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Medtronic Public Limited Company
Directors' Report and Financial Statements
Financial Year Ended April 27, 2018

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Directors' Report
For the Financial Year Ended April 27, 2018

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 27, 2018, which are set out on pages 40 to 122, and audited entity financial statements of Medtronic plc (the Company or Medtronic) for the financial year ended April 27, 2018, which are set out on pages 123 to 133.

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 Group's 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 Company financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of 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 Group's and Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Group 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.) (U.S. GAAP) to the extent that it does not contravene Irish Company Law and that the entity financial statements of the Company comply with accounting standards issued by the UK Financial Reporting Council and Irish Law; 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.

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.

Directors' Compliance Statement

As required by Section 225 of the Companies Act 2014, the directors acknowledge that they are responsible for securing compliance by the Company with its Relevant Obligations as defined in the Companies Act 2014 (hereinafter called the Relevant Obligations).

The directors confirm that the Company has drawn up and adopted a compliance policy statement setting out the Company's policies that, in the directors' opinion, are appropriate to the Company respecting compliance by the Company with its Relevant Obligations.

A review of the arrangement and structures in place to ensure compliance with the Company's relevant obligations has been conducted in the financial year to which this report relates.

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 U.S. 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.

We report our results based on a 52/53 week year, ending the last Friday of April. The financial years ended April 27, 2018 (fiscal year 2018) and April 28, 2017 (fiscal year 2017) were 52-week years.

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 more than 150 countries worldwide. We remain committed to a mission written by our founder in 1960 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).

On July 29, 2017, we completed the divestiture of our Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses. Among the product lines included in the divestiture were the dental and animal health, chart paper, wound care, incontinence, electrodes, SharpSafety, thermometry, perinatal protection, blood collection, compression, and enteral feeding offerings. Prior to the divestiture, these businesses were included within the Minimally Invasive Therapies Group segment.

Cardiac and Vascular Group The Cardiac and Vascular Group is made up of the Cardiac Rhythm & Heart Failure, Coronary & Structural Heart, and Aortic & Peripheral Vascular divisions. The primary medical specialists who use our Cardiac and Vascular products include electrophysiologists, implanting cardiologists, heart failure specialists, cardiovascular, cardiothoracic, and vascular surgeons, and interventional cardiologists and radiologists.

Minimally Invasive Therapies Group The Minimally Invasive Therapies Group is made up of the Surgical Innovations and Respiratory, Gastrointestinal, & Renal divisions. Products and therapies of this group are used primarily by hospitals, physicians' offices, ambulatory care centers, and other alternate site healthcare providers. While less frequent, some products and therapies are also used in home settings.

Restorative Therapies Group The Restorative Therapies Group is made up of the Spine, Brain, Specialty Therapies, and Pain Therapies divisions. The primary medical specialists who use the products of this group include spinal surgeons, neurosurgeons, neurologists, pain management specialists, anesthesiologists, orthopedic surgeons, urologists, colorectal surgeons, urogynecologists, interventional radiologists, and ear, nose, and throat specialists.

Diabetes Group The Diabetes Group develops, manufactures, and markets products and services for the management of Type I and Type II diabetes. The primary medical specialists who use and/or prescribe our Diabetes products are endocrinologists and primary care physicians.

Key Performance Indicators

Consolidated Results of Operations Profit for fiscal year 2018 was $3.0 billion, $2.20 per diluted share, as compared to profit for fiscal year 2017 of $4.1 billion, $2.93 per diluted share, representing a decrease of 24 percent and 23 percent, respectively.

The table below illustrates turnover by segment for fiscal years 2018 and 2017:

	Fiscal Year		
(in millions)	**2018**	**2017**	**% Change**
Cardiac and Vascular Group	$ 11,354	$ 10,498	8%
Minimally Invasive Therapies Group	8,716	9,919	(12)
Restorative Therapies Group	7,743	7,366	5
Diabetes Group	2,140	1,927	11
Total Turnover	$ 29,953	$ 29,710	1%

For fiscal year 2018, total turnover was unfavorably affected by the divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses within Minimally Invasive Therapies Group which closed on the first day of the second quarter of fiscal year 2018. Our performance continues to be fueled by our three growth strategies: therapy innovation, globalization, and economic value. We are creating competitive advantages and capitalizing on the long-term trends in healthcare: namely the desire to improve clinical outcomes, the growing demand for expanded access to care, and the optimization of cost and efficiency within healthcare systems. In our therapy innovation growth strategy, we continue to see clear acceleration in our innovation cycle, with several meaningful new product launches during fiscal year 2018 across all of our segments. We advanced a pipeline of groundbreaking medical technology, and we are creating new markets, disrupting existing markets, and leading in several of the fastest growth markets. In globalization, turnover in emerging markets grew 12% during fiscal year 2018 as compared to fiscal year 2017. Our consistent emerging market performance continues to benefit from geographic diversification, with strong, balanced results around the world. In our third growth strategy, economic value, we continue to execute our value-based healthcare signature programs and aggressively develop unique, value-based healthcare solutions that directly link our therapies to improving outcomes across each of our segments. We remain focused on leading the shift to healthcare payment systems that reward value and improved patient outcomes over volume. See our discussion in the “Turnover” section of this Directors' Report for more information on the results of our operating segments.

Operations by Market Geography The tables below illustrates turnover by market geography for each of our segments for fiscal years 2018 and 2017:

	U.S.[1]			Non-U.S. Developed Markets[2]			Emerging Markets[3]		
(in millions)	Fiscal Year 2018	Fiscal Year 2017	% Change	Fiscal Year 2018	Fiscal Year 2017	% Change	Fiscal Year 2018	Fiscal Year 2017	% Change
Cardiac and Vascular Group	$ 5,681	$ 5,454	4 %	$ 3,790	$ 3,393	12%	$ 1,883	$ 1,651	14%
Minimally Invasive Therapies Group	3,804	5,049	(25)	3,378	3,479	(3)	1,534	1,391	10
Restorative Therapies Group	5,164	5,012	3	1,720	1,588	8	859	766	12
Diabetes Group	1,226	1,148	7	739	625	18	175	154	14
Total	$ 15,875	$ 16,663	(5)%	$ 9,627	$ 9,085	6%	$ 4,451	$ 3,962	12%

(1) U.S. includes the United States and U.S. territories.
(2) Non-U.S. developed markets include Japan, Australia, New Zealand, Korea, Canada, and the countries of Western Europe.
(3) Emerging markets include the countries of the Middle East, Africa, Latin America, Eastern Europe, and the countries of Asia that are not included in the non-U.S. developed markets, as defined above.

For fiscal year 2018, turnover for the U.S. decreased 5 percent, developed markets outside the U.S. increased 6 percent, and emerging markets increased 12 percent as compared to fiscal year 2017. Turnover declines in the U.S. were impacted by the July 29, 2017 divestiture of our Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses within the Minimally Invasive Therapies Group, partially offset by growth in the other segments. Turnover growth in non-U.S. developed markets was led by strong performance in Western Europe. In emerging markets, turnover growth was driven by solid performance in all of our segments, with strong performance in China, Latin America, Eastern Europe and the Middle East & Africa. Currency had a favorable effect of $494 million on turnover for fiscal year 2018.

U.S. GAAP to U.S. Non-GAAP Reconciliations The tables below present reconciliations of our U.S. Non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with U.S. GAAP for fiscal years 2018 and 2017:

	Fiscal year April 27, 2018				
(in millions, except per share data)	**Profit Before Taxation**	**Taxation**	**Profit For The Financial Year**	**Diluted EPS [1]**	**Effective Tax Rate**
U.S. GAAP	$ 5,572	$ 2,570	$ 3,011	$ 2.20	46.1%
U.S. Non-GAAP Adjustments:					
Restructuring and associated costs [2]	107	20	87	0.06	18.7
Acquisition-related items	132	42	90	0.07	31.8
Debt redemption premium [3]	38	12	26	0.02	31.6
Divestiture-related items [4]	115	12	103	0.08	10.4
Certain litigation charges	164	18	146	0.11	11.0
Investment loss [5]	227	(1)	228	0.17	(0.4)
IPR&D impairment	46	5	41	0.03	10.9
Gain on sale of businesses [6]	(697)	—	(697)	(0.51)	—
Hurricane Maria [7]	34	1	33	0.02	2.9
Special charge [8]	80	26	54	0.04	32.5
Amortization of intangible assets	1,823	322	1,501	1.10	17.7
Certain tax adjustments, net [9]	—	(1,907)	1,907	1.39	—
U.S. Non-GAAP	$ 7,641	$ 1,120	$ 6,530	$ 4.77	14.7%

	Fiscal year April 28, 2017				
(in millions, except per share data)	**Profit Before Taxation**	**Taxation**	**Profit For The Financial Year**	**Diluted EPS [1]**	**Effective Tax Rate**
U.S. GAAP	$ 4,684	$ 608	$ 4,080	$ 2.93	13.0%
U.S. Non-GAAP Adjustments:					
Restructuring charges, net	373	101	272	0.20	27.1
Acquisition-related items	230	74	156	0.11	32.2
Certain litigation charges	218	80	138	0.10	36.7
Special charge [8]	100	37	63	0.05	37.0
Impact of inventory step-up [10]	38	14	24	0.02	36.8
Amortization of intangible assets	1,980	520	1,460	1.05	26.3
Certain tax adjustments, net [11]	—	(202)	202	0.15	—
U.S. Non-GAAP	$ 7,623	$ 1,232	$ 6,395	$ 4.60	16.2%

(1) Amounts in this column have 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 charge, included within *interest payable and similar expenses, net* in our consolidated profit and loss account, was recognized in connection with the early redemption of approximately $1.2 billion of Medtronic Inc. senior notes.
(4) The transaction expenses incurred in connection with the divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses.
(5) The charge was recognized in connection with the impairment of certain cost and equity method investments.
(6) The gain on the divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses.
(7) The charges represent idle facility costs, asset write-downs, and humanitarian efforts related to Hurricane Maria.
(8) The charge represents a contribution to the Medtronic Foundation.
(9) 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 tax cost associated with an internal reorganization, which were partially offset by the tax effects from the intercompany sale of intellectual property.
(10) The charge represents the amortization of step-up in fair value of inventory acquired in connection with the HeartWare acquisition.

