2019 LETTER TO SHAREHOLDERS

Dear Shareholder,

Since it was written in 1960, the Medtronic Mission has reminded us that our foremost priority is to contribute to human welfare. The Medtronic Mission is one of the greatest gifts our co-founder Earl Bakken gave to Medtronic employees. It inspires our long-term strategy and provides a consistent set of guiding principles for how we operate as a company.

In April, Medtronic celebrated 70 years since Earl first founded the company that I consider a privilege to lead. Sadly, we lost Earl last year when he passed away at the age of 94. In his lifetime, Earl improved the lives of millions of people, built a major company, and established an entire industry. He remained steadfastly committed to the Medtronic Mission, which our 90,000 employees around the globe fulfill each day. I am convinced that by continuing to follow the six tenets of the Mission, we will assure sustained growth and success.

Earl often said, "We didn't set out to be the world's largest medical device company, we just wanted to make a lasting positive change in patients' lives." I'm incredibly pleased to share that together with our physician partners, we served a record 75 million+ patients in FY19 – improving the lives of more than two people every second.

At its core, the Mission states that we are a technology company that aims to improve outcomes for patients. Today we are executing on the strongest pipeline in Medtronic's history, bringing to market a long list of technology innovations that will improve the lives of even more patients around the world, help healthcare systems become more efficient, and ultimately, grow the intrinsic value of Medtronic.

LEADING THE INDUSTRY THROUGH THERAPY INNOVATION

Before I discuss our successful FY19 results, I'd like to highlight our long-term growth strategies of Therapy Innovation, Globalization, and Economic Value.

In pursuit of our Therapy Innovation strategy, we develop technologies that fit into three categories:

- **Continuous Innovation**, where the clinical effectiveness and economics of existing products are iteratively improved.
- **Invention** to develop technologies that offer a new treatment option for patients.
- **Disruption** of existing markets, by developing technologies that are significantly more effective than the current state of the art.

Importantly, all three of these approaches require a clinical problem to be defined that the technology will address. Doing this ensures that the resulting technology will improve clinical outcomes and fulfil a previously unmet need.

Through *continuous innovation* we leverage physician feedback and new technologies to continuously enhance value and create competitive differentiation. This is not about iterating for iteration's sake – our focus on continuous innovation must provide improved clinical outcomes for patients and corresponding economic value for healthcare systems. Examples of products in the midst of continuous innovation include transcatheter aortic heart valves, stent retrievers for ischemic stroke, and surgical end effectors. These are all markets that we played a major role in creating and which we continue to lead in through continuous innovation.

Invention requires that we create and develop new therapies that result in new markets – something Medtronic has been doing for decades, and something we believe we are better at today than at any time in our past. We are strategically placing bets on new technologies to address unmet patient needs. Examples include the transcatheter mitral valve, which we believe will serve a market nearly three times the size of the transcatheter aortic valve replacement market; and renal denervation (RDN) for hypertension, a pioneering therapy to address treatment-resistant hypertension.

Medtronic is also focused on *disruption* of our existing markets. For example, after 60 years of continuous innovation, we disrupted the pacemaker market with the first transcatheter, leadless and miniaturized pacemaker, which is 90% smaller than the existing device.

We are leveraging our technologies and capabilities across businesses to accelerate competitive differentiation and growth. Our differentiated battery and miniaturization technology give us scale and advantage. We spend more than $2 billion a year on R&D to invest in the platforms that will sustain our growth into the future and further advance our position as the technology leader in healthcare. A series of major product launches planned during the back half of FY20 is only the start of a sustained cadence of innovative product launches into the market, leading to accelerated revenue growth and value creation for our shareholders.

ACCELERATING GROWTH THROUGH GLOBALIZATION AND ECONOMIC VALUE STRATEGIES

Building off our Therapy Innovation strategy, our other strategies, Globalization and Economic Value, further enhance our growth profile and increase our competitiveness.

