Dear Shareholder,

Of the four years that I have been fortunate enough to be CEO of Medtronic, fiscal year 2015 was by far the most significant. We made good progress in all of our strategic objectives and continued to execute on the consistent and realistic company strategy that we established three years ago. This strategy is aligned with the opportunities in healthcare and takes advantage of our unique strengths. The key elements are:

- Continued operational execution
- Implement our growth strategies:
  - Maintain or expand market leadership positions in all businesses through therapy innovation
  - Expand access of existing therapies in emerging markets
  - Lead the transformation to value-based healthcare
- Create shareholder value through best-in-class financial performance

The above serve as our strategic guideposts, against which we measure progress regularly.

FY15: AN EXCITING YEAR

We delivered solid results in FY15, ultimately reflecting the dedication and passion of more than 85,000 employees striving to fulfill our Mission, together with healthcare partners around the world. Our overall performance was rewarded by the market, as our stock appreciated by 33 percent over the course of the fiscal year, 20 percentage points better than the performance of the S&P 500. I would like to highlight five key drivers of our FY15 performance.

The Covidien Acquisition

The most important event of our fiscal year was the Covidien transaction. In many ways, this acquisition has initiated a new era for Medtronic, now known as Medtronic plc and legally domiciled in Ireland. The combination of Medtronic and Covidien positions us as a clear industry leader and has set the stage for us to lead the transformation of healthcare. At $50 billion, it was the largest ever medical technology acquisition and completion of the transaction less than eight months after the announcement represented a true stand-out performance by the team. The key element in our success was consistently communicating and demonstrating that the acquisition was aligned with our Mission, and meaningfully complemented and accelerated all three of our growth strategies. There were eight equity investment analyst upgrades following the announcement, and by deal closure the market capitalization of the legacy companies had increased by $32 billion from combined, pre-announcement levels.

The integration strategy follows the acquisition rationale and is clearly articulated through a simple set of four priorities: ***preserve*** the ability of both companies to achieve their strategic plans and growth commitments, ***optimize*** our non-customer facing functions' cost structure, ***accelerate*** specific revenue synergy opportunities, and ***transform*** healthcare by developing new value-based offerings and partnering with key stakeholders to drive new, transformative business models and solutions. Detailed financial plans have been developed and built into the operating plans of our groups and regions. We have specific cost saving plans that are expected to result in a minimum of $850 million in cost synergies by the end of FY18. These plans are now being executed, and we are on track to produce our goal of $300 to $350 million in savings in FY16. Key employee retention has been good; our employees are engaged and there continues to be a high degree of anticipation and excitement across all levels of the organization.

Cardiac and Vascular Group Performance

The performance of the Cardiac and Vascular Group (CVG) was another major highlight of FY15. Revenue grew 7 percent on a comparable, constant currency basis – the highest rate in five years – driven by the flawless execution of several new product launches, as well as sustained performance from therapies launched in previous years.

It is particularly noteworthy that CVG's outstanding financial results were largely a result of organic R&D. Our team was rewarded for making the right product development choices over the years. For example, in our Cardiac Rhythm & Heart Failure division, our Reveal LINQ® Insertable Cardiac Monitor (ICM) System, which is used to identify a diagnosis from unexplained syncope, atrial fibrillation, and cryptogenic stroke, had robust growth.

In our Coronary & Structural Heart division, we experienced strong customer acceptance in CE Mark countries for our CoreValve® Evolut® R next-generation self-expanding transcatheter aortic valve system, which features an option to recapture and reposition the valve during the procedure and a differentiated 14-French equivalent delivery catheter allowing access to smaller patient anatomies. In our Aortic & Peripheral Vascular division, we received FDA approval and launched our IN.PACT® Admiral® drug-coated balloon in the United States late in the fiscal year. This product is an interventional treatment for peripheral artery disease in the upper leg, a serious and common cardiovascular condition that causes pain in the legs and is known to be associated with a four- to five-fold increase in risk for heart attack and stroke.

Finally, these FY15 results illustrate how well the CVG team has executed a bold and imaginative turnaround plan first conceived five years ago. CVG is now embarking on the next phase of their transformation as they organize the Group along disease states, providing solutions to manage patients across the continuum of care.