(11) The net charge primarily relates to the tax effect from the recognition of the outside basis of certain subsidiaries which were included in the divestiture of our Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses completed during the second quarter of fiscal year 2018, along with certain tax charges recorded in connection with the redemption of an intercompany minority interest, and the resolution of various tax matters from prior periods.

Turnover

The table below illustrates turnover by segment and division for fiscal years 2018 and 2017:

	Turnover by Fiscal Year		
(in millions)	2018	2017	% Change
Cardiac Rhythm & Heart Failure	$ 5,947	$ 5,649	5%
Coronary & Structural Heart	3,562	3,113	14
Aortic & Peripheral Vascular	1,845	1,736	6
Cardiac and Vascular Group	11,354	10,498	8
Surgical Innovations[(1)]	5,537	5,145	8
Respiratory, Gastrointestinal, & Renal[(1)]	3,179	4,774	(33)
Minimally Invasive Therapies Group	8,716	9,919	(12)
Spine	2,668	2,641	1
Brain Therapies	2,354	2,098	12
Specialty Therapies	1,556	1,491	4
Pain Therapies	1,165	1,136	3
Restorative Therapies Group	7,743	7,366	5
Diabetes Group	2,140	1,927	11
Total	$ 29,953	$ 29,710	1%

(1) During the second quarter of fiscal year 2018, the Surgical Solutions and Patient Monitoring & Recovery divisions of the Minimally Invasive Therapies Group were realigned into the Surgical Innovations and Respiratory, Gastrointestinal, & Renal divisions. Refer to the "Minimally Invasive Therapies Group" discussion within this Directors' Report for more information on the composition of the Surgical Innovations and Respiratory, Gastrointestinal, & Renal divisions.

Cardiac and Vascular Group

The Cardiac and Vascular Group's products include pacemakers, insertable and external cardiac monitors, cardiac resynchronization therapy devices (CRT-D), implantable cardioverter defibrillators (ICD), leads and delivery systems, ventricular assist 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, balloons, 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 and Cath Lab Managed Services (CLMS) within the Cardiac Rhythm & Heart Failure division. The Cardiac and Vascular Group's turnover for fiscal year 2018 was $11.4 billion, an increase of 8 percent as compared to fiscal year 2017. Currency had a favorable impact on turnover for fiscal year 2018 of $215 million. Cardiac and Vascular Group's turnover for fiscal year 2018, as compared to fiscal year 2017, benefited from strong turnover in all three divisions. See the more detailed discussion of each division's performance below.

Cardiac Rhythm & Heart Failure turnover for fiscal year 2018 was $5.9 billion, an increase of 5 percent as compared to fiscal year 2017. Cardiac Rhythm & Heart Failure turnover growth for fiscal year 2018 was driven by strong growth in Arrhythmia Management and Heart Failure. The strong growth in Arrhythmia Management was largely due to growth in AF Solutions, driven by the continued global acceptance of our Arctic Front Advance Cardiac CryoAblation Catheter (Arctic Front) system, growth in Diagnostics, driven by the continued adoption of the Reveal LINQ insertable cardiac monitor, as well as strong adoption of the Micra transcatheter pacing system and TYRX absorbable antibacterial envelope. The strong growth in Heart Failure was driven by growth in Mechanical Circulatory Support from sales of the HVAD system, as well as continued demand for the CRT-P quadripolar pacing system, which launched in the U.S. in the first quarter of fiscal year 2018.

Coronary & Structural Heart turnover for fiscal year 2018 was $3.6 billion, an increase of 14 percent as compared to fiscal year 2017. Coronary & Structural Heart turnover growth for fiscal year 2018 was largely driven by the continued strong customer adoption of the Evolut PRO Transcatheter Aortic Valve system (Evolut PRO) and the Evolut R 34mm transcatheter aortic heart valve, as well as continued penetration into intermediate risk in the U.S., which received approval late in the first quarter of fiscal

year 2018. Turnover growth was also driven by the continued strong demand for the Resolute Onyx drug-eluting stent in the U.S. and Japan, which launched in the first quarter of fiscal year 2018.

Aortic & Peripheral Vascular turnover for fiscal year 2018 was $1.8 billion, an increase of 6 percent as compared to fiscal year 2017. Aortic & Peripheral Vascular turnover growth for fiscal year 2018 was driven by growth in Valiant Captivia Thoracic stent grafts, Percutaneous Transluminal Angioplasty (PTA) balloons and drug-coated balloons, as well as success of the Heli-FX EndoAnchor System. Turnover growth was further driven by strong performance in EndoVenous due to accelerated growth of the VenaSeal vein closure system, for which approval for reimbursement payment in the U.S. from the Centers for Medicare & Medicaid Services (CMS) was initiated in January 2018.

Minimally Invasive Therapies Group

The Minimally Invasive Therapies Group's products span the entire continuum of patient care with a focus on diseases of the gastrointestinal tract, lungs, pelvic region, kidneys, obesity, and preventable complications. The products include those for advanced and general surgical products including surgical stapling devices, vessel sealing instruments, wound closure, electrosurgery products, hernia mechanical devices, mesh implants, advanced ablation, interventional lung, ventilators, capnography, airway products, sensors, dialysis, and monitors. Turnover for the three months ended July 28, 2017 and fiscal years 2017 and 2016 also included turnover of dental and animal health, chart paper, wound care, incontinence, electrodes, SharpSafety, thermometry, perinatal protection, blood collection, compression, and enteral feeding offerings, which were divested on July 29, 2017.

The Minimally Invasive Therapies Group's turnover for fiscal year 2018 was $8.7 billion, a decrease of 12 percent as compared to fiscal year 2017. Currency had a favorable impact on turnover of $147 million for fiscal year 2018. The Minimally Invasive Therapies Group's turnover for fiscal year 2018 was affected by the divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses on July 29, 2017.

Subsequent to the divestiture, during the second quarter of fiscal year 2018, the Surgical Solutions and Patient Monitoring & Recovery divisions were realigned into the Surgical Innovations and Respiratory, Gastrointestinal, & Renal divisions. The Surgical Innovations division consists of the Advanced Surgical and General Surgical businesses. The Advanced Surgical business includes the Advanced Stapling, Advanced Energy, Hernia, Gynecology, and Interventional Lung product lines. The General Surgical business includes the Wound Closure, Electrosurgery, and Instrument product lines.

The Respiratory, Gastrointestinal, & Renal division consists of the Respiratory & Monitoring Solutions and Renal Care Solutions businesses. The Respiratory & Monitoring Solutions business includes the Patient Monitoring, Respiratory Solutions, Advanced Ablation, and GI Solutions product lines. The Renal Care Solutions business includes the Renal Access and Dialyzers product lines.

Surgical Innovations turnover for fiscal year 2018 was $5.5 billion, an increase of 8 percent as compared to fiscal year 2017. Surgical Innovations turnover growth was driven by new products in Advanced Stapling and Advanced Energy, including the Signia powered surgical stapling system and endo stapling specialty reloads. Also driving turnover was our Valleylab FT10 energy platform and new iterations of our LigaSure vessel sealing instruments, and growth in emerging markets.

Respiratory, Gastrointestinal, & Renal turnover for fiscal year 2018 was $3.2 billion, a decrease of 33 percent as compared to fiscal year 2017. Respiratory, Gastrointestinal, & Renal turnover declined as a result of the July 29, 2017 divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses. Apart from the decline in turnover due to the divestiture, turnover performance in Respiratory, Gastrointestinal, & Renal benefited from growth in GI Solutions, the strength in Nellcor pulse oximetry products due to the intensity of the flu season in the U.S., the continued adoption of MicroStream capnography monitoring product, and growth in Airway and Ventilation turnover.

Restorative Therapies Group

The Restorative Therapies Group's products focus on 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, as well as products to treat conditions of the ear, nose, and throat, and systems that incorporate advanced energy surgical instruments. The Restorative Therapies Group also manufactures and sells image-guided surgery and intra-operative imaging systems and therapies to treat diseases of the vasculature in and around the brain, including coils, neurovascular stents and flow diversion products. The Restorative Therapies Group's turnover for fiscal year 2018 was $7.7 billion, an increase of 5 percent as compared to fiscal year 2017. Currency had a favorable impact on turnover for fiscal year 2018 of $85 million. The Restorative Therapies Group's performance for fiscal year 2018 was driven by strong growth in Brain Therapies and solid growth in Specialty Therapies and Pain Therapies. See the more detailed discussion of each division's performance below.

