 11433, Saudi Arabia
Medtronic Servicios S. de R.L. de C.V.	Healthcare	100	Varsovia No. 44 Piso II, Colonia Juarez 06600, Mexico
Medtronic Singapore Operations Pte. Ltd.	Healthcare	100	49 Changi South Avenue 2, Nasco Tech Centre, Singapore 486056, Singapore
Medtronic Slovakia s.r.o.	Helathcare	100	Karadzicova 16, Bratislava 821 08, Slovakia
Medtronic Sofamor Danek Co., Ltd.	Healthcare	100	KM Nishiumeda Bldg 3F 7-20-1 Fukushima Osaka 553-0003
Medtronic Sofamor Danek Deggendorf GmbH	Healthcare	100	Werfstrasse 17, Deggendorf 94469, Germany
Medtronic Sofamor Danek South Africa (Proprietary) Limited	Healthcare	100	28 Esselen Street, Sunnyside 30550, Sunnyside 132, South Africa
Medtronic Sofamor Danek USA, Inc.	Healthcare	100	2600 Sofamor Danek Drive Memphis Tennessee 38132 United States
Medtronic Sofamor Danek, Inc.	Healthcare	100	1800 Pyramid Place, Memphis, Tennessee 38132 United States
Medtronic Spine International Holding Company	Holding Company	100	Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman
Medtronic Spine LLC	Healthcare	100	1221 Crossman Avenue, Sunnyvale, California 94089 United States
Medtronic Trading NL BV	Healthcare	100	Earl Bakkenstraat 10, Heerlen 6422 PJ, Netherlands
Medtronic Transneuronix, Inc.	Healthcare	100	100 Stierli Court, Suite 106 Mt.Arlington, New Jersey 07856 United States
Medtronic Urinary Solutions, Inc.	Healthcare	100	One Chagrin Highland, 2000 Auburn Drive, Suite 320, Cleveland, Ohio 44122 United States
Medtronic USA, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Vascular Galway	Healthcare	100	Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland
Medtronic Vascular Holdings	Holding Company	100	Parkmore Business Park West Ballybrit Galway Ireland

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Medtronic Vascular, Inc.	Healthcare	100	3576 Unocal Place, Santa Rosa, California 95403 United States
Medtronic Ventor Technologies Ltd.	Healthcare	100	P.O. Box 548, Kochav Yokneam, Yokneam Elit 20692, Israel
Medtronic Vertelink, Inc.	Healthcare	100	1800 Pyramid Place, Memphis, Tennessee 38132 United States
Medtronic Vietnam Company Limited	Healthcare	100	11th Floor, Maritime Bank Tower, 180-192 Nguyen Cong Tru Street, Nguyen Thai Binh Ward, District 1, Ho Chi Minh City, Vietnam
Medtronic VT, LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic World Trade Corporation	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Xomed, Inc.	Healthcare	100	6743 Southpoint Drive North Jacksonville Florida 32216 United States
Medtronic, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic, trgovina z medicinsko tehnologijo in opremo d.o.o.	Healthcare	100	Litostrojska cesta 46A, Ljubljana 1000, Slovenia
Micro Therapeutics, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
MiniMed Distribution Corp.	Healthcare	100	18000 Devonshire Street Northridge California 91325 United States
MiniMed Pty Ltd.	Healthcare	100	97 Waterloo Road, North Ryde 2113, Australia
MMJ, S.A. de C.V.	Healthcare	100	Ave. Henequen #1181 Desarrollo Salvarcar Ciudad Juarez, Chihuahua 32573 Mexico
MSCH LLC	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
N.G.C. Medical Srl	Healthcare	100	Strada Provinciale Novedratese 35, Novedrate 22060, Italy
NayaMed France S.A.S.	Healthcare	100	c/o SOFRADOM, 99 Bis Avenue du General LeClerc, Paris 75014, France
NayaMed International Sàrl	Healthcare	100	EPFL, Innovation Park, Batiment E, Lausanne 1015, Switzerland
NayaMed International, S.A.	Healthcare	100	Calle Santa Engracia 113, 5 D., Madrid 28010 Spain
NayaMed Poland Sp. z o.o	Healthcare	100	MARSZALKOWSKA Street 111 Warsaw 00-102, Poland
Nellcor Puritan Bennett Ireland	Healthcare	100	Michael Collins Road, Mervue Galway Ireland
Nellcor Puritan Bennett Ireland Holdings	Holding Company	100	Michael Collins Road, Mervue Galway Ireland
Nellcor Puritan Bennett LLC	Healthcare	100	5920 Longbow Drive Boulder CO 80301 United States
Nellcor Puritan Bennett Mexico, S.A. de C.V.	Healthcare	100	Blvd Insurgentes 19030 Colonia Libramiento, CP 22225 Mexico
New Wave Surgical, LLC	Healthcare	100	555 Long Wharf Drive New Haven Connecticut 06511 United States
Newport Medical (Asia) Limited	Healthcare	100	Room 608, 6/F, Fook Yip Blvd, 55 Kwai Fung Crescent Kwai Fong, New Territories Hong Kong
Newport Medical Instruments, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
NGC Medical UK Limited	Healthcare	100	N.G.C. Medical SpA 35 Strade Provinciale Novedratese Novedrate 22060