Achieving Critical Mass in Services and Solutions

Our Services and Solutions revenue, independent from associated device revenue, more than doubled in FY15. The acquisition of NGC Medical provided a platform for the acceleration of our Cath Lab Managed Services business in Europe and the Middle East. As of the end of FY15, we have 50 long-term agreements with providers, representing $1.1 billion in revenue over the life of these contracts, which typically span five to six years. We also initiated our first Operating Room Managed Services pilot, combining our existing capabilities in the cath lab with Covidien's breadth of operating room technology and expertise. Cardiocom also continued to grow both in the number of accounts as well as capability. We added heart failure data generated by our implantable devices to the Cardiocom platform, creating a comprehensive heart failure management service offering. Late in the fiscal year we also added Diabeter, a unique Netherlands-based diabetes integrated care solution that we intend to introduce and grow globally. These efforts increasingly address the evolving needs of our customers for delivery system efficiency and integrated care models for patients around the world.

Realignment of our Diabetes Group and Restorative Therapies Group

At the beginning of the year, we named Hooman Hakami as the new Executive Vice President and Group President of our Diabetes Group. Under his leadership, the Group delivered strong financial performance for the year and set a new, exciting, and transformative vision for the future. The team has charted a course to increase the number of patients served from 1 million today to 20 million by 2020. The Group has been re-organized into three customer centric divisions to achieve these goals. The new focus has enabled us to begin the shift from being solely a pump and sensor company to becoming a holistic diabetes management company. Technology leadership was strengthened through successful new product launches, as well as significant progress along the roadmap to develop a fully closed loop diabetes management system. In select international countries, we began the launch of the MiniMed® 640G System, which features a new insulin pump design, the Enhanced Enlite™ continuous glucose monitoring sensor, and SmartGuard™ technology, which can automatically suspend insulin delivery when sensor glucose levels are predicted to approach a low limit and then resume insulin delivery once levels recover. At the same time, we moved into integrated patient care with the acquisition of Diabeter, and enhanced our data and analytics capabilities with innovative partnership arrangements with IBM Watson Health and Glooko.

Our Restorative Therapies Group (RTG) performance, although the best in five years, was below our expectations. Surgical Technologies had a good year with expanded product offerings and continued growth, but we narrowly missed our goal of returning to growth in our Spine division. At the field level, sales management in both the U.S. and Europe has recently been realigned along disease states; this will optimize our focus on our Neuroscience, Integrated Pain, and Surgical Synergy strategies. This realignment is expected to help our performance in Spine, allowing us to take greater advantage of our breadth of products and services.

Creation of the Minimally Invasive Therapies Group

The Covidien business was highly complementary with our existing set of businesses, fitting relatively seamlessly into our disease-based organizational structure. The Peripheral Vascular and Neurovascular businesses were natural additions to CVG and RTG, respectively; the remainder of the Covidien business (representing approximately 90 percent of revenue) became a separate, fourth group: the Minimally Invasive Therapies Group (MITG). MITG's charter is to enable less invasive, more successful procedures through early diagnosis, better treatment, and faster recovery in the following clinical areas: obesity, gastrointestinal tract, pelvic region, and kidneys. This approach adds diversity to our overall profile both clinically and by creating economic value for providers during the hospital stay. The new structure has been well received by employees, and we have maintained business accountability and focus during the transition period, avoiding distractions. The stability contributed to MITG's strong performance in the fourth quarter of FY15, the first quarter as part of Medtronic. The Peripheral Vascular and Neurovascular businesses also contributed solid growth to CVG and RTG.

SOLID FINANCIAL RESULTS

Financially, we had a strong year. Our FY15 revenue grew by 6 percent on a comparable, constant currency basis, which was at the upper end of our mid-single digit baseline goal, and more than a 2 percentage point improvement from FY14. While it is difficult to compare earnings per share to the prior year given the acquisition of Covidien, we are looking at some key operating P&L line items on an approximate, combined constant currency basis in order to better assess our operating performance. In FY15, our operating margin improved by approximately 60 basis points, which corresponds to roughly 200 basis points of operating leverage, in line with our baseline expectations. Regarding free cash flow, we also had a strong year in FY15 and met our commitment to return 50 percent of our free cash flow to our shareholders in the form of dividends and share buybacks. Following the Covidien acquisition, we have increased the percentage of our cash flow that is accessible; this improved flexibility with our cash will help us sustain our long-term commitment of returning 50 percent of our free cash flow to shareholders.

We remain extremely disciplined in how we allocate our capital, with a focus on creating long-term shareholder value. In particular, as an S&P Dividend Aristocrat, we are focused on delivering dependable, long-term dividend growth. Following our June 2015 dividend announcement, we have now increased our dividend for 38 consecutive years at a compounded annual growth rate of 18 percent. In addition to returning capital to our shareholders, we are disciplined when evaluating potential M&A opportunities. Any investment we make must align with and ultimately strengthen one or more of our three growth strategies, while at the same time offer high return metrics and minimize near-term shareholder dilution.