Spine turnover for fiscal year 2018 was $2.7 billion, an increase of 1 percent as compared to fiscal year 2017. Spine turnover growth was driven by growth in bone morphogenetic protein (composed of INFUSE bone graft (InductOs in the European Union)), partially offset by a slight decline in Core Spine. Core Spine turnover declined due to continued overall market softness in the U.S. and Europe, partially offset by the continued success of our Surgical Synergy strategy, which integrates our spinal implants with enabling technologies such as imaging, navigation, power instruments, nerve monitoring and Mazor robotics sold by our Neurosurgery business, and our "Speed-to-Scale" initiative, which involves faster innovation cycles and the launching of a steady cadence of new products at scale with sets immediately available for the entire market.

Brain Therapies turnover for fiscal year 2018 was $2.4 billion, an increase of 12 percent as compared to fiscal year 2017. Brain Therapies turnover growth was driven by strong growth in both Neurovascular and Neurosurgery. Neurovascular turnover growth was driven by strength across our stroke portfolio, specifically in stents, as a result of our leading role in the development of the endovascular therapy market for treatment of ischemic stroke. Neurosurgery turnover growth was driven by strong sales of the StealthStation S8 surgical navigation system, O-arm O2 surgical imaging system, Visualase MRI-guided laser ablation system, Midas disposables, as well as disposables turnover from placement of capital equipment through our distributor agreement with Mazor. Turnover growth in Neurovascular and Neurosurgery for fiscal year 2018 was partially offset by slight declines in Brain Modulation due to competitive pressures in major markets.

Specialty Therapies turnover for fiscal year 2018 was $1.6 billion, an increase of 4 percent as compared to fiscal year 2017. Specialty Therapies turnover growth was driven by growth in ENT, Pelvic Health, and Transformative Solutions.

Pain Therapies turnover for fiscal year 2018 was $1.2 billion, an increase of 3 percent as compared to fiscal year 2017. Pain Therapies turnover growth was driven by Interventional from the OsteoCool RF Spinal Tumor ablation system. Within Spinal Cord Stimulation, the Intellis Platform launch and ongoing roll-out of the Evolve workflow algorithm contributed to turnover in fiscal year 2018 and helped mitigate competitive pressures in the U.S. and Europe.

Diabetes Group

The Diabetes Group's products include insulin pumps, continuous glucose monitoring (CGM) systems, insulin pump consumables, and therapy management software. The Diabetes Group’s turnover for fiscal year 2018 was $2.1 billion, an increase of 11 percent as compared to fiscal year 2017. The Diabetes Group's turnover increased for fiscal year 2018, primarily as a result of an increase in turnover in the U.S. due to continued growth in our customer base through the continued adoption of the MiniMed 670G hybrid closed loop system. Further, we experienced continued growth in international markets due to strong turnover of the MiniMed 640G system in Europe and Asia Pacific.

COSTS AND EXPENSES

The following is a summary of cost of sales, research and development, and distribution and administrative expenses as a percent of turnover:

	Fiscal Year	
	2018	2017
Cost of sales	30.2%	31.3%
Research and development expense	7.5%	7.4%
Distribution and administrative expenses	39.4%	39.4%

Cost of sales We continue to focus on reducing our costs of sales through supplier management, manufacturing improvements, and optimizing our manufacturing network.

Cost of sales was $9.1 billion and $9.3 billion during fiscal years 2018 and 2017, respectively. The decrease in cost of sales as a percentage of turnover from fiscal year 2018 as compared to 2017 was due primarily to the divestiture of lower-margin products in conjunction with the divestiture of our Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses during fiscal year 2018 and a $38 million charge during fiscal year 2017 related to the recognition of the fair value step-up taken on inventory acquired in connection with the HeartWare acquisition. The decrease in cost of sales as a percentage of turnover due to the divestiture and fair-value step-up on HeartWare inventory was partially offset by $17 million of costs recognized in relation to restoring operations at four Puerto Rico manufacturing sites after Hurricane Maria, including idle facility costs, asset write-downs, and other facility-related costs, and the infusion set recall in our Diabetes Group.

Research and Development Expense We remain committed to accelerating the development of meaningful innovations to deliver better patient outcomes at appropriate costs that lead to enhanced quality of life and may be validated by clinical and economic evidence. We are also focused on expanding access to quality healthcare.

Research and development expense was $2.3 billion and $2.2 billion during fiscal years 2018 and 2017, respectively. Research and development expense remained fairly consistent as a percentage of turnover, with a slight increase from fiscal year 2017 to 2018 due, in part, to our turnover increasing at a slower rate than the increase in research and development following the divestiture of our Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses.

Distribution and Administrative Expense Our goal is to continue to leverage distribution and administrative expense initiatives and to continue to realize cost synergies expected from our acquisitions. Distribution and administrative expense primarily consist of salaries and wages, as well as other administrative costs, such as professional fees and marketing expenses, and amortization expense.

Distribution and administrative expense was $11.8 billion and $11.7 billion during fiscal years 2018 and 2017, respectively. Distribution and administrative expense increased as percentage of turnover from fiscal year 2017 to 2018, as we incurred expenses associated with new product launches and Transition Service Agreements (TSAs). In conjunction with the divestiture of our Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses on July 29, 2017, we entered into TSAs with Cardinal to ensure and facilitate an orderly transfer of business operations. Expenses associated with the TSA agreements are recognized in *distribution and administrative expenses*; however, TSA revenue is recognized in *other expense, net*, thereby contributing to an increase in distribution and administrative expense as a percentage of revenue.

The following is a summary of other costs and expenses:

	Fiscal Year	
(in millions)	**2018**	**2017**
Restructuring charges, net	30	363
Acquisition-related items	104	220
Certain litigation charges	164	218
Divestiture-related items	114	—
Gain on sale of businesses	(697)	—
Special charge	80	100
Other expense, net	505	222
Investment loss	227	—
Interest payable and similar expenses, net	749	728

Restructuring

Enterprise Excellence

In the third quarter of fiscal year 2018, we announced a multi-year global Enterprise Excellence Program designed to drive long-term business growth and sustainable efficiency. The Enterprise Excellence Program is expected to further leverage our global size and scale as well as enhance the customer and employee experience.

The Enterprise Excellence Program is focused on three objectives:

- Global Operations - integrating and enhancing global manufacturing and supply processes, systems and site presence to improve quality, delivery cost and cash flow
- Functional Optimization - enhancing and leveraging global operating models and systems across several enabling functions to improve productivity and employee experience
- Commercial Optimization - optimizing certain processes, systems and models to improve productivity and the customer experience

The Enterprise Excellence Program is designed to drive operating margin improvement, as well as fund investment in strategic growth initiatives, with expected annual gross savings of more than $3.0 billion from cost reductions and leverage of our fixed infrastructure by the end of fiscal year 2022. Approximately $500 million to $700 million of gross annual savings are expected to be achieved each fiscal year through the end of fiscal year 2022.

The Enterprise Excellence Program is expected to result in pre-tax restructuring charges of approximately $1.6 billion to $1.8 billion, the vast majority of which are expected to be incurred by the end of fiscal year 2022 and result in cash outlays to be substantially complete by the end of fiscal year 2023. Approximately half of the estimated restructuring charges are related to employee termination benefits. The remaining restructuring charges are costs associated with the restructuring program, such as salaries for employees supporting the program and consulting expenses. We expect these costs to be recognized within *restructuring charges, net, cost of sales,* and *distribution and administrative expense* in the consolidated profit and loss account.

During fiscal year 2018, we recognized restructuring charges of $96 million. For fiscal year 2018, restructuring charges included $35 million of employee termination benefits recognized within *restructuring charges, net* in the consolidated profit and loss account. For fiscal year 2018, restructuring charges also included costs incurred as a direct result of the restructuring program, such as salaries for employees supporting the program and consulting expenses, including $28 million recognized within *cost of sales* and $33 million recognized within *distribution and administrative expense* in the consolidated profit and loss account.

Cost Synergies

In the third quarter of fiscal year 2018, we achieved $850 million in cost synergies related to the acquisition of Covidien. The cost synergies related to administrative office optimization, manufacturing and supply chain infrastructure, and certain general and administrative savings. Cash outlays for the cost synergies program are scheduled to be substantially complete by the end of fiscal year 2019.

During fiscal year 2018, we recognized restructuring charges of $45 million, partially offset by accrual adjustments of $34 million. Accrual adjustments relate to certain employees identified for termination finding other positions within Medtronic, cancellations of employee terminations, and employee termination benefits being less than initially estimated. For fiscal year 2018, restructuring charges included $29 million of employee termination benefits and contract termination costs recognized within *restructuring charges, net* in the consolidated profit and loss account. Restructuring charges also included other costs of $12 million recognized within *cost of sales* and $4 million recognized within *distribution and administrative expense.*

For fiscal year 2017, we recognized restructuring charges of $441 million, partially offset by accrual adjustments of $68 million. Accrual adjustments relate to certain employees identified for termination finding other positions within Medtronic, cancellations of employee terminations, and employee termination benefits being less than initially estimated. Restructuring charges included asset write-downs of $17 million related to property, plant, and equipment impairments, and $10 million related to inventory write-offs recognized within *cost of sales* in the consolidated profit and loss account. Additionally, fiscal year 2017 restructuring charges included $73 million of incremental defined benefit pension and post-retirement related expenses for employees that accepted voluntary early retirement packages.