Our Globalization strategy reflects what we believe is the single largest opportunity in MedTech –emerging markets. In FY19, $4.7 billion of our revenue base came from emerging markets, representing 15% of our overall sales. While each emerging market is unique and has various external factors affecting individual growth rates at any single point in time, collectively we have been able to consistently deliver double-digit constant currency growth and expect to continue to deliver this kind of performance even with our increasingly large base. In FY19, our strength was diversified across all four groups and across multiple geographies, with China growing 13%, Middle East & Africa growing 17% and India growing 19%. Our strategies of public and private partnerships, optimizing the distribution channel, and in some markets, localization of R&D and manufacturing, are driving growth and differentiating Medtronic.

Through our Economic Value strategy, we have been able to optimize our product iterations supporting continuous innovation, as well as to lead the shift in the broader healthcare industry to value-based healthcare models. As a global leader in the industry we are uniquely positioned to help drive this imperative.

Value-based programs such as our TYRX™ infection control products in our Cardiac Rhythm & Heart Failure division, provide distinct value for patients and payers by reducing overall costs and improving outcomes for patients meaningfully. We also continue to work with new partners in new ways, including payers and health systems around the world where we are helping improve operational efficiencies and clinical outcomes, while reducing costs.

EXECUTION REMAINS OUR NUMBER ONE PRIORITY

Turning to financials, FY19 was a strong year for Medtronic. As stated to shareholders and employees, execution was – and continues to be – our number one priority. In FY19, we followed through and executed on our commitments, including outperforming on revenue growth, earnings per share, and free cash flow, while meeting our operating margin guidance. Specifically, FY19 revenue of $30.557 billion grew 5.5% organically. FY19 non-GAAP diluted earnings per share grew 11.5% on a comparable basis, and our adjusted operating margin expanded 120 basis points, including 50 basis points on a constant currency basis. We also returned $4.6 billion to shareholders in the form of dividends and share repurchases.

We overcame several challenges particularly in the back half of the year, including supply constraints due to the closure of a third-party sterilizer, headwinds in our Cardiac and Vascular Group (CVG), China tariffs, and difficult comparisons in our Diabetes Group. We relied upon the diversification of our business to deliver solid top- and bottom-line results. While CVG, our largest group, grew well below the corporate average, the company still delivered 5.5% organic revenue growth, something unthinkable several years ago. This was all possible given the strong growth in our other groups, including 13.4% growth in Diabetes, 6.6% growth in our Restorative Therapies Group (RTG), and 5.8% growth in our Minimally Invasive Therapies Group (MITG), all on a constant currency basis. In CVG, headwinds were offset by strong performance in multiple double-digit growth categories, including TAVR, Micra, AF Solutions, VenaSeal and TYRX. In Diabetes, growth was driven by increased CGM penetration, and ongoing MiniMed™ 670G system launches in international markets. In RTG, we had double digit growth in Brain Therapies, on strength in ischemic stroke and spine robotics, respectively. We also drove a turnaround of our Pain Therapies business, which grew double digits on the ongoing launch of the Intellis™ pain stimulation platform. In MITG, we saw broad-based strength from Surgical Innovations, and Respiratory, Gastrointestinal, & Renal, with more than 20 product launches in FY19.

Further, we could not have delivered such a strong year without the collective efforts of employees on long-term Enterprise Excellence initiatives, leveraging our size and scale and driving improved effectiveness and efficiency across the company. This past fiscal year, the benefits of the program were most evident in SG&A, driven by optimizing our service delivery models across core functions, further enhancing quality with automation tools and standardized processes, and establishing a new Shared Services Center in Bogota, Colombia. Successfully executing on these initiatives and creating a more efficient cost structure is the basis for sustained margin expansion.