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Nippon Covidien Ltd.	Healthcare	100	10-2, Yoga 4-chome Setagaya-ku Tokyo 158-86
Nobles Medical Technology, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Old Colony State Insurance Company	Healthcare	100	One Church Street Burlington Vermont 05401 United States
Oridion Capnography, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Oridion Medical 1987 Ltd.	Healthcare	100	7 Hamarpe Street, Jerusalem Israel
Oridion Systems Ltd.	Healthcare	100	7 Hamarpe Street, Jerusalem Israel
Osteotech, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Panmedica Pty Limited	Healthcare	100	Riverview Park Lane Cove Level 1, 166 Epping Road Sydney NSW 2066 Australia
Peak Surgical, Cayman	Healthcare	100	Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman
Polysuture Industria e Comercio Ltda.	Healthcare	100	Avenida Gabriel Ramos da Silva, ar. 1245, Parque Industrial Joao Fernando Zanin Sao Schastio do Paraiso Minas Gerais Brazil
Power Medical Interventions Deutschland GmbH	Healthcare	100	Papenreye 65 Hamburg 22453 Germany
Pryor and Howard (1988) Limited	Healthcare	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
PT Medtronic Indonesia	Healthcare	100	Indonesia Stock Exchange Tower 2 17th fl, Jakarta 12190 Indonesia
PT. COVIDIEN INDONESIA	Healthcare	100	Talavera Office Park, Suite Lantai 19, J1. Letjen TB Jakarta Selatan 12430 Indonesia
PTB International LLC	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 020248 United States
Retail Group de Mexico S.A. de C.V.	Healthcare	100	Calle 9NA Sur #125 Cd. Industrial Mesa de Otay Tijuana 22444 Mexico
Reverse Medical LLC	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 020248 United States
RF Surgical Systems LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Salient Coop Partner LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Sanatis GmbH	Healthcare	100	Kirchstrasse 9, Rosbach 61190, Germany
Sapheon LLC	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 020248 United States
Sapheon Vascular B.V.	Healthcare	100	Hogeweg 105, Zaltbommel 5301 LL
Setagon, Inc.	Healthcare	100	3576 Unocal Place, Santa Rosa, California 95403 United States
Shanghai Zhikang Medical Devices Co., Ltd.	Healthcare	100	Room 202, Block 4 No 2094 Ruanxiang Street Shanghai 201500 China
Sherwood Medical Company I	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 020248 United States
Sherwood Medical Industries Pty Ltd	Healthcare	100	Riverview Park Lane Cove Level 1, 166 Epping Road Sydney NSW 2066 United Kingdom
Societe De Fabrication de Material Orthopedique En Abrege Sofamor	Healthcare	100	27/33, quai Alphonse le Gallo, Immeuble ILEO, Boulogne Billancourt 92100, France

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
Sofradim Production	Healthcare	100	16 avenue du Formans Trevoux 01600 France
Somanetics Corporation	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Sophono GmbH	Healthcare	100	Landgrafenstrasse 54, Bad Neuenahr-Ahrweiler 53474, Germany
Sophono, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Sophono UK Ltd.	Healthcare	100	3 Bolsover Closer, Long Hanborough, Witney OX29 8RA, United Kingdom
SpinalGraft Technologies, LLC	Healthcare	100	4340 Swinnea Road Memphis Tennessee 38118 United States
Stentex Holding Sarl	Healthcare	100	Atrium Business Park, 33, rue du Puits Romain, Bertrange L-8070, Luxembourg
superDimension (Europe) GmbH	Healthcare	100	Grossenbaumer Weg 10 D-40472 Germany
superDimension Ltd.	Healthcare	100	8 Hamonofim St., Herzliah 46725 Israel
superDimension, Inc.	Healthcare	100	555 Long Wharf Drive, New Haven, Connecticut 06511 United States
Suzhou Medtronic Venture Capital Partnership Enterprise (L.P.)	Healthcare	34	Unit E99, 2F, North Building, A1, 218 Xinghu Str., Suzhou Industrial Park, 215123, China
Suzhou Medtronic - Sequoia Innovation Investment Management Co., Ltd.	Healthcare	60	Unit E99, 2F, North Building, A1, 218 Xinghu Str., Suzhou Industrial Park, 215123, China
Suzhou Mei Zhong Capital Investment Management Co., Ltd.	Healthcare	100	Unit E100, 2F, North Building, A1, 218 Xinghu Str., Suzhou Industrial Park, 215123, China
TGM Medical, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
THC Holdings Limited	Holding Company	49	Bangkok International Associates 140/38 17th Fl ITF Tower, Silom Road Bangkok 10500 Thailand
THC Pool LLC	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
The Medtronic Foundation	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Tissue Science Laboratories Limited	Healthcare	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
Trigate (Pty.) Ltd.	Healthcare	100	379 Roan Crescent Corporate Park North PO Box 8108 1685 South Africa
Trinance (Pty.) Ltd.	Healthcare	100	379 Roan Crescent Corporate Park North PO Box 8108 1685 South Africa
Twelve Australia Pty Limited	Healthcare	100	97 Waterloo Road, North Ryde New South Wales 2113, Australia
Twelve Medical Limited	Healthcare	100	250 Chesapeake Drive Redwood City CA 94063 USA
Twelve, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
TYRX, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
U.S.S.C. Puerto Rico (NY), Inc.	Healthcare	100	201 Sabanetas Industrial Park Ponce 00716-4401 United States
U.S.S.C. Puerto Rico, Inc.	Healthcare	100	PO Box 309, Ugland House, South Church Street Grand Cayman
United States Surgical Corporation	Healthcare	100	555 Long Wharf Drive, New Haven, Connecticut 06511 United States