For additional information, see Note 4 to the consolidated financial statements.

Acquisition-Related Items Acquisition-related items includes expenses incurred in connection with the integration of Covidien, our $50.0 billion acquisition completed in the fourth quarter of fiscal year 2015, transaction expenses incurred in connection with business combinations, and changes in fair value of contingent consideration. During fiscal year 2018, we recognized acquisition-related items expense of $132 million, including $28 million recognized within *cost of sales* in the consolidated profit and loss account. During fiscal year 2018, acquisition-related items expense includes $172 million of costs associated with the integration of Covidien manufacturing, distribution, and administrative facilities as well as information technology system implementation and benefits harmonization, partially offset by the change in fair value of contingent consideration as a result of revised turnover forecasts and the timing of anticipated regulatory milestones.

During fiscal year 2017, we recognized acquisition-related items expense of $230 million, including $10 million recognized within *cost of sales* in the consolidated profit and loss account. During fiscal year 2017, acquisition-related items expense primarily includes $225 million of costs associated with the integration of Covidien manufacturing, distribution, and administrative facilities as well as information technology system implementation and benefits harmonization, $23 million of accelerated or incremental stock compensation expense, and expenses incurred in connection with the HeartWare acquisition and planned divestiture of the Patient Care, Deep Vein, Thrombosis, and Nutritional Insufficiency businesses, partially offset by the change in fair value of contingent consideration as a result of revised turnover forecasts and the timing of anticipated regulatory milestones.

Certain Litigation Charges We classify litigation charges and gains related to significant legal matters as certain litigation charges. During fiscal years 2018 and 2017, we recognized $164 million and $218 million, respectively, of certain litigation charges related to probable and estimable damages for significant legal matters.

Divestiture-Related Items Divestiture-related items include expenses incurred in connection with the divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses. During fiscal year 2018, we recognized divestiture-related

items expense of $114 million, primarily comprised of expenses incurred for professional services, including banker, legal, tax, and advisory fees, and $16 million of accelerated stock compensation expense related to the acceleration of the vesting period for employees that transferred with the divestiture. There was no divestiture-related items expense for fiscal year 2017.

Gain on Sale of Businesses We recognized a pre-tax gain of $697 million on the sale of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses during fiscal year 2018. No businesses were sold during fiscal year 2017.

Special Charge Continuing our commitment to improve the health of people and communities throughout the world, we recognized a charge of $80 million in fiscal year 2018 and $100 million in fiscal year 2017 for charitable contributions to the Medtronic Foundation.

Other Expense, Net Other expense, net includes royalty income and expense, realized equity security gains and losses, TSA income, intangible asset impairments, currency transaction and derivative gains and losses, and Puerto Rico excise tax. In fiscal year 2018, other expense, net was $505 million as compared to $222 million in fiscal year 2017. The increase from fiscal year 2017 to fiscal year 2018 was primarily attributable to remeasurement and our hedging programs, which resulted in a $176 million loss for fiscal year 2018 as compared to an $81 million gain in fiscal year 2017, losses of $68 million related to the impairment of IPR&D assets in fiscal year 2018, and $15 million of humanitarian aid provided to our employees affected by Hurricane Maria in fiscal year 2018. The increase from fiscal year 2017 to 2018 was partially offset by $74 million of TSA income.

Investment Loss We recognized losses of $227 million during fiscal year 2018, related to the impairment of certain cost and equity method investments. We remain committed to future strategic and focused investments in the areas of medical device technologies, services, and solutions.

Interest Payable and Similar Expenses, Net Interest payable and similar expenses, net includes interest earned on our cash, cash equivalents and investments, interest incurred on our outstanding borrowings, amortization of debt issuance costs and debt premiums or discounts, amortization of gains or losses on terminated or de-designated interest rate derivative instruments, charges recognized in connection with the early redemption of senior notes, and ineffectiveness on interest rate derivative instruments. In fiscal year 2018, interest payable and similar expenses, net was $749 million as compared to $728 million in fiscal year 2017. The increase in interest payable and similar expenses, net for fiscal year 2018 was primarily driven by modestly higher average interest rates on total debt obligations outstanding and a $38 million charge recognized in connection with the early redemption of approximately $1.2 billion of Medtronic Inc. senior notes, partially offset by a slight increase in interest receivable and similar income as compared to fiscal year 2017.

Certain Tax Adjustments

During fiscal year 2018, certain tax adjustments of $1.9 billion, recognized in *taxation* in the consolidated profit and loss account, included the following:

- A net charge of $2.4 billion associated with U.S. tax reform, inclusive of the transition tax, remeasurement of U.S. Federal deferred tax assets and liabilities, and the decrease in the U.S. statutory tax rate. Our taxation provision associated with the impact of the Tax Act for fiscal year 2018 is based on a reasonable estimate and will be finalized within the measurement period in accordance with U.S. GAAP. For additional information, see Note 18 to the consolidated financial statements.
- A charge of $73 million associated with an internal reorganization of certain foreign subsidiaries.
- A net benefit of $579 million associated with the intercompany sale of intellectual property.

During fiscal year 2017, certain tax adjustments of $202 million, recognized in *taxation on profit on ordinary activities* in the consolidated profit and loss account, included the following:

- A charge of $404 million associated with the IRS resolution for the Ardian, CoreValve, Inc., Ablation Frontiers, Inc., PEAK Surgical, Inc. and Salient Surgical Technologies, Inc. acquisition-related issues and the allocation of profit between Medtronic, Inc. and its wholly owned subsidiary operating in Puerto Rico for certain businesses. This resolution does not include the businesses that are the subject of the Medtronic, Inc. U.S. Tax Court case for fiscal years 2005 and 2006.
- A net charge of $125 million associated with the divestiture of our Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses to Cardinal. The net charge primarily relates to the tax effect from the recognition of the outside basis difference of certain subsidiaries which were included in the divestiture.
- A charge of $86 million associated with the IRS's disallowance of the utilization of certain net operating losses, along with the recognition of a valuation allowance against the net operating loss deferred tax asset, was recognized during the year.
- A charge of $18 million as a result of the redemption of an intercompany minority interest during the year.

- A benefit of $431 million as the result of the resolution of Covidien's previously disclosed Tyco International plc intercompany debt issues with the U.S. Tax Court and the Appeals Division of the IRS.

Certain tax adjustments will 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 discussion of these adjustments.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity and capital structure is evaluated regularly within the context of our annual operating and strategic planning process. We consider the liquidity necessary to fund our operations, which includes working capital needs, investments in research and development, tangible assets, and other operating costs. We also consider capital allocation alternatives that balance returning value to shareholders through dividends and share repurchases, satisfying maturing debt, and acquiring businesses and technology.

Summary of Cash Flows

The following is a summary of cash provided by (used in) operating, investing, and financing activities, the effect of exchange rate changes on cash and cash equivalents, and the net change in cash and cash equivalents:

	Fiscal Year	
(in millions)	2018	2017
Cash provided by (used in):		
Operating activities	$ 4,684	$ 6,880
Investing activities	5,858	(1,571)
Financing activities	(11,954)	(3,283)
Effect of exchange rate changes on cash and cash equivalents	114	65
Net change in cash and cash equivalents	$ (1,298)	$ 2,091

Operating Activities The $2.2 billion decrease in net cash provided in fiscal year 2018 as compared to fiscal year 2017 was primarily driven by an increase in cash paid for taxation of $1.5 billion, an increase in net cash outflows for collateral related to our derivative instruments of $145 million, cash paid for divestiture-related expenses of approximately $100 million, an increase in certain litigation payments of $60 million, and a decrease in cash collected from customers. The increase in cash paid for taxation was primarily a result of a $1.1 billion pre-payment we elected to make to the U.S. IRS related to in-process litigation on Puerto Rico transfer pricing, tax payments related to the intercompany sale of intellectual property and sale of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses as well as settlement payments for U.S. federal income taxes for fiscal years 2012 to 2014 and audit settlements outside of the U.S.

Investing Activities The $7.4 billion increase in net cash provided in fiscal year 2018 as compared to fiscal year 2017 was primarily attributable to the sale of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses on July 29, 2017, resulting in net proceeds of $6.1 billion, a decrease in cash paid for acquisitions of $1.2 billion, primarily due to the acquisition of Heartware during fiscal year 2017, and a decrease in additions to tangible assets.

Financing Activities The $8.7 billion increase in net cash used in fiscal year 2018 as compared to fiscal year 2017 was primarily attributable to the repayment of our senior unsecured term loan, including accrued interest, for $3.0 billion in August 2017, the repayment of our 6.000 percent ten-year 2008 CIFSA senior notes, including accrued interest, for $1.2 billion in October 2017, the repayment of our 3.500 percent seven-year 2010 HTWR senior notes, including accrued interest, for $43 million in December 2017, the repayment of our 1.500 percent three-year 2015 senior notes, including accrued interest, for $1.0 billion in March 2018, repayment of our 1.375 percent five-year 2013 senior notes, including accrued interest, for $1.0 billion in April 2018, repayment of our 4.450 percent ten-year 2010 senior notes, including accrued interest and early redemption premium, for $795 million in April 2018, and repayment of our 5.600 percent ten-year 2009 senior notes, including accrued interest and early redemption premium, for $413 million in April 2018. The increase in net cash used was also due to the issuance of $2.0 billion of Senior Notes in fiscal year 2017 and a reduction of commercial paper borrowings in fiscal year 2018 as compared to fiscal year 2017, partially offset by a decrease in share repurchases of $1.4 billion.