Perhaps most exciting in FY19 was our annual free cash flow at $5.9 billion dollars, a significant improvement over the $3.6 billion we generated in FY18. In June 2018, we set a target to improve our free cash flow conversion of adjusted net earnings to 80 percent over the next 2-3 years, and we achieved it in just one year. FY19 free cash flow conversion was 83 percent, notably above our peer average. We developed a free cash flow challenge and education campaign, and also included it as part of our annual incentive plan to engage employees across the company. I am extremely proud of the collective results of the organization, creating additional capital that can be returned to shareholders and reinvested in technology to drive further growth.

We have invested in future growth through disciplined investment in R&D and tuck-in acquisitions. The most notable acquisitions in FY19 included Mazor Robotics, creating a long-term competitive advantage for us in the spine market; EPIX Therapeutics, providing leapfrog RF ablation technology; and Nutrino, giving us Artificial Intelligence capabilities to apply toward personalized closed-loop insulin pump systems in Diabetes. While we believe organic R&D offers the highest return on investment we can make, we expect to continue to pursue strategic tuck-in acquisitions that provide us access to new technologies.

At the same time, we remain committed to balanced capital deployment by returning a minimum of 50 percent of our free cash flow to you, our shareholders. Our primary method of return is through dividends. We target roughly a 40 percent payout ratio and expect that to grow every year with earnings. We are proud of the fact that we have grown our dividend for the past 42 years and are part of the elite S&P 500 Dividend Aristocrats.

It's also worth noting that we began to offset the expected modest incremental headwinds from upcoming tax regulations resulting from U.S. tax reform. In the fourth quarter, we successfully executed a Euro debt offering to significantly lower ongoing interest exposure and used the proceeds to reduce U.S. dollar denominated debt, providing savings to the company for years to come.

Our capital allocation strategy also reflects a keen focus on improving our return on invested capital, which constitutes one-third of management's long-term performance plan, with the remainder split between revenue growth and total shareholder return.

While I am proud of the year we delivered, I am even more excited about what lies ahead. We expect the investments we've made in our pipeline over the past several years to begin to pay off with multiple product introductions, accelerating revenue growth, and value creation for our shareholders.

CREATING SHAREHOLDER VALUE THROUGH INCLUSION AND STRONG GOVERNANCE

We are a stronger, better company when we foster an inclusive workplace and bring diversity of thought to our work by employing a workforce that represents our patients and customers. We have made significant progress toward our 2020 aspirational goals, surpassing our goal for ethnically diverse leadership in the U.S., and on track to surpass our goal for women leadership globally. From a pay perspective, we believe women and men should be paid equally for the same work they do. In 2019 we conducted a comprehensive analysis and found we were at 99% on an overall global basis for gender pay equity – and 100% in certain countries, including the U.S. While we are proud of our progress, our journey won't stop until we reach gender parity and proportional ethnic representation for all employees.

I am especially proud of our four Diversity Networks and the 18,000+ employees who take part in more than 12 Employee Resource Groups across 60+ countries. These employees help create an inclusive culture that values all dimensions of diversity, which is important for our organization because, among other things, a more diverse culture fosters a wider range of innovation, and that leads to a better business and better outcomes for patients.

Finally, I want to share our philosophy on strong corporate governance. We have a highly engaged Board of Directors that, among other things, provides oversight and evaluation of strategies for the creation of long-term shareholder value, risk oversight, and attention to matters affecting the company's corporate governance and shareholder relations. Our six Board committees are focused on delivering results all investors can take pride in. Specifically, I want to highlight our separate committee for Technology and Value Creation, which gives greater focus to the scientific and technical direction of the company. At each of our quarterly Board meetings, we rotate presentations from our four super regions and four business groups so each has an opportunity every year to have an active dialogue on their respective strategic plans with the Board. Further, Board members regularly visit Medtronic sites, government officials, and customers in markets around the world to stay informed on key environmental forces facing the company. We also invite presenters from our broader Medtronic leadership, exposing them to the diverse experience and keen insights of the Board, and allowing our Board members to have more substantive exposure to our talent and culture.