REGIONAL HIGHLIGHTS

The U.S. grew 6 percent on a comparable basis in FY15, driven by broad-based procedural growth and strong new product launches from virtually all businesses. Non-U.S. Developed Markets grew 3 percent on a comparable, constant currency basis in FY15; new product traction was particularly strong in Australia-New Zealand, while Western Europe continued to benefit from steady growth in Cath Lab Managed Services.

Emerging Markets grew 12 percent on a comparable, constant currency basis in FY15, short of our stated goal of mid-teens growth. We continue to implement changes aimed at improving our emerging market growth profile, including making progress on our public and private partnerships, as well as a channel optimization strategy. We believe these efforts will strengthen our customer relationships to better meet their needs while providing Medtronic a more efficient, manageable, and organized go-to-market system in these markets. For example, in countries like India and China, where we have a vast number of distributors, we are reorganizing and consolidating logistics to a tiered, platform distributor system in order to meet more stringent supply chain policies and more directly link customers to Medtronic. In the Middle East, we are building strong joint venture partnerships with leading local distributors to accelerate therapy adoption in the local markets. Overall, we remain confident and enthusiastic in the long-term outlook of emerging markets.

LOOKING AHEAD

Looking ahead, we believe we have an opportunity to truly meet the universal needs of healthcare – improving clinical outcomes, expanding access, and optimizing cost and efficiency – in a way that no other company can. Our industry-leading products, clinical and economic expertise, global footprint, and financial strength position us to be the preferred partner for physicians, hospital systems, patients, payers, and governments around the world.

Medtronic has changed in many ways, and we continue to transform. However, even through these changes, we remain centered on our core, collaborating with physicians to create new technologies and services to improve clinical outcomes. We must do this with the same level of intimacy that our founder, Earl Bakken, had when he worked together with Dr. C. Walton Lillehei on the pacemaker sixty years ago. Medtronic can never lose this innovative and collaborative spirit with our physician customers.

At the same time, competing solely on technology development and physician collaboration alone is not enough to meet our Mission and growth objectives in the future. We must do more. We must utilize the full power of our technologies, our people, and our broad capabilities to more fundamentally change the way we participate in healthcare systems around the world.

In this regard, we are breaking new ground, with a keen focus on partnering with other industry leaders to define the shift to what is being termed "***value based healthcare.***" Value based healthcare involves a complete restructuring of healthcare systems to better reward those who can deliver quality healthcare to more people at the most affordable cost. Though this shift to value based systems is still being defined and impacts only a small percentage of our revenue today, make no mistake that this shift will happen – the economics of healthcare require it.

As an example, in January 2015, the U.S. Health and Human Services (HHS) set a goal of tying 30 percent of traditional, or fee-for-service, Medicare payments to quality or value through alternative payment models, such as Accountable Care Organizations (ACOs) or bundled payment arrangements by the end of 2016, and tying 50 percent of payments to these models by the end of 2018. HHS also set a goal of tying 85 percent of **ALL** traditional Medicare payments to quality or value by 2016 and 90 percent by 2018. This is the first time in the history of the Medicare program that HHS has set explicit goals for alternative payment models and value based payments.

Leading players in the industry are architecting and experimenting with these new value based models today. Medtronic has established an early leadership role in this endeavor, and we are committed to making the necessary adjustments to our existing businesses, as well as investing and creating new services and business models that will position us to win in this new value based era. This is the transformation of Medtronic – to leverage our expertise and scale at a level no other company can to improve healthcare outcomes and economics.

Overall, as I begin my fifth year as the CEO of Medtronic, I remain grateful, excited, and humbled by the opportunity to lead this great company. I could not be more enthusiastic about our future as we strive to fulfill the enduring Medtronic Mission every day. I want to thank you for your ownership, trust, and support as we continue to realize the significant opportunities in healthcare.

Omar Ishrak
Chairman and Chief Executive Officer

Reconciliation of Non-GAAP Financial Measures

The Shareholder Letter set forth in this Annual Report includes financial measures that are not prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Management believes that such non-GAAP financial measures provide useful information to investors regarding the underlying business trends and performance of the Company's ongoing operations. Investors should consider non-GAAP measures set forth in the Shareholder Letter to be in addition to, and not as a substitute for, financial performance measures prepared in accordance with U.S. GAAP. In addition, such non-GAAP financial measures may not be the same as, or similar to, measures presented by other companies.