Free Cash Flow

Free cash flow, a U.S. non-GAAP financial measure, is calculated by subtracting additions to tangible assets from net cash provided by operating activities. 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)	2018	2017
Net cash provided by operating activities	$ 4,684	$ 6,880
Net cash provided by (used in) investing activities	5,858	(1,571)
Net cash used in financing activities	(11,954)	(3,283)
Net cash provided by operating activities	4,684	6,880
Additions to tangible assets	(1,068)	(1,254)
Free cash flow	$ 3,616	$ 5,626
Dividends to shareholders	$ 2,494	$ 2,376
Repurchase of ordinary shares	2,171	3,544
Issuances of ordinary shares	(403)	(428)
Return to shareholders	$ 4,262	$ 5,492
Return of operating cash flow percentage	91%	80%
Return of free cash flow percentage	118%	98%

Debt and Capital

Our capital structure consists of equity and interest-bearing debt. We use a combination of bank borrowings and commercial paper issuances to fund our short-term financing needs. Total debt obligations at April 27, 2018 were $25.8 billion, as compared to $33.4 billion at April 28, 2017. The decrease in total debt was primarily driven by the repayment of our senior unsecured term loan and senior notes detailed below, along with a reduction in our commercial paper borrowings of $203 million.

During fiscal year 2018, we repaid our senior unsecured term loan, including accrued interest, for $3.0 billion, our 6.000 percent ten-year 2008 CIFSA senior notes, including accrued interest, for $1.2 billion, our 3.500 percent seven-year 2010 HTWR senior notes, including interest, for $43 million, our 1.500 percent three-year 2015 senior notes, including accrued interest, for $1.0 billion, our 1.375 percent five-year 2013 senior notes, including accrued interest, for $1.0 billion, our 4.450 percent ten-year 2010 senior notes, including accrued interest and early redemption premium, for $795 million, and our 5.600 percent ten-year 2009 senior notes, including accrued interest and early redemption premium, for $413 million.

We maintain a commercial paper program for short-term financing, which allows us to issue unsecured commercial paper notes on a private placement basis up to a maximum aggregate amount outstanding at any time of $3.5 billion. At April 27, 2018, we had $698 million of commercial paper outstanding as compared to $901 million at April 28, 2017. During fiscal years 2018 and 2017, the weighted average original maturity of the commercial paper outstanding was approximately 28 and 39 days, respectively, and the weighted average interest rate was 1.46 percent and 0.89 percent, respectively. The issuance of commercial paper reduces the amount of credit available under our existing line of credit, as explained below.

We also have a $3.5 billion syndicated line of credit facility (Credit Facility) which expires in January 2020. The Credit Facility provides backup funding for the commercial paper program and may also be used for general corporate purposes. The Credit Facility provides us with the ability to increase our borrowing capacity by an additional $500 million at any time during the term of the agreement. At each anniversary date of the Credit Facility, but not more than twice prior to the maturity date, we could also request a one-year extension of the maturity date. At April 27, 2018 and April 28, 2017, no amounts were outstanding on the committed line of credit.

Interest rates on advances of our Credit Facility are determined by a pricing matrix, based on our long-term debt ratings assigned by S&P and Moody's. For additional information on our credit ratings status by S&P and Moody's, refer to the "Liquidity" section below. Facility fees are payable on the credit facility and are determined in the same manner as the interest rates. The agreements also contain customary covenants, all of which we were in compliance with at April 27, 2018.

We repurchase our ordinary shares from time to time as part of our focus on returning value to our shareholders. In June 2015, our Board of Directors authorized, subject to the ongoing existence of sufficient distributable reserves, the repurchase of 80 million of our ordinary shares. At April 28, 2017, we had used 51 million of the 80 million shares authorized under the June 2015 share repurchase program. In June 2017, our Board of Directors authorized the expenditure of up to $5.0 billion for new share repurchases, replacing the previous 2015 repurchase authorization to redeem up to an aggregate number of ordinary shares. During fiscal years 2018 and 2017, we repurchased a total of 25 million and 43 million shares, respectively, under these programs at an average price of $83.71 and $83.03, respectively. At April 27, 2018, we had approximately $4.0 billion remaining under the share repurchase program authorized by our Board of Directors.

For additional information on credit arrangements, see Note 11 to the consolidated financial statements.

Liquidity

The following table is a summary of our cash at bank and in hand and short-term investments, working capital, and current ratio:

(in millions)	April 27, 2018	April 28, 2017
Cash at bank and in hand and short-term investments	$ 11,227	$ 13,708
Working capital	12,803	10,357
Current ratio[(1)]	2.3:1.0	1.7:1.0

(1) The ratio of current assets less debtors falling due after one year to liabilities due within one year, excluding amounts held for sale at April 28, 2017.

Our liquidity sources at April 27, 2018 include $3.7 billion of cash at bank and in hand and $7.6 billion of short-term investments. Additionally, we maintain a commercial paper program ($698 million of commercial paper outstanding at April 27, 2018) and Credit Facility. See discussion above regarding changes in our cash at bank and in hand and short-term investments and commercial paper program and Credit Facility.

Our short-term investments include marketable debt and equity securities that are classified and accounted for as available-for-sale. Our debt and equity securities include U.S. and non-U.S. government and agency securities, corporate debt securities, mortgage-backed securities, other asset-backed securities, debt funds, equity securities, 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 fiscal year 2018, the total other-than-temporary impairment losses on available-for-sale debt securities and funds 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 recognized 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. At April 27, 2018, we have $321 million of gross unrealized losses on our aggregate available-for-sale debt securities and funds of $7.6 billion. If market conditions deteriorate, some of these holdings may experience other-than-temporary impairment in the future, which could adversely affect our financial results. We are required to use estimates and assumptions in our valuation of investments, which requires a high degree of judgment, and therefore, actual results could differ materially from estimates. For additional information, see Note 6 to the consolidated financial statements.

Our working capital and current ratio at April 27, 2018 increased as compared to April 28, 2017, primarily due to the receipt of $6.1 billion of cash proceeds from the sale of our Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses on July 29, 2017, partially offset by repayments of our debt obligations and a $1.1 billion income tax pre-payment we elected to make to the U.S. IRS related to in-process litigation on Puerto Rico transfer pricing in fiscal year 2018.

The following table is a summary of our Standard and Poor's Rating Services (S&P) and Moody's Investors Service (Moody's) long-term debt ratings and short-term debt ratings:

	Agency Rating [1]	
	April 27, 2018	April 28, 2017
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 is no assurance that an 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.

S&P and Moody's long-term debt ratings and short-term debt ratings at April 27, 2018 were unchanged as compared to the ratings at April 28, 2017. We do not expect the S&P and Moody's ratings to have a significant impact on our liquidity or future flexibility to access additional liquidity given our balance sheet and Credit Facility and related commercial paper program.

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.

Note 23 to the consolidated financial statements provides information regarding amounts we have accrued related to legal matters. In accordance with U.S. GAAP, we record a provision in our consolidated financial statements for these matters 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 effect on our consolidated profit, financial position, and/or cash flows.

We record tax provisions in our consolidated financial statements for amounts that we expect to repatriate from subsidiaries (to the extent the repatriation would be subject to tax); however, no tax provisions are recorded for amounts that we consider to be permanently reinvested. As a result of the Tax Act, we have removed our permanently reinvested assertion on the historical profit through April 27, 2018 for legal entities with accumulated earnings subject to the transition tax. We continue to evaluate our permanently reinvested assertion for certain legal entities. We expect to have access to the majority of our cash flows in the future. In addition, we continue to 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 obligations.

We believe our balance sheet and liquidity provide us with flexibility, and that our cash at bank and in hand and short-term investments, as well as our $3.5 billion revolving credit facility and related commercial paper program ($698 million of commercial paper outstanding at April 27, 2018), will satisfy our foreseeable operating needs for at least the next 12 months. We regularly review our capital needs and consider various investing and financing alternatives to support our requirements.

Financial Risk Management

Currency Exchange Rate Risk Due to the global nature of our operations, we are exposed to currency exchange rate changes. 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 transactions in other currencies 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 our derivative instruments are the Euro, Japanese Yen, and British Pound. 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 27, 2018 and April 28, 2017 was $11.5 billion and $10.8 billion, respectively. At April 27, 2018, these contracts were in a net unrealized loss position of $159 million. A sensitivity analysis of changes in the fair value of all currency exchange rate derivative contracts at April 27, 2018 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 $879 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 current 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 27, 2018 was comprised of debt predominately denominated in U.S. dollars, of which approximately 95% is fixed rate debt and approximately 5% is floating-rate debt. We are also exposed to interest rate changes affecting our investments in interest rate sensitive instruments, which include 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 interest rate-sensitive financial instruments of a hypothetical 10 basis point change in interest rates, as compared to interest rates at April 27, 2018, indicates that the fair value of these instruments would correspondingly change by $81 million.

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. 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.