Our commitment to diversity also extends to our Board, which is composed of a diverse mix of genders, ethnicities, and career experiences – helping bring a more diverse and mindful perspective that is critical in identifying opportunities that promote long-term growth. Notably, this includes Board members from different segments of the healthcare ecosystem who understand payment systems, hospital and physician insights, and technology innovation. In FY19, we added a new director, Andrea J. Goldsmith, Ph.D., while saying goodbye to Robert C. Pozen and Shirley Ann Jackson, Ph.D., upon their retirement. As a new director, Dr. Goldsmith brings expertise in wireless system design and the application of information theory and signal processing to biology and neuroscience, making her a valued adviser to fulfilling our Mission.

FULFILLING THE MISSION

Since joining Medtronic eight years ago, I have been truly honored to lead this organization and its team of highly talented, dedicated employees during a time of accelerated growth. As was announced on August 28, 2019, I have decided to retire as CEO at the end of the fiscal year, and starting April 27, 2020, will assume the new role of Executive Chairman and remain Chairman of the Board. The Board of Directors unanimously appointed Geoff Martha, Executive Vice President and Group President of RTG, to succeed me as CEO, effective April 27, 2020.

The Board of Directors selected Geoff to be our next CEO after a thoughtful, multi-year succession planning process. The Board and I have full confidence in Geoff and his ability to take on this role and lead Medtronic into the future. Geoff has the ability, judgment, values, and strategic vision to propel our company to new heights. He is passionately committed to our Mission, the advancement of our growth strategy, and the development and diversity of our people.

Being CEO of Medtronic continues to be an honor and a privilege. I am rewarded daily by the passion and commitment of our employees around the world and the work they do every day to fulfill our Mission. I deeply appreciate everything they have done to assist me and for the support they will give the leadership transition.

We know there is much work yet to be done, but we are proud of the progress we have made to date and are excited about the future. We are doing much more than simply improving today's products and therapies. We are inventing new markets and disrupting others, giving us a multi-year head start over our competition and creating an opportunity to establish new standards of care.

Our technology pipeline has never been stronger, and will continue to accelerate our Globalization and Economic Value growth strategies – delivering on our commitments to our employees, customers, patients, and you, our shareholders. More importantly, fueled by innovation, we will extend Medtronic's reach to impact even more patients around the globe – furthering our Mission to use technology to alleviate pain, restore health, and extend life.

Omar Ishrak

Chairman and CEO

Reconciliations of Non-GAAP and Other 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 Medtronic'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. Reconciliations of the non-GAAP financial measures referenced in the Shareholder Letter to the most directly comparable GAAP financial measures are included in the following financial schedules.

References throughout the Shareholder Letter to organic growth exclude the impact of material acquisitions, divestitures, and currency. References to comparable growth rates are adjusted for the impact of certain accounting standards adopted in the current year and exclude the impact of material divestitures.

MEDTRONIC PLC
WORLD WIDE REVENUE - YTD
(UNAUDITED)

	REPORTED				COMPARABLE CONSTANT CURRENCY	
(in millions)	FY19	FY18	Growth	Currency Impact[2]	Revised[3] FY18	Growth
Cardiac & Vascular Group	**$ 11,505**	**$ 11,354**	**1.3%**	**$ (182)**	**$ 11,354**	**2.9%**
Cardiac Rhythm & Heart Failure	5,849	5,947	(1.6)	(81)	5,947	(0.3)
Coronary & Structural Heart	3,730	3,562	4.7	(76)	3,562	6.9
Aortic, Peripheral & Venous	1,926	1,845	4.4	(25)	1,845	5.7
Minimally Invasive Therapies Group[1]	**8,478**	**8,716**	**(2.7)**	**(164)**	**8,166**	**5.8**
Surgical Innovations	5,753	5,630	2.2	(125)	5,537	6.2
Respiratory, Gastrointestinal, & Renal	2,725	3,086	(11.7)	(39)	2,629	5.1
Restorative Therapies Group	**8,183**	**7,743**	**5.7**	**(73)**	**7,743**	**6.6**
Spine	2,654	2,668	(0.5)	(18)	2,668	0.1
Brain Therapies	2,604	2,354	10.6	(34)	2,354	12.1
Specialty Therapies	1,641	1,556	5.5	(11)	1,556	6.2
Pain Therapies	1,284	1,165	10.2	(10)	1,165	11.1
Diabetes Group	**2,391**	**2,140**	**11.7**	**(36)**	**2,140**	**13.4**
TOTAL	**$ 30,557**	**$ 29,953**	**2.0%**	**$ (455)**	**$ 29,403**	**5.5%**