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
USSC (Deutschland) GmbH	Healthcare	100	Gewerbepark 1 Neustadt D-93333 Germany
USSC Financial Services Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
USSC FSC, Inc.	Healthcare	100	400 Capability Green, Luton, Beds LU13AE
USSC Medical GmbH	Healthcare	100	Gewerbepark 1 Neustadt D-93333 Germany
Valera Holdings S.a.r.l.	Holding Company	100	4th Floor, 3b, bd Prince Henri Luxembourg L-1724
Valleylab (Australia) Pty. Limited	Healthcare	100	Riverview Park, 166 Epping Road, Lane Cove Sydney NSW 2066 Australia
Valleylab Holding Corporation	Holding Company	100	5920 Longbow Drive Boulder CO 80301 United States
Verdana Holdings Limited	Holding Company	100	57/63 Line Wall Road Gibraltar
Visualase, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Vitatron A.G.	Healthcare	100	Talstrasse 9 Munchenbuchsee 3053 Switzerland
Vitatron Belgium S.A./N.V.	Healthcare	100	Burgemeester Etienne De Munterlaan 5 (Avenue du Bourgmestre Etienne De Munter 5) Brussels 1090 Belgium
Vitatron Holding B.V.	Holding Company	100	Meander 1051 Arnhem The Netherlands 6825MJ
Vitatron Medical España, S.A.	Healthcare	100	Calle Maria de Portugal 11, 3rd Floor, Madrid 28050, Spain
Vitatron Nederland B.V.	Healthcare	100	Meander 1051 Arnhem The Netherlands 6825MJ
Vitatron Portugal - Comércio e Distribuição de Dispositivos Médicos, Lda	Healthcare	100	Rua Tomas da Fonseca, Torre G, 1, Freguesia de S. Domingos de Benfica, 1600-209 Lisbon, Portugal
VNUS Medical Technologies II, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Warsaw Orthopedic Inc.	Healthcare	100	SDG Manufacturing 2500 Silveus Crossing Warsaw Indiana 46582-8598 United States
WEM Equipamentos Electronicos Ltda.	Healthcare	100	Rua Marechal Mascarenhas de Moraes 550 Ribeirao Preto, Sao Paolo 14095-120 Brazil
Zephyr Technology LLC	Healthcare	100	6135 Gunbarrel Avenue Boulder Colorado 80301 United States

The following entities are subsidiaries held, but do not have any current operations:

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
A&E Hangers Taiwan Co., Ltd.	Non-operating	99.988	4F, No. 407, RueiGuang Road, NeiHu District Taipei 114 Taiwan
A&E India Private Limited	Non-operating	100	Unit No. 8-12, Ground Floor, World Trade Centre Babar Road, Connaught Place New Delhi 110001 India
A&E Karner Limited	Non-operating	100	4500 Parkway Whiteley Fareham PO15 7NY United Kingdom
A&E Productos de Costa Rica, S.A.	Non-operating	100	Business Park Forum One Tower G Third Floor Santa Ana Costa Rica
A&E Products (Far East) Limited	Non-operating	100	Unit 12-16, 18th Floor, BEA Tower Millennium City 5, 418 Kwun Tong Road Kowloon Kwun Tong Hong Kong
A&E Products de Honduras S.A.	Non-operating	99.84	Zoli Zip Calpules Km.7, Carretera a La Lima San Pedtro Sula Honduras
A&E Products do Brasil Ltda.	Non-operating	50	Rua Viscondde de Piraja Ipanema, Rio de Janerio, RJ 22410-002 Brazil
A&E Products Group, Inc.	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Batts LLC	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Batts, Inc.	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Carlisle Philippines, Inc.	Non-Operating	99.3	3rd Floor East Chem Building No. 14 Ilang-Ilang Street, New Manila Quezon City Philippines
Carlisle Recycling de Mexico S.A. de C.V.	Non-Operating	100	Carr Libramiento Oriente 10001 Tijuana 6-637-1890 Mexico
Coated Products GP, Inc.	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Coated Products Holdings, Inc.	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Adhesives Italia Srl	Non-operating	100	Via San Bovio, 3 Localita San Felice Segret Milan 20090 Italy
Georgia Packaging, Inc.	Non-operating	100	918 8th Avenue PO Box 1158 Columbus GA 31902-1158 United States
Karner Europe AB	Non-operating	100	c/o Ohrlings PWC Box 2023 Lidkoping S-531-02 Sweden
Karner Europe GmbH	Non-operating	100	Gewerbepark 1 Neustadt 93333 Germany
Kendall Ludlow Holding Corporation	Non-Operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Plastics Holding Corporation	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Polyken Technologies Europe, Inc.	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Raychem Tecnologias, S. de R.L. de C.V.	Non-operating	100	Calle 11 Norte No 11002 Cd. Industrial Neuter Tijuana, B.C. Calf Mexico 22500
Raychem Tijuana Services, S.A. de C.V.	Non-operating	100	Calle 11 Norte No 11002 Cd. Industrial Neuter Tijuana, B.C. Calf Mexico 22500

At April 29, 2016, the Group had the following branches outside of Ireland:

Branch	Location
Aspect Medical Systems International B.V.	Beijing
Aspect Medical Systems International B.V., Hong Kong Representative Office	Hong Kong
ATS Medical, Inc.	China
Belgium Branch of Bellco S.r.l.	Belgium
Bellco Netherland	Netherland
Bellco S.r.l. Sucursal en Espan	Spain
Changzhou Kanghui Medical Innovation Co., Ltd. 1st Branch	China
Changzhou Kanghui Medical Innovation Co., Ltd., Shanghai Branch	China
Covidien AG	Armenia
Covidien AG	Czech Republic
Covidien AG	Kenya
Covidien AG	Croatia
Covidien AG	Morocco
Covidien AG	Ukraine
Covidien AG	Dubai
Covidien AG	Serbia
Covidien AG	Romania
Covidien AG	Jordan
Covidien AG	Lebanon
Covidien AG	Saudi Arabia
Covidien AG	Egypt
Covidien AG,	Slovenia
Covidien AG	Iraq
Covidien Caribbean, Inc.	Puerto Rico
Covidien ECE s.r.o.	Czech Republic
Covidien ECE s.r.o.	Hungary
Covidien France Holding Inc.	France
Covidien Group S.à.r.l.	Switzerland
Covidien Healthcare International Trading (Shanghai) Co., Ltd.	Beijing
Covidien Healthcare International Trading (Shanghai) Co., Ltd.	Chengdu
Covidien Healthcare International Trading (Shanghai) Co., Ltd.	Guangzhou
Covidien Healthcare International Trading (Shanghai) Co., Ltd.	Hangzhou
Covidien Healthcare International Trading (Shanghai) Co., Ltd.	Jinan
Covidien Healthcare International Trading (Shanghai) Co., Ltd.	Nanjing
Covidien Healthcare International Trading (Shanghai) Co., Ltd.	Shenyang
Covidien Healthcare International Trading (Shanghai) Co., Ltd.	Wuhan
Covidien Healthcare International Trading (Shanghai) Co., Ltd.	Xi'an
Covidien Healthcare International Trading (Shanghai) Co.,Ltd. 1st	Wuhan
Covidien Healthcare International Trading (Shanghai) Co.,Ltd. 2nd	Wuhan
Covidien Private Limited,	Bangladesh
Covidien Private Limited	Beijing
Covidien Private Limited	Beijing
Covidien Private Limited	Indonesia
Covidien Private Limited	Pakistan