Principal Risks and Uncertainties

Investing in our securities 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 identifies the most significant risk factors affecting us. 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. Furthermore, additional risks and uncertainty not presently known to us or that we currently believe to be immaterial may also adversely affect our business. Our business, financial condition, operating results, cash flow and prospects could be materially and adversely affected by any of these risks or uncertainties.

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 more than 150 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 range of competitors from large companies with multiple business lines to small, specialized 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 existing or planned products less competitive. In addition, we face competition from providers of alternative medical therapies, such as pharmaceutical companies.

We believe our ability to compete depends upon many factors both within and beyond our control, including:

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

Competition may increase as additional companies enter our markets or modify their existing products to compete directly with ours. In addition, academic institutions, governmental agencies and other public and private research organizations also may conduct research, seek patent 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. From time to time we have lost, and may in the future lose, market share in connection with product problems, physician advisories, safety alerts and publications about our products, which highlights the importance of product quality, product efficacy and quality systems to our business. 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. Further, our continued growth and success depend on our ability to develop, acquire and market new and differentiated products, technologies and intellectual property, and as a result we also face competition for marketing, distribution, and collaborative development agreements, establishing

relationships with academic and research institutions and licenses to intellectual property. 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.

Reduction or interruption in 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 the majority of our products at numerous manufacturing facilities worldwide. 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, certain components and raw materials used in our products are obtained from a sole supplier. Although we work closely with our suppliers to try to ensure continuity of supply while maintaining high quality and reliability, the supply of these components and raw materials may be interrupted or insufficient. In addition, due to the stringent regulations and requirements of regulatory agencies, including the U.S. FDA, regarding the manufacture of our products, we may not be able to quickly establish additional or replacement sources. Furthermore, the prices of commodities and other materials used in our products, which are often volatile and outside of our control, could adversely impact our supply. We use resins, other petroleum-based materials, and pulp as raw materials in some of our products, and the prices of oil and gas also significantly affect our costs for freight and utilities. 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 could result in lost sales.

Other disruptions in the manufacturing process or product sales and fulfillment systems for any reason, including equipment malfunction, failure to follow specific protocols and procedures, defective raw materials, natural disasters such as hurricanes, tornadoes or wildfires, and other environmental factors, could lead to launch delays, product shortage, unanticipated costs, lost revenues and damage to our reputation. For example, in June 2017 we experienced a global information technology systems interruption that affected our customer ordering, distribution, and manufacturing processes. Furthermore, any failure to identify and address manufacturing problems prior to the release of products to our customers could result in quality or safety issues.

In addition, several of our key products are manufactured at a particular manufacturing facility, with limited alternate facilities. If an event occurs that results in damage to one or more of such facilities, such as the damage caused by Hurricane Maria in Puerto Rico in September 2017, 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.

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 and technologies, as well as our business activities, are subject to a complex set of regulations and rigorous enforcement, 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. 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. 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 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, results of operations and cash flows. 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 condition and cash flows. Even if we are able to obtain 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
- limit the proposed uses of our products.

Both before and after a product is commercially released, we have ongoing responsibilities under U.S. FDA and other applicable non-U.S. government agency regulations. For instance, 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 applicable regulations. The results of these inspections

can include inspectional observations on U.S. FDA's Form-483, warning letters, or other forms of enforcement. 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 products are ineffective or pose an unreasonable health risk, the U.S. FDA could ban such medical products, detain or seize adulterated or misbranded medical products, order a recall, repair, replacement, or refund of such products, 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 and other non-U.S. government agencies may also assess civil or criminal penalties against us, our officers or employees and impose operating restrictions on a company-wide basis. 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. Furthermore, we occasionally receive subpoenas or other requests for information from state and federal governmental agencies, and while these investigations typically relate primarily to financial arrangements with health care providers, regulatory compliance and product promotional practices, we cannot predict the timing, outcome or impact of any such investigations. Any 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 and/or entry into Corporate Integrity Agreements (CIAs) with governmental agencies. In addition, resolution of any of these matters could involve the imposition of additional, costly compliance obligations. These potential consequences, as well as any adverse outcome from government investigations, could have a material adverse effect on our business, results of operations, financial condition, and cash flows.

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, and any failure to comply could subject us to significant civil or criminal exposure, administrative obligations and costs, and/or other potential penalties from, and/or agreements with, the federal government.

Governmental regulations outside the U.S. have, and may continue to, become increasingly stringent and common. In the European Union, for example, a new Medical Device Regulation was published in 2017 which, when it enters into full force in 2020, will include significant additional premarket and post-market requirements. Penalties for regulatory non-compliance could be severe, including fines and revocation or suspension of a company's business license, mandatory price reductions and criminal sanctions. Future laws and regulations may have a material adverse effect on us.

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, results of operations, 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 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, including laws and regulations related to kickbacks, false claims, self-referrals and health care fraud. 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. In certain circumstances, insurance companies can attempt to bring a private cause of action against a manufacturer for causing a false claim to be filed under the federal Racketeer Influenced and Corrupt Organizations Act. 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. Any failure to comply with these laws and regulations could subject us or our officers and employees to criminal and civil financial penalties.

We are also 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 these reimbursement systems, or adverse decisions relating to coverage of or reimbursement for our products by administrators of these systems, 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.

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 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, it is possible that the results of such litigation could require us to pay 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, any of which could have a material adverse impact on our business, results of operations, financial condition, and 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 may not result in patents being issued to us, patents issued to or licensed by us may be challenged or circumvented by competitors and such patents may be found invalid, unenforceable or insufficiently broad to protect our technology or provide us with any competitive advantage. Third parties could obtain patents that may require us to negotiate licenses to conduct our business, and these 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 those countries. Competitors also may harm our turnover 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, results of operations, financial condition, and cash flows.

Quality problems and product liability claims could lead to recalls or safety alerts, reputational harm, adverse verdicts or costly settlements, and could have a material adverse effect on our business, results of operations, financial condition and 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 turnover and results of operations could decline. Our success also can depend on our ability to manufacture to exact specification 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.

Any of the foregoing problems, including future product liability claims or recalls, 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.

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 mission is to provide a broad range of therapies to restore patients to fuller, healthier lives, which 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 business, results of operations, financial condition and cash flows.

Health care policy changes 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 health care system, including U.S. health care reform legislation. Certain of these proposals could, among other things, 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 business, results of operations, financial condition and cash flows.

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 business, results of operations, financial condition and cash flows.

If we experience decreasing prices for our goods and services and we are unable to reduce our expenses, there may be a material adverse effect on our business, results of operations, financial condition and cash flows.

We have experienced, and may continue to experience, decreasing prices for our goods and services due to pricing pressure from managed care organizations and other third-party payers on our customers, 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 business, results of operations, financial condition and cash flows will be adversely affected.

We are subject to a variety of risks associated with global operations that could adversely affect our profitability and operating results.

We develop, manufacture, distribute and sell our products globally. Operations in countries outside of the U.S. are accompanied by certain risks. We intend to continue to expand our operations and to pursue growth opportunities outside the U.S., especially in emerging markets, which could expose us to additional and greater risks. Our profitability and global 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,
- the need to comply with different regulatory regimes worldwide 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, tariffs and other border taxes, 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 and economic instability,
- 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.

On June 23, 2016, the 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. Similarly, from time to time proposals are made in the U.S. to significantly change existing trade agreements and relationships between the U.S. and other countries, although we cannot currently predict whether or how these changes will be implemented. Changes to trade policy may adversely affect our business, results of operations, financial condition and cash flows.

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. Failure to receive payment of all or a significant portion of these receivables could adversely affect our business, results of operations, financial condition and cash flows.

Finally, changes in currency exchange rates may impact the reported value of our revenues, 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 anti-bribery laws 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-administered healthcare systems in many jurisdictions 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. We also participate in public-private partnerships and other commercial and policy arrangements with governments around the globe.

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. It is our policy to implement safeguards to educate our employees and agents on these legal requirements and prohibit improper practices. However, 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 could be held responsible. In addition, the government may seek to hold us liable for FCPA violations committed by companies in which we invest or that we acquire. Any alleged or actual violations of these regulations may subject us to government scrutiny, criminal or civil sanctions and other liabilities, including exclusion from government contracting, and could disrupt our business, adversely affect our reputation and result in a material adverse effect on our business, results of operations, financial condition and cash flows.

Laws and regulations governing international business operations 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. Our international operations subject us to these 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 the region of Crimea. Certain of our subsidiaries sell medical devices, and may provide related services, to distributors and other purchasing bodies in such countries. These business dealings represent an insignificant amount of our consolidated turnover and profit, 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 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 turnover and results of operations.

Many health care industry companies, including health care systems, distributors, manufacturers, providers, and insurers, are consolidating or have formed strategic alliances. As the health care industry consolidates, competition to provide goods and services to industry participants will become more intense. Further, this consolidation creates larger enterprises with greater negotiating power, which they can use to negotiate price concessions. If we must reduce our prices because of industry consolidation, or if we lose customers as a result of consolidation, our business, financial condition, results of operations and cash flows could be adversely affected.

Health care industry cost-containment measures could result in reduced turnover of our medical devices and medical device 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, turnover 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 outside of the U.S., could harm our ability to operate profitably. For example, managed care organizations have successfully negotiated volume discounts for pharmaceuticals, and GPOs and IDNs have also concentrated purchasing decisions for some customers, which has led to downward pricing pressure for medical device companies, including 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 health and safety of our employees, 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 products and end-of-life disposal and take-back programs for medical devices. Our operations involve the use of substances subject to these 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. 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. 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.