MEDTRONIC PLC
FISCAL YEAR RECONCILIATION OF REPORTED GROWTH TO COMPARABLE CONSTANT CURRENCY GROWTH (1)
(Unaudited)
(in millions)

	A	B	C=A+B	D	E=C+D	F	G	H=F+G	I	J=H+I	K=(A-F)/F	L	M=(E-J-L)/J
	Medtronic As Reported Twelve Months Ended April 24, 2015	Covidien As Reported Nine Months Ended December 26, 2014	FY15 Pro Forma Historical Revenue	Non-GAAP Adjustment(2)	FY15 Comparable Historical Revenue	Medtronic As Reported Twelve Months Ended April 25, 2014	Covidien As Reported Twelve Months Ended March 28, 2014	FY14 Pro Forma Historical Revenue	Non-GAAP Adjustment(3)	FY14 Comparable Historical Revenue	FY15 Reported Growth	Currency Impact on Growth	Comparable Constant Currency Growth(1)
U.S.	$ 11,305	$ 4,123	$ 15,428	$ (35)	$ 15,393	$ 9,247	$ 5,201	$ 14,448	$ 33	$ 14,481	22%	$ —	6%
Non-U.S. Developed	6,372	2,896	9,268	(66)	9,202	5,652	3,842	9,494	(4)	9,490	13	(598)	3
Emerging Markets	2,584	1,089	3,673	(26)	3,647	2,106	1,332	3,438	3	3,441	23	(196)	12
Total	$ 20,261	$ 8,108	$ 28,369	$ (127)	$ 28,242	$ 17,005	$ 10,375	$ 27,380	$ 32	$ 27,412	19%	$ (794)	6%
Cardiac and Vascular Group	$ 9,361	$ 497	$ 9,858	$ (4)	$ 9,854	$ 8,847	$ 633	$ 9,480	$ 1	$ 9,481	6%	$ (299)	7%

(1) Constant currency growth, a non-GAAP financial measure, measures the change in revenue between current and prior year periods using average exchange rates in effect during the applicable prior year period.

(2) Represents the decrease in Covidien revenue for the nine months ended January 23, 2015 as compared to Covidien revenue for the nine months ended December 26, 2014.

(3) Represents the increase (decrease) in Covidien revenue for the twelve months ended April 25, 2014 as compared to Covidien revenue for the twelve months ended March 28, 2014.

MEDTRONIC PLC
RECONCILIATION OF OPERATING PROFIT TO NON-GAAP OPERATING PROFIT, EXCLUDING FOREIGN CURRENCY
(Unaudited)
(in millions)

	Fiscal year ended April 24, 2015			Fiscal year ended April 25, 2014		
	Net Sales	Operating Profit	Operating Profit Percent	Net Sales	Operating Profit	Operating Profit Percent
As reported	$ 20,261	$ 3,766	18.6%	$ 17,005	$ 3,813	22.4%
Impact of inventory step-up(4)	—	623		—	—	
Impact of product technology upgrade commitment(5)	—	74		—	—	
Special (gains) charges, net(6)	—	(38)		—	40	
Restructuring charges, net(7)	—	252		—	88	
Certain litigation charges, net(8)	—	42		—	770	
Acquisition-related items(9)	—	550		—	117	
Amortization of intangible assets(10)	—	733		—	349	
Non-GAAP	$ 20,261	$ 6,002	29.6%	$ 17,005	$ 5,177	30.4%
To combine Medtronic and Covidien(11)	8,108	2,124		10,376	2,487	
Foreign currency impact(12)	918	256		—	—	
Adjusted Non-GAAP	$ 29,287	$ 8,382	28.6%	$ 27,381	$ 7,664	28.0%

(4) To exclude amortization of step-up in preliminary fair value of inventory acquired in connection with the Covidien acquisition.
(5) To exclude the probable and reasonably estimable commitment related to a CRHF global comprehensive program for home based monitors due to industry conversion from analog to digital technology.
(6) To exclude charitable contributions made to the Medtronic Foundation. The fiscal year 2015 gain includes a gain on divestiture recognized in connection with the sale of a product line in the Surgical Technologies division and a gain recognized in connection with the sale of a certain equity method investment.
(7) To exclude restructuring charges related to the restructuring initiatives in each respective fiscal year, net of reversals of excess restructuring reserves.
(8) To exclude charges classified as certain litigation charges, net on the consolidated statement of income. The fiscal year 2014 charge includes a charge related to the global patent settlement agreement with Edwards Lifesciences Corporation.
(9) To exclude charges classified as acquisition-related items on the consolidated statement of income. The fiscal year 2015 charge primarily includes transaction and integration-related costs incurred in connection with the Covidien acquisition.
(10) To exclude amortization of intangible assets.
(11) To combine Medtronic's results for the twelve months ended April 24, 2015 with Covidien's results for the nine months ended December 26, 2014 and Medtronic's results for the twelve months ended April 25, 2015 with Covidien's results for the twelve months ended March 28, 2014.
(12) To exclude the impact of foreign currency.