Branch	Location
Covidien Private Limited	Philippines
Covidien Private Limited	Sri Lanka
Davis & Geck Caribe Limited	Dominican Republic
Invatec S.p.A.	China
Medtronic Asia, Ltd.	South Korea
Medtronic B.V. Medtronic SK o.z.	Slovakia
Medtronic B.V.	Baltics
Medtronic B.V.	Belgrade
Medtronic B.V.	Kazakhstan
Medtronic B.V.	Moscow
Medtronic B.V.	Romania
Medtronic B.V	Ukraine
Medtronic B.V.	Vietnam
Medtronic China, Ltd.	Beijing
Medtronic Holding Switzerland GmbH	Cayman Islands
Medtronic International Trading, Inc.	Japan
Medtronic International, Ltd.	Malaysia
Medtronic International, Ltd.	Singapore
Medtronic Latin America, Inc.	Argentina
Medtronic Latin America, Inc. Sucursal Colombia	Colombia
Medtronic (Shanghai) Management Co., Ltd. (Beijing 1st Branch)	China
Medtronic (Shanghai) Management Co., Ltd. (Beijing Branch)	China
Medtronic (Shanghai) Management Co., Ltd. Branch	China
Medtronic World Trade Corporation	Israel
NayaMed International S.A.	Germany
Polyken Technologies Europe, Inc.	Belgium
Representative Office of Medtronic Marketing AG Swiss Confederation	Belarus
Representative Office of Covidien AG	Algeria
Representative Office of Covidien AG	Bulgaria
Representative Office of Covidien AG	Russia
Representative Office of Covidien AG	Kazakhstan
Representative Office of Covidien AG	Uzbekistan
Rheinstone Kuwait Representative Office	Kuwait
The Representative Office of Covidien Private Limited	Hanoi
The Representative Office of Covidien Private Limited	Ho Chi Minh City
U.S.S.C. Puerto Rico (NY), Inc.	Puerto Rico
U.S.S.C. Puerto Rico, Inc. (Cayman Islands)	Puerto Rico

26. Post-Balance Sheet Events

As discussed in Note 1, these Consolidated Financial Statements are prepared using U.S. GAAP to the extent that the use of such principles does not contravene Irish Company Law. The Consolidated Financial Statements included in the Annual Report on Form 10-K as filed on June 28, 2016 with the U.S. SEC are prepared using U.S. GAAP. The primary differences between these statutory financial statements and the Consolidated Financial Statements included on Form 10-K are the presentation of the income statement and balance sheet, the inclusion of certain additional disclosures, and adjustments for certain subsequent events occurring after the balance sheet date but before the approval of this report.

Subsequent to June 28, 2016, an adjustment was made to recognize certain litigation charges related to probable and estimable damages for a matter which existed at April 29, 2016.

The following subsequent event adjustments were made to previously reported balances on the Form 10-K statement of income for fiscal year 2016:

(in millions)	As reported in Form 10-K	Litigation adjustment	Adjusted balance
Certain litigation charges, net	**$ 26**	$ 82	**$ 108**
Provision for income taxes	**$ 798**	$ (30)	**$ 768**

The following subsequent event adjustments were made to previously reported balances on the Form 10-K balance sheet at April 29, 2016:

(in millions)	As reported in Form 10-K	Litigation adjustment	Adjusted balance
Other long-term liabilities	**$ 1,916**	$ 82	**$ 1,998**
Long-term tax assets	**$ 1,383**	$ 30	**$ 1,413**

Accrued litigation charges are classified as *provisions for liabilities* on the consolidated balance sheet herein.

Subsequent tax events

The IRS concluded its field examination of certain of Tyco International's U.S. federal income tax returns for the years 1997 through 2000 and proposed tax adjustments, several of which also affect Covidien's income tax returns for certain years after 2000. Tyco International appealed certain of the tax adjustments proposed by the IRS and had resolved all but one of the matters associated with the proposed tax adjustments. The IRS asserted that substantially all of Tyco International's intercompany debt originating during the years 1997 through 2000 should not be treated as debt for U.S. federal income tax purposes, and disallowed interest deductions related to the intercompany debt and certain tax attribute adjustments recognized on Tyco International's U.S. income tax returns. The Company disagreed with the IRS's proposed adjustments and, on July 22, 2013, Tyco International filed a petition with the U.S. Tax Court contesting the IRS assessment. On January 15, 2016, Tyco International, as audit managing party under the Tax Sharing Agreement, entered into Stipulations of Settled Issues with the IRS intended to resolve all Federal tax disputes related to this intercompany debt issue for the Tax Sharing Participants for the 1997 - 2000 audit cycle before the U.S. Tax Court. The Stipulations of Settled Issues were contingent upon the IRS Appeals Division applying the same settlement terms to all intercompany debt issues on appeal for subsequent audit cycles (2001 - 2007). On May 17, 2016 the IRS Office of Appeals issued fully executed Forms 870-AD that effectively settled the matters on appeal on the same terms as those set forth in the Stipulations of Settled Issues, and on May 31, 2016 the U.S. Tax Court entered decisions consistent with the Stipulations of Settled Issues. As a result, all aspects of this controversy that were before the U.S. Tax Court and Appeals Division of the IRS have been finally resolved for audit cycles from 1997-2007.