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, results of operations, financial condition, and 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 turnover of many of our new and improved products depends on 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 strong relationships with these professionals, the development and marketing of our products could suffer, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We rely on the proper function, security and availability of our information technology systems and data to operate our business, and a breach, cyber-attack or other disruption to these systems or data could materially and adversely affect our business, results of operations, financial condition, cash flows, reputation or competitive position.

We are increasingly dependent on sophisticated information technology systems to operate our business, including to process, transmit and store sensitive data, and many of our products and services include integrated software and information technology that collects data regarding patients or connects to our systems. Like other large multi-national corporations, we could experience, and in the past have experienced, attempted or actual interference with the integrity of, and interruptions in, our technology systems, as well as data breaches, such as cyber-attacks, malicious intrusions, breakdowns, interference with the integrity of our products and data or other significant disruptions. Furthermore, we rely on third-party vendors to supply and/or support certain aspects of our information technology systems. These third-party systems could also become vulnerable to cyber-attack, malicious intrusions, breakdowns, interference or other significant disruptions, and may contain defects in design or manufacture or other problems that could result in system disruption or compromise the information security of our own systems. In addition, we continue to grow in part through new business acquisitions and, as a result, may face risks associated with defects and vulnerabilities in their systems, or difficulties or other breakdowns or disruptions in connection with the integration of the acquisitions into our information technology systems.

Our worldwide operations mean that we are subject to laws and regulations, including data protection and cybersecurity laws and regulations, in many jurisdictions. For example, the new E.U. General Data Protection Regulation (which came into force in May 2018 and replaced the Data Protection Directive) requires us to manage individually identifiable information in the E.U., and may impose fines of up to four percent of our global turnover in the event of violations. Furthermore, there has been a developing trend of civil lawsuits and class actions relating to breaches of consumer data held by large companies or incidents arising from other cyber-attacks. Any data security breaches, cyber-attacks, malicious intrusions or significant disruptions could result in actions by regulatory bodies and/or civil litigation, any of which could materially and adversely affect our business, results of operations, financial condition, cash flows, reputation or competitive position.

In addition, our information technology 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, changes in the techniques used to obtain unauthorized access to data and information systems, and the information technology needs associated with our changing products and services. There can be no assurance that our process of consolidating, protecting, upgrading and expanding our systems and capabilities, continuing to build security into the design of our products, 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.

If our information technology systems, products or services or sensitive data are compromised, patients or employees could be exposed to financial or medical identity theft or suffer a loss of product functionality, and we could 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 or an impairment in our ability to conduct our operations, incur expenses or lose turnover as a result of a data privacy breach, product failure, information technology outages or disruptions, or suffer other adverse consequences including lawsuits or other legal action and damage to our reputation.

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

At April 27, 2018, we had approximately $2.1 billion of debt falling due within one year and $23.7 billion of debt falling due after one year. 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 since the interest rate on borrowings under our floating rate notes and revolving credit facility is variable.

Our debt service obligations 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. If our operating cash flow and capital resources are insufficient to service our debt obligations, we may be forced to sell assets, seek additional equity or debt financing or restructure our debt, which could harm our long-term business prospects. Our failure to comply with the terms of our revolving credit facility and other indebtedness could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debt.

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 significant acquisitions in recent years, 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 acquired companies 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 FCPA liability,
- 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 to achieve synergies among acquired companies, such as increasing turnover of the integrated company's products, achieving cost savings, and effectively combining technologies to develop new products.

We also could experience negative effects on our business, financial condition, results of operations and cash flows 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.

Changes in tax laws or exposure to additional taxation liabilities could have a material impact on our business, results of operations, financial condition and cash flows.

We are subject to taxation, as well as non-income based taxation, in the U.S., Ireland, and various other jurisdictions in which we operate. 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 and our effective tax rate. For example, on December 22, 2017, the U.S. enacted comprehensive tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"), which resulted in a significant charge to taxation during our quarter ending January 2018 associated with the U.S. taxation of accumulated foreign earnings as well as the requirement to revalue U.S. deferred tax assets and liabilities resulting from the reduction in the U.S. corporate tax rate.

Certain elements of the Tax Act impact fiscal year 2018 while other portions of the legislation are not effective until future fiscal years. The U.S. Treasury has issued additional guidance subsequent to the enactment of the Tax Act, and we expect ongoing guidance to be provided which could change the impact on our tax reserves. We made reasonable estimates of the effect of the Tax Act and recorded provisional amounts in the financial statements for fiscal year 2018. Additional guidance, as well as future changes to these rules, may result in adjustments to these estimates which could materially affect our financial results.

In 2013, the Organization for Economic Cooperation and Development (OECD) published an action plan called Base Erosion and Profit Shifting (BEPS) with a view to tackling perceived tax abuse and inconsistency between taxing authorities and their approach to International tax matters. The final BEPS Action report was published in October 2015 and subsequently many taxing authorities have adopted the guidelines provided within their local laws. The EU expanded upon these guidelines with Anti-Tax Avoidance Directives (ATAD) to be applied by its member states. We continue to monitor any and all changes to local country legislation resulting from this guidance. One specific change is a requirement for increased disclosures of financial information on a local and global basis. This information could lead to disagreements between jurisdictions associated with the proper allocation of profits between such jurisdictions.

We are subject to ongoing tax audits in the various jurisdictions in which we operate. 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 business, financial condition, results of operations, and cash flows.

We have recorded 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 our estimate of tax liabilities proves to be less than the amount for which it is ultimately liable, we would incur additional charges, and such charges could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

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

In March 2009, the IRS issued its audit report for Medtronic Inc. for fiscal years 2005 and 2006. Medtronic, Inc. reached agreements with the IRS on some, but not all matters related to these fiscal years. 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 our key manufacturing sites. An adverse outcome in this matter could materially and adversely affect our business, financial condition, results of operations and cash flows. See Note 23 to the consolidated financial statements in this Directors' Report.

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 taxation purposes.

Because Medtronic plc is organized under the laws of Ireland, 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 taxation 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 Covidien transaction held 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 did not have substantial business activities in Ireland relative to its worldwide activities (the substantial business activities test), we would have been treated as a U.S. corporation for U.S. federal taxation 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 taxation purposes. However, there is limited guidance regarding the application of Section 7874, including the application of the ownership test. If we were to be treated as a U.S. corporation for federal tax purposes, we could be subject to substantially greater U.S. tax liability than currently contemplated as a non-U.S. corporation.

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.

Risks Relating to Our Jurisdiction of Incorporation

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

Our shareholders may have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction of the United States. 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 Act 2014, which differs 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 the U.S.

As an Irish public limited company, certain capital structure decisions require shareholder approval, which may limit Medtronic's flexibility to manage its capital structure.

Under Irish law, our authorized share capital can be increased by an ordinary resolution of our shareholders and the directors may issue new ordinary or preferred shares up to a maximum amount equal to the authorized but unissued share capital, without shareholder approval, once authorized to do so by our articles of association or by an ordinary resolution of our shareholders. Additionally, subject to specified exceptions, Irish law grants statutory preemption rights to existing shareholders where shares are being issued for cash consideration but allows shareholders to disapply such statutory preemption rights either in our articles of association or by way of special resolution. Such disapplication can either be generally applicable or be in respect of a particular allotment of shares. Accordingly, our articles of association contain, as permitted by Irish company law, provisions authorizing the board to issue new shares, and to disapply statutory preemption rights. The authorization of the directors to issue shares and the disapplication of statutory preemption rights must both be renewed by the shareholders at least every five years, and we cannot provide any assurance that these authorizations will always be approved, which could limit our ability to issue equity and thereby adversely affect the holders of our securities.

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 a shareholder holds our shares directly rather than beneficially through DTC, any transfer of 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 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 taxation.

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 taxation 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). Non-Irish resident shareholders who receive dividends subject to Irish dividend withholding tax generally have no further liability to Irish taxation 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 in respect of taxable gifts or inheritances received from their parents.

Directors

Richard H. Anderson, Craig Arnold, Scott C. Donnelly, Randall J. Hogan, III, Omar Ishrak, Shirley Ann Jackson, Michael O. Leavitt, James T. Lenehan, Elizabeth Nabel, Denise M. O'Leary, Kendall J. Powell, and Robert C. Pozen served as directors of the Group during fiscal year 2018 and each of their terms expire at the 2018 annual general meeting of shareholders. There were no changes in directors holding office in fiscal year 2018.