(1) In the second quarter of fiscal year 2018, the Company realigned its divisions within the Minimally Invasive Therapies Group, which included a movement of revenue from certain product lines within Surgical Innovations to Respiratory, Gastrointestinal, & Renal. As a result, first quarter fiscal year 2018 results in the year-to-date figures have been recast to adjust for this alignment.

(2) The currency impact to revenue measures the change in revenue between current and prior year periods using constant exchange rates.

(3) Revised revenue excludes revenue related to the divested Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses for the first quarter of fiscal year 2018.

MEDTRONIC PLC
GAAP TO NON-GAAP RECONCILIATIONS
(UNAUDITED)

	Fiscal year ended April 26, 2019								
(in millions, except per share data)	Net Sales	Cost of Products Sold	Gross Margin Percent	Operating Profit	Operating Profit Percent	Income Before Income Taxes	Net Income attributable to Medtronic	Diluted EPS [1]	Effective Tax Rate
GAAP	$ 30,557	$ 9,155	70.0%	$ 6,268	20.5%	$ 5,197	$ 4,631	$ 3.41	10.5%
Non-GAAP Adjustments:									
Restructuring and associated costs[2]	—	(91)	0.4	407	1.3	407	341	0.25	16.2
Acquisition-related items[3]	—	(7)	—	88	0.3	88	72	0.05	18.2
Certain litigation charges	—	—	—	166	0.5	166	142	0.10	14.5
(Gain)/loss on minority investments[4]	—	—	—	—	—	(62)	(65)	(0.05)	(4.8)
Debt tender premium and other charges[5]	—	—	—	(28)	(0.1)	457	344	0.25	24.7
IPR&D charges[6]	—	—	—	58	0.2	58	49	0.04	15.5
Exit of businesses[7]	—	—	—	149	0.5	149	118	0.09	20.8
Amortization of intangible assets	—	—	—	1,764	5.8	1,764	1,497	1.10	15.1
Certain tax adjustments, net[8]	—	—	—	—	—	—	(40)	(0.03)	—
Non-GAAP	$ 30,557	$ 9,057	70.4%	$ 8,872	29.0%	$ 8,224	$ 7,089	$ 5.22	13.6%
Currency impact	455	181	(0.2)	(108)	(0.7)			(0.07)	
CURRENCY ADJUSTED	**$ 31,012**	**$ 9,238**	**70.2%**	**$ 8,764**	**28.3%**			**$ 5.15**	