On June 9, 2016, the U.S. Tax court issued its opinion with respect to the allocation of income between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico for fiscal years 2005 and 2006. The U.S. Tax Court generally rejected the IRS's position, but also made certain modifications to the Medtronic, Inc. tax returns as filed. An Appeal of the U.S. Tax Court Opinion must be filed within 90 days of the final decision by the Tax Court. The final decision will not occur until all issues related to the fiscal years are resolved. As one item remains open, the calculation of amounts eligible for the one-time repatriation holiday, a final decision is not expected until later in fiscal year 2017.

Subsequent acquisitions

On August 23, 2016, the Group's Cardiac and Vascular Group acquired HeartWare International, Inc. for total consideration of approximately $1.1 billion. The addition of HeartWare International, Inc.'s portfolio of heart failure products expands and

strengthens the Group's heart failure product offerings and further complements the Group's existing global cardiac rhythm and heart failure business.

On August 5, 2016, the Group's Minimally Invasive Therapies Group acquired Smith & Nephew's gynecology business for total consideration of approximately $350 million. The addition of Smith & Nephew's gynecology business expands and strengthens the Group's minimally invasive surgical offerings and further complements the Group's existing global gynecology business.

27. Approval of Financial Statements

The directors approved the financial statements on September 7, 2016.

Medtronic Public Limited Company
Company Financial Statements
Financial Year Ended April 29, 2016

Medtronic plc
Company Balance Sheet

(in millions)	Note	April 29, 2016	April 24, 2015
Fixed assets			
Financial assets	2	$ 105,134	$ 105,299
Current assets			
Debtors	3	3,529	3,263
Short-term investments		—	245
Cash at bank and in hand		—	18
Total current assets		$ 3,529	$ 3,526
Creditors (amounts falling due within one year)	4	156	31
Net current assets		$ 3,373	$ 3,495
Total assets less current liabilities		$ 108,507	$ 108,794
Creditors (amounts falling due after more than one year)	4	3,918	—
Net assets		$ 104,589	$ 108,794
Capital and reserves			
Called-up share capital presented as equity	5	$ —	$ —
Share premium account	5	50,772	50,172
Profit and loss account	5	53,817	58,622
Equity shareholders' funds		$ 104,589	$ 108,794

On behalf of the board:

/s/ Shirley Ann Jackson, Ph.D
Director

/s/ Omar Ishrak
Director

Medtronic plc
Company Statement of Changes in Equity

(in millions)	Ordinary Share Number	Called-Up Share Capital Presented as Equity	Share Premium Account	Profit and Loss Account	Total
June 12, 2014, date of incorporation	—	$ —	$ —	$ —	$ —
Corporate reorganization	1,422	—	109,237	—	109,237
Issuance of shares under stock purchase and award plans	4	—	172	—	172
Share premium reduction		—	(59,237)	59,237	—
Loss for the financial period		—	—	(48)	(48)
Dividends paid		—	—	(435)	(435)
Redemption of shares	(4)	—	—	(300)	(300)
Redemption of shares for taxes		—	—	(189)	(189)
Share-based compensation		—	—	357	357
April 24, 2015	1,422	$ —	$ 50,172	$ 58,622	$ 108,794
Issuance of shares under stock purchase and award plans	15	—	594	(82)	512
Loss for the financial year		—	—	(129)	(129)
Other			6	—	6
Dividends paid		—	—	(2,139)	(2,139)
Share-based compensation		—	—	375	375
Redemption of shares	(38)	—	—	(2,830)	(2,830)
April 29, 2016	1,399	$ —	$ 50,772	$ 53,817	$ 104,589

1. Basis of Presentation and Summary of Significant Accounting Policies

Medtronic plc (Medtronic or the Company), was incorporated in Ireland on June 12, 2014 as a private limited company, and was re-registered effective January 26, 2015 as a public limited company. The Company was established for the purpose of facilitating the acquisition of Covidien plc (Covidien), a public limited company organized under the laws of Ireland and Medtronic, Inc. (collectively, the Transactions), which closed on January 26, 2015 (Acquisition Date). Upon completion of the Transactions, Medtronic replaced Medtronic, Inc., as the ultimate holding company of the Medtronic group.

Medtronic is incorporated as a company limited by shares in the Republic of Ireland. The address of its registered office is 20 On Hatch, Lower Hatch Street, Dublin 2, Ireland.

Statement of Compliance The entity financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The entity financial statements comply with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Companies Act 2014.

Significant Accounting Policies The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented. The company has adopted FRS 102 for the first time in these entity financial statements. Details of the transition to FRS 102 are disclosed in Note 9.

Basis of Preparation The entity financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the directors to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments made in the process of preparing the entity financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Exemption for Qualifying Entities Under FRS 102 FRS 102 allows a qualifying entity certain disclosure exemptions to a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation. The Company is a qualifying entity and has taken advantage of the below disclosure exemptions:

(1) Exemption from the requirement to present a statement of cash flows,

(2) Exemption from the financial instrument disclosure requirement to provide the equivalent disclosures included in the consolidated financial statements of the group in which the entity is consolidated, and

(3) Exemption from the requirement to disclose key management personnel compensation in total.

Critical Accounting Estimates The directors make estimates and assumptions concerning the future in the process of preparing the entity financial statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Going Concern The Company meets its day-to-day working capital requirements through its inter-company facilities. The current economic conditions continue to create uncertainty over the availability of bank and inter-company finance for the foreseeable future. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, these entity financial statements have been prepared on a going concern basis.

Currency Translation and Exchange Gains and Losses The Company's functional and presentation currency is the U.S. dollar. Transactions denominated in currencies other than the functional currency are translated into U.S. dollars using the spot exchange rates at the dates of the transactions.

At the end of each financial year, monetary items are translated to the U.S. dollar using the closing exchange rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Currency exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial year of monetary assets and liabilities denominated in currencies other than the U.S. dollar are recognized in *other expense* in the profit and loss account.

Currency exchange gains and losses that relate to borrowings and cash and cash equivalents are recognized in *interest payable and similar charges* in the profit and loss account. All other currency exchange gains and losses are recognized in *other expense* in the profit and loss account.

Investment in Subsidiaries Investment in subsidiaries is recorded at cost, which equaled fair value on the date of the completion of the Transactions, based on the market capitalization of Medtronic, Inc. and Covidien plc. This is the Company's cost basis for its investment in its subsidiaries. The investment is tested for impairment if circumstances or indicators suggest that an impairment may exist.

Cash at Bank and In-Hand Cash at bank and in hand includes all cash balances and deposits which are repayable upon demand. Short term investment in money market funds are classified as *short term investments* on the Company balance sheet.

Share-based Payments The Company operates an equity-settled, share-based compensation plan for employees of some of its subsidiaries. The fair value of the employee services received in exchange for the equity instruments granted in each of the subsidiaries of the Company is recognized as an addition to the investment with a corresponding increase in equity as a contribution by the Company.

The proceeds received by the Company when share options are exercised are credited to share capital (nominal value) and the balance to share premium.

Financial Instruments The Company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

Financial assets

Basic financial assets, including trade and other debtors, cash and cash equivalents and short-term deposits, are initially recognized at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial asset is initially measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Trade and other debtors, cash and cash equivalents and financial assets from arrangements which constitute financing transactions are subsequently measured at amortized cost using the effective interest method.

At the end of each financial year, financial assets measured at amortized cost are assessed for impairment. If there is objective evidence that a financial asset measured at amortized cost is impaired an impairment loss is recognized in the statement of profit or loss account. The impairment loss is the difference between the financial asset's carrying amount and the present value of the financial asset's estimated cash inflows discounted at the asset's original effective interest rate.

If, in a subsequent financial year, the amount of an impairment loss decreases, and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment loss not previously been recognized. The impairment reversal is recognized in profit or loss.

Financial assets are derecognized when (a) the contractual rights to the cash flows from the asset expire or are settled, (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party, or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares, are initially recognized at transaction price, unless the arrangement constitutes a financing transaction. Where the arrangement constitutes a financing transaction the resulting financial liability is initially measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument

Trade and other creditors, bank loans, loans from fellow group companies, preference shares and financial liability from arrangements which constitute financing transactions are subsequently carried at amortized cost, using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is

no evidence that it is probable that some or all of the facility will be drawn down, the fee is treated as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as due within one year if payment is due within one year or less. If not, they are presented as falling due after more than one year. Trade creditors are recognized initially at transaction price and subsequently measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when the liability is extinguished, that is when the contractual obligation is discharged, canceled or expires.

Contingencies Contingent liabilities, arising as a result of past events, are not recognized as a liability if it is not probable that the Company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured. Possible but uncertain obligations are not recognized as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of payment is remote. Contingent liabilities are considered a critical accounting estimate.

The Company has guaranteed certain liabilities and credit arrangements of the Company's wholly owned subsidiaries. The Company reviews the status of these guarantees at each reporting date and considers whether it is required to make a provision for payment on those guarantees based on the probability of the commitment being called.

Share Capital Equity shares issued are recognized at the proceeds received. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends Dividends may only be declared and paid out of the profits available for distribution in accordance with accounting practice generally accepted in Ireland and applicable Irish company law. Any dividends, if and when declared, will be declared and paid in U.S. dollars. Dividends declared by the directors are recognized when paid.

Impairments of Long-Lived Assets The Company periodically evaluates whether current facts or circumstances indicate that the carrying values of its investment in subsidiaries may not be recoverable. If such circumstances are determined to exist, an estimate of the recoverable amount is compared to the carrying value to determine whether an impairment exists. If the asset is determined to be impaired, the loss is measured based on the difference between the asset's recoverable amount and its carrying value.

2. Financial Assets

The principal activity of the Company is investment holding.

(in millions)		
At incorporation	$	—
Corporate reorganization and acquisition of Covidien		105,318
Investment in subsidiary undertakings		357
Recharge related to stock-based compensation		(376)
April 24, 2015	$	105,299
Investment in subsidiary undertakings		381
Recharge related to stock-based compensation		(546)
April 29, 2016	$	105,134

Details of the Company's directly owned subsidiaries are as follows:

Name	Nature of Business	Group Share %	Registered Office and Country of Incorporation
Medtronic Luxembourg Global Holdings S.a.r.l.	Holding Company	100	Rue du Potager 1 2347 Luxembourg
Medtronic Irish Finco	Treasury Company	100	20 on Hatch, Lower Hatch Street, Dublin 2, Ireland
Medtronic Global Holdings GP S.a.r.l	Holding Company	100	Rue du Potager 1 2347 Luxembourg
Covidien Logistics BVBA	Healthcare	100	Weg naar Zwartberg, Opglabbeek, 3660 Belgium

3. Debtors

Debtors consisted of the following:

(in millions)	April 29, 2016	April 24, 2015
Amounts falling due within one year:		
Due from subsidiary undertakings	$ 3,505	$ 3,259
Other debtors and prepayments	24	4
Total amounts falling due within one year	$ 3,529	$ 3,263

Loan amounts owed to the Company from subsidiary undertakings are unsecured, non-interest bearing, and payable on demand.