	Fiscal year ended April 27, 2018								
(in millions, except per share data)	Net Sales	Cost of Products Sold	Gross Margin Percent	Operating Profit	Operating Profit Percent	Income Before Income Taxes	Net Income attributable to Medtronic	Diluted EPS[1]	Effective Tax Rate
GAAP	$ 29,953	$ 9,067	69.7%	$ 6,640	22.2%	$ 5,675	$ 3,104	$ 2.27	45.5%
Non-GAAP Adjustments:									
Restructuring and associated costs[2]	—	(40)	0.1	107	0.4	107	87	0.06	18.7
Acquisition-related items[9]	—	(28)	0.1	115	0.4	132	90	0.07	31.8
Debt redemption premium[10]	—	—	—	—	—	38	26	0.02	31.6
Divestiture-related items[11]	—	—	—	115	0.4	115	103	0.08	10.4
Certain litigation charges	—	—	—	61	0.2	61	53	0.04	13.1
Investment loss[12]	—	—	—	—	—	227	228	0.17	(0.4)
IPR&D charges[13]	—	—	—	46	0.2	46	41	0.03	10.9
Gain on sale of businesses[14]	—	—	—	(697)	(2.3)	(697)	(697)	(0.51)	—
Hurricane Maria[15]	—	(17)	0.1	34	0.1	34	33	0.02	2.9
Contribution to Medtronic Foundation	—	—	—	80	0.3	80	54	0.04	32.5
Amortization of intangible assets	—	—	—	1,823	5.9	1,823	1,501	1.10	17.7
Certain tax adjustments, net[16]	—	—	—	—	—	—	1,907	1.39	—
Non-GAAP	$ 29,953	$ 8,982	70.0 %	$ 8,324	27.8 %	$ 7,641	$ 6,530	$ 4.77	14.7%
Classification revision[17]								(0.09)	
COMPARABLE NON-GAAP								**$ 4.68**	

(1) The data in this schedule has been intentionally rounded to the nearest $0.01 and, therefore, may not sum.

(2) Associated costs include costs incurred as a direct result of the restructuring program, such as salaries for employees supporting the program and consulting expenses.

(3) The charges include unvested stock option payouts and investment banker and other transaction fees, along with integration-related costs incurred in connection with the Covidien acquisition and changes in the fair value of contingent consideration.

(4) Effective in fiscal year 2019, we exclude unrealized and realized gains and losses on our minority investments as we do not believe that these components of income or expense have a direct correlation to our ongoing or future business operations.

(5) The net charge, which includes $485 million recognized in interest expense and ($28 million) recognized in other operating expense, net, primarily relates to the early redemption of approximately $6.4 billion of Medtronic Inc. and CIFSA senior notes.
(6) The charges represent acquired IPR&D in connection with asset acquisitions and charges recognized in connection with the impairment of IPR&D assets.
(7) The net charge relates to business exits and is primarily comprised of intangible asset impairments.
(8) The net benefit relates to the impacts of U.S. tax reform, along with intercompany legal entity restructuring, and the finalization of certain income tax aspects of the divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses within the Minimally Invasive Therapies Group on July 29, 2017.
(9) The charges primarily include integration-related costs incurred in connection with the Covidien acquisition and changes in the fair value of contingent consideration.
(10) The charge, included within interest expense in our consolidated statements of income, was recognized in connection with the early redemption of approximately $1.2 billion of Medtronic Inc. senior notes.
(11) The transaction expenses incurred in connection with the divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses.
(12) The charge was recognized in connection with the impairment of certain cost and equity method investments.
(13) The charge was recognized in connection with the impairment of IPR&D assets.
(14) The gain on the divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses.
(15) The charges represent idle facility costs, asset write-downs, and humanitarian efforts related to Hurricane Maria.
(16) The net charge primarily relates to the impact of U.S. tax reform, inclusive of the transition tax, remeasurement of deferred tax assets and liabilities, and the decrease in the U.S. statutory tax rate. Additionally, the net charge includes the impacts from the divestiture of our Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses, and the net tax cost associated with an internal reorganization, which were partially offset by the tax effects from the intercompany sale of intellectual property.
(17) The classification revision represents required accounting reclassifications described in the Company's Q1 FY19 Earnings Presentation.

MEDTRONIC PLC
GAAP TO NON-GAAP RECONCILIATIONS
(UNAUDITED)

	Fiscal year	
(in millions)	**2019**	**2018**
Net cash provided by operating activities	$ 7,007	$ 4,684
Additions to property, plant, and equipment	(1,134)	(1,068)
FREE CASH FLOW[(1)]	**$ 5,873**	**$ 3,616**

(1) Free cash flow represents operating cash flows less property, plant, and equipment additions.