4. Creditors

Creditors consisted of the following:

(in millions)	April 29, 2016	April 24, 2015
Amounts falling due within one year:		
Income taxes payable	$ 11	$ 19
Accruals and other creditors	145	12
Total amounts falling due within one year	$ 156	$ 31
Amounts falling due after one year:		
Due to subsidiary undertakings	$ 3,918	$ —
Total amounts falling due after one year	$ 3,918	$ —

Amounts due after one year relate to two revolving loans the Company has with subsidiary undertakings. They are both due to mature in 2025 and have variable interest rates based on three month U.S. dollar LIBOR plus a spread of 87 and 93 basis points respectively.

5. Shareholders' Funds

Share Capital Medtronic plc is authorized to issue 2.6 billion Ordinary Shares, $0.0001 par value; 40 thousand Euro Deferred Shares, €1.00 par value; 127.5 million Preferred Shares, $0.20 par value; and 500 thousand A Preferred Shares, $1.00 par value.

(in millions, except share data)	April 29, 2016	
Authorized:	Number	Amount
Ordinary Shares, $0.0001 par value	2,600,000,000	$ —
Euro Deferred Shares, €1.00 par value	40,000	—
Preferred Shares, $0.20 par value	127,500,000	26
A Preferred Shares, $1.00 par value	500,000	1
Total authorized		$ 27
Allotted, called up and fully paid:		
Ordinary Shares, $0.0001 par value	1,399,018,022	$ —
A Preferred Shares, $1.00 par value	1,872	—
Total allotted, called up and fully paid		$ —

(in millions, except share data)	April 24, 2015	
Authorized:	Number	Amount
Ordinary Shares, $0.0001 par value	2,600,000,000	$ —
Euro Deferred Shares, €1.00 par value	40,000	—
Preferred Shares, $0.20 par value	127,500,000	26
A Preferred Shares, $1.00 par value	500,000	1
Total authorized		$ 27
Allotted, called up and fully paid:		
Ordinary Shares, $0.0001 par value	1,421,648,005	$ —
Euro Deferred Shares, €1.00 par value	40,000	—
A Preferred Shares, $1.00 par value	1,872	—
Total allotted, called up and fully paid		$ —

Euro Deferred Shares During the Transactions, the Company issued 40 thousand Euro Deferred Shares at their par value of €1.00 per share. The holders of the Euro Deferred Shares were not entitled to receive any dividend or distribution and were not entitled to receive notice of, nor attend, speak or vote at any general meeting of the Company. On a return of assets, whether on liquidation or otherwise, the Euro Deferred Shares were entitled to only the repayment of the amounts paid up on such shares, after repayment of the capital paid up on the ordinary shares plus the payment of $5 million on each of the Ordinary Shares. Euro Deferred shareholders were not entitled to any further participation in the assets or profits of the Company. During the year, the Euro Deferred Shares were transferred back to the Company and were subsequently canceled, with a par value of €40 thousand transferred to an other undenominated capital account.

A Preferred Shares The Company issued 624 A Preferred Shares, par value $1.00, each to three of its advisors in connection with the Transactions, for a total of 1,872 A Preferred Shares outstanding with an aggregate consideration of $75 thousand. The holders of A Preferred Shares are entitled to payment of dividends prior to any other class of shares in the Company equal to twice the dividend to be paid per Company ordinary share. On a return of assets, whether on liquidation or otherwise, the A Preferred Shares are entitled to repayment of the capital paid up thereon in priority to any repayment of capital to the holders of any other shares and the holders of the A Preferred Shares shall not be entitled to any further participation in the assets or profits of the Company. The holders of the A Preferred Shares are not entitled to receive notice of, nor to attend, speak, or vote at any general meeting of the Company.

Share Premium and significant transactions impacting the share premium account In connection with the completion of the Transactions, the Company issued a total of 436 million Ordinary shares of $0.0001 each to the former Covidien shareholders and certain former Covidien award holders and the Company and Makani II (Makani) paid, in aggregate, to the former Covidien shareholders and award holders approximately $16.0 billion in cash. In consideration for the issuance of such Ordinary shares,

the Company and Makani received 455 million Ordinary shares of Covidien plc and the benefit of the cancellation of the share awards. As the price paid for the Covidien Ordinary shares in connection with the completion of the Transactions was $108.75 per share, the total value received by the Company and Makani, for the Covidien shares and for the benefit of the cancellation of the share awards, was in the amount of $49.4 billion, of which $33.3 billion was share premium on shares issued by the Company.

In addition to the issue of Ordinary shares to the former Covidien shareholders and certain former Covidien award holders in connection with the Transactions, on January 26, 2015, on completion of the Transactions and pursuant to the terms of the merger, the Company also issued 986 million Ordinary shares of $0.0001 at a premium, which shares were, pursuant to the merger, transferred to the former Medtronic Inc. shareholders on a one-for-one basis in exchange for each share of Medtronic Inc. stock held immediately prior to the merger. As a result of the foregoing, Medtronic Inc., became an indirect subsidiary of the Company. As the closing price of the Medtronic Inc. common stock on the NYSE as at the trading day immediately prior to the completion of the Transactions was $76.95 per share, the total value of the consideration received by the Company as consideration for the Ordinary shares issued by the Company was in the amount of $75.9 billion of share premium.

On February 27, 2015, the Irish High Court approved the creation of distributable reserves of Medtronic plc through the reduction of the share premium account by $59.2 billion. This resulted in a transfer of reserves from the share premium account to the profit and loss account of the same amount.

6. Guarantees and Contingencies

The Company has the following contingent liabilities, estimated to amount to a potential maximum of $30.4 billion arising from the Company's guarantee of the following Group debt:

On January 26, 2015, Medtronic and Medtronic Global Holdings S.C.A., an entity organized under the laws of Luxembourg (“Medtronic Luxco”), each provided a full and unconditional guarantee of the obligations of Medtronic Inc. under the Medtronic Outstanding Notes (as defined below) and of Covidien International Finance S.A., a Luxembourg company (“CIFSA”) under the Covidien Outstanding Notes (as defined below).

Medtronic Inc. has $24.277 billion aggregate principal amount issued and outstanding consisting of $250 million aggregate principal amount of floating rate senior notes due 2017, $250 million aggregate principal amount of 0.875% senior notes due 2017, $1.0 billion aggregate principal amount of 1.375% senior notes due 2018, $1.0 billion aggregate principal amount of 1.5% senior notes due 2018, $400 million aggregate principal amount of 5.6% senior notes due 2019, $500 million aggregate principal amount of floating rate senior notes due 2020, $2.5 billion aggregate principal amount of 2.5% senior notes due 2020, $766 million aggregate principal amount of 4.45% senior notes due 2020, $500 million aggregate principal amount of 4.125% senior notes due 2021, $675 million aggregate principal amount of 3.125% senior notes due 2022, $2.5 billion aggregate principal amount of 3.15% senior notes due 2022, $530 million aggregate principal amount of 2.75% senior notes due 2023, $850 million aggregate principal amount of 3.625% senior notes due 2024, $4.0 billion aggregate principal amount of 3.5% senior notes due 2025, $2.4 billion aggregate principal amount of 4.375% senior notes due 2035, $300 million aggregate principal amount of 6.5% senior notes due 2039, $500 million aggregate principal amount of 5.55% senior notes due 2040, $400 million aggregate principal amount of 4.5% senior notes due 2042, $325 million aggregate principal amount of 4.0% senior notes due 2043, $650 million aggregate principal amount of 4.625% senior notes due 2044, and $4.0 billion aggregate principal amount of 4.625% senior notes due 2045 (collectively, the “Medtronic Outstanding Notes”).

Covidien has $3.084 billion aggregate principal amount issued and outstanding consisting of $1.15 billion aggregate principal amount of 6.00% senior notes due 2018, $600 million aggregate principal amount of 4.20% senior notes due 2020, $650 million aggregate principal amount of 3.20% senior notes due 2022, $310 million aggregate principal amount of 2.95% senior notes due 2023, and $374 million aggregate principal amount of 6.55% senior notes due 2037 (collectively, the “Covidien Outstanding Notes”).

In conjunction with the acquisition of Covidien, on November 7, 2014, Medtronic Inc. entered into a three-year senior unsecured term loan credit agreement (the "Term Loan Credit Agreement") among Medtronic, Medtronic Inc., Medtronic Global Holding S.C.A. ("Medtronic Luxco"), the lenders from time to time party thereto and Bank of America, N.A., as administrative agent. Under the Term Loan Credit Agreement, the lenders party thereto committed to provide Medtronic Inc. with unsecured term loan financing in an aggregate principal amount of up to $5.0 billion. On January 26, 2015, Medtronic Inc. borrowed $3.0 billion for a term of three years under the Term Loan Credit Agreement to finance, in part, the cash component of the arrangement consideration and certain transaction expenses. Medtronic and Medtronic Luxco have guaranteed the obligations of Medtronic Inc. under the Term Loan Credit Agreement.

The Company and some of its subsidiaries are involved in a number of legal actions involving product liability, intellectual property disputes, shareholder derivative actions, securities class actions, and other class actions. The outcomes of these legal actions are not within the Company's complete control and may not be known for prolonged periods of time. In some actions, the claimants

seek damages, as well as other relief (including injunctions barring the sale of products that are the subject of the lawsuit), that could require significant expenditures or result in lost revenues. The Company records a liability in its financial statements for loss contingencies when a loss to the Company is known or considered probable and the amount can be reliably estimated. Estimates of probable losses resulting from litigation and governmental proceedings involving the Company are inherently difficult to predict, particularly when the matters are in early procedural stages, with incomplete scientific facts or legal discovery; involve unsubstantiated or indeterminate claims for damages; potentially involve penalties, fines or punitive damages; or could result in a change in business practice. While it is not possible to predict the outcome for most of these matters, the Company believes it is possible that costs associated with them could have a material adverse impact on the Company's profit, financial position, or cash flows. For further information related to specific litigation the Company and its subsidiaries are involved in refer to the Consolidated financial statements Note 20.

7. Profit Attributable to Medtronic plc

In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting and filing its individual profit and loss account. Medtronic plc's loss for the financial year 2016 and the financial period 2015 as determined in accordance with Irish GAAP (FRS 102) was $129 million and $48 million, respectively.

8. Related-party transactions

The Company has guaranteed certain liabilities and credit arrangements of the Company's wholly owned subsidiaries. The Company has not disclosed related party transactions between the Company and wholly owned subsidiaries of Medtronic plc, as it has availed of the exemption available under Schedule 3(67), paragraph 3, Companies Act 2014, which exempts disclosure of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

9. Transition to FRS 102

This is the first year that the Company has presented financial statements complying with FRS 102. The last financial statements under Irish GAAP were for the financial period ended April 24, 2015. The Company's date of transition to FRS 102 is June 12, 2014. There were no measurement adjustments arising from the Company's transition to FRS 102 at the date of transition or at the comparative date, April 24, 2015. Therefore, the loss for the financial year ended April 24, 2015 and the total equity as at June 12, 2014 and April 24, 2015 remains consistent under FRS 102 with that previously reported under Irish GAAP.

10. Auditors' Remuneration

Auditors' remuneration for services provided by the statutory auditor to the Company was as follows:

	Fiscal Year	
(in thousands)	**2016**	**2015**
Audit of Company financial statements	$ 27	$ 27
Other assurance services	—	27
Total remuneration	$ 27	$ 54

Note 24 to the Consolidated financial statements provides additional details of fees paid by the Group to the statutory auditor, PricewaterhouseCoopers Ireland.

11. Approval of Financial Statements

The directors approved the financial statements on September 7, 2016.