Directors' and Corporate Secretary's Interests in Shares

The interests of the directors and corporate secretary holding office at April 27, 2018 in the ordinary shares of the Group were as follows:

	April 27, 2018				April 28, 2017			
	Ordinary Shares	Options	Deferred Share Units	Restricted Share Units	Ordinary Shares	Options	Deferred Share Units	Restricted Share Units
Directors:								
Richard H. Anderson	50,941	—	28,330	2,138	42,215	—	27,706	2,254
Craig Arnold	26,817	—	—	2,138	23,691	—	—	2,254
Scott C. Donnelly	5,196	—	2,125	2,138	2,070	—	2,078	2,254
Randall J. Hogan, III	33,629	—	—	2,138	15,395	—	—	2,254
Omar Ishrak	104,833	1,201,169	276,687	166,513	114,277	1,086,806	270,596	168,400
Shirley Ann Jackson	7,159	—	29,183	2,138	3,913	—	28,541	2,254
Michael O. Leavitt	6,383	—	7,523	2,138	1,991	—	7,358	2,254
James T. Lenehan	24,673	4,484	21,878	2,138	20,250	7,084	21,397	2,254
Elizabeth Nabel	4,216	—	—	2,138	1,090	—	—	2,254
Denise M. O'Leary	26,562	4,484	30,521	2,138	20,836	7,084	29,849	2,254
Kendall J. Powell	10,105	—	20,970	2,138	6,979	—	20,509	2,254
Robert C. Pozen	31,708	4,484	25,651	2,138	40,185	4,484	25,087	2,254
Corporate Secretary:								
Bradley E. Lerman	15,241	236,739	—	36,601	18,385	187,911	—	34,460

Audit Committee

The Company has an audit committee and therefore meets the requirements of Section 167 of the Companies Act 2014.

Disclosure of Information to Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

Political Donations

No political contributions that require disclosure under Irish law were made during fiscal years 2018 or 2017.

Dividends

Ordinary cash dividends declared and paid during fiscal years 2018 and 2017 were $2.5 billion and $2.4 billion, respectively. On a per share basis, ordinary cash dividends declared and paid totaled 46.0 cents per share for each quarter of fiscal year 2018 and 43.0 cents per share for each quarter of fiscal year 2017. 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 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 Redemptions

In June 2015, the Group's Board of Directors authorized, subject to the ongoing existence of sufficient distributable reserves, the repurchase of 80 million of the Group's ordinary shares. As authorized by the Board of Directors, the Group's share repurchase program expires when the total number of authorized shares have been repurchased. This repurchase authorization was replaced in June 2017 with the repurchase authorization described below. As such, the maximum number of shares that may yet be purchased under the June 2015 share repurchase program is no longer applicable to the repurchase program in place.

In June 2017, the Board of Directors authorized the repurchase of $5.0 billion ordinary shares. This authorization replaces the June 2015 authorization described above. There is no specific time-period associated with this repurchase authorization. At April 27, 2018, we had approximately $4.0 billion remaining under the share repurchase program. Upon redemption, shares are canceled by us, therefore, we did not hold any treasury shares at April 27, 2018 or April 28, 2017.

The following redemptions were made under the share redemption plan during fiscal year 2018:

Fiscal 2018 Period	Total Number of Ordinary Shares Purchased	Nominal Value (in millions)	Average Price Paid per Share	Total Consideration Paid (in millions)	Maximum Approximate Dollar Value of Shares that may yet be Purchased Under the Program
Quarter 1	14,398,845	$ —	$ 85.28	$ 1,228	$ 4,855,658,927
Quarter 2	7,374,069	—	82.32	607	4,248,806,806
Quarter 3	770,568	—	80.46	62	4,186,822,325
Quarter 4	2,510,459	—	79.74	200	3,986,698,992
Total	25,053,941	$ —		$ 2,097	

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 delivering a strong launch cadence of meaningful therapies and procedures to improve patient outcomes. With our Globalization strategy, we are focused on addressing the inequity in health care access globally, primarily in emerging markets. With our Economic Value strategy, we are dedicated to 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. 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 August 31, 2018, the date this report was approved by the Audit Committee of the Board of Directors and the Board of Directors.

Subsequent to April 27, 2018, adjustments were made to recognize litigation charges related to probable and estimable damages for matters which existed at April 27, 2018.

Subsidiary Companies and Branches

Information regarding subsidiary undertakings, including information regarding branches, is provided in Note 27 to the consolidated financial statements.

Auditors

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

Approved by the Board of Directors and signed on its behalf on August 31, 2018 by:

/s/ Randall J. Hogan, III	/s/ Omar Ishrak
Director	Director

Independent auditors' report to the members of Medtronic plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Medtronic plc's consolidated financial statements and company financial statements (the "financial statements") give a true and fair view of the Group's and the Company's assets, liabilities and financial position as at April 27, 2018 and of the Group's profit and cash flows for the period 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 Part 6 of the Companies Act 2014;
- the company financial statements have been properly prepared in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and Irish law); and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Directors' Report and Financial Statements, which comprise:

- the consolidated balance sheet as at April 27, 2018;
- the company balance sheet as at April 27, 2018;
- the consolidated profit and loss account and consolidated statement of comprehensive profit for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated reconciliation of movement in shareholders' funds for the period then ended;
- the company statement of changes in equity for the period then ended; and
- the notes to the financial statements and the notes to the company balance sheet, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes the Irish Auditing and Accounting Supervisory Authority (IAASA's) Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality

- Overall materiality for the consolidated financial statements: $284 million, which represents circa. 5% of profit before tax.
- Overall materiality for the company financial statements: $475 million, which represents circa. 0.5% of net assets. Financial statement line items that do not eliminate on consolidation have been audited to overall materiality for the consolidated financial statements.

Audit scope

- Two components were identified as significant components and full scope audits were performed at these components.
- Audit procedures were performed on specific account balances or classes of transactions in thirty-six other components.
- Additionally, certain other activities controlled and managed centrally from Corporate such as acquisitions and disposals, intangible asset and goodwill accounting, investments, derivative instruments, litigation contingencies, retirement benefit obligations and income taxes were audited as part of our group procedures.
- Overall, the components at which audit work was performed accounted for 78% of consolidated revenue and 91% of consolidated total assets.

Key audit matters

- Accounting for litigation contingencies
- Income tax reserves related to foreign manufacturing
- Valuation and disclosure of the transition tax resulting from U.S. Tax Reform

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*

Accounting for litigation contingencies

Refer to Note 1 "Summary of Significant Accounting Policies – "Contingencies", Note 12 "Provisions for Liabilities" and Note 23 "Commitments and Contingencies"

As described in Notes 1, 12 and 23 to the consolidated financial statements, the Group's consolidated provision for accrued litigation was approximately $1.0 billion at April 27, 2018. The Group is subject to legal actions involving product liability, intellectual property and commercial disputes, and shareholder related matters, which represent a significant portion of the total consolidated provision for accrued litigation. The Group records liabilities for estimated loss contingencies related to legal actions when a loss is known or considered probable and the amount may be reasonably estimated.

The principal considerations for our determination that the Group's accounting for litigation contingencies is a key audit matter include the fact that enforcement agencies or private claimants who seek damages, as well as other civil or criminal remedies, require, or could require, significant provision or disclosure in the consolidated financial statements. The corresponding estimates of probable losses resulting from litigation 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; or potentially involve penalties, fines, or punitive damages. This, in turn, involved a high degree of auditor subjectivity in evaluating management's judgments and estimates for determining the corresponding provisions and disclosures in the consolidated financial statements.

Our approach to addressing the matter involved performing procedures and evaluating evidence, in connection with forming our overall opinion on the consolidated financial statements taken as a whole. Our audit procedures assessed the reasonableness of the accounting for litigation contingencies by performing procedures including, but not limited to, the following:

- Understood management's process to develop the estimate and tested the effectiveness of relevant controls;
- Inquired of and discussed with management the policies and procedures adopted for identifying, evaluating, and accounting for litigation contingencies;
- Obtained and evaluated from management a description and evaluation of litigation contingencies that existed at April 27, 2018, and during the period from April 27, 2018 through August 31, 2018;
- Tested the inputs into management's analysis by examining relevant supporting documentation, as determined necessary, concerning litigation, claims, and assessments including related settlements;
- Obtained from the Group's legal advisors corroborating information, including letters of audit inquiry;
- Evaluated the appropriateness of management's disclosures.

Income tax reserves related to foreign manufacturing

Refer to Note 18 "Taxation" and Note 23 "Commitments and Contingencies"

As described in Notes 18 and 23 to the consolidated financial statements, the Group records reserves for uncertain tax positions related to unresolved matters with the Internal Revenue Service (IRS). A significant remaining unresolved issue with the IRS, for which the Group has recorded a reserve, 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. These reserves are subject to a high degree of estimation and significant management judgement. Total reserves relating to income tax positions at April 27, 2018 are $1.727 billion, of which the foreign manufacturing reserves make up a material amount.

The principal considerations for our determination that the Group's accounting for income tax reserves related to foreign manufacturing is a key audit matter are that (1) significant judgement is required in accounting for tax reserves, and (2) there are unresolved IRS matters related 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.

Our approach to addressing the matter involved performing procedures and evaluating audit evidence, in connection with forming our overall opinion on the consolidated financial statements taken as a whole. Our audit procedures assessed the reasonableness of the accounting for income tax reserves related to foreign manufacturing by performing procedures including, but not limited to, the following:

- Inquired of and discussed with management the policies and procedures adopted for identifying, evaluating, and accounting for these income tax reserves and tested the reasonableness of the policies and procedures;
- Understood management's process to develop the estimate and tested the effectiveness of relevant controls;
- Evaluated the reasonableness of the underlying assumptions in management's calculations to support the reserves recorded including evaluating whether the methodology and assumptions used by the Group are consistent with the tax court's ruling as described in Note 23 and examined relevant documents related to the tax court case.

Valuation and disclosure of the transition tax resulting from U.S. Tax Reform

Refer to Note 1 "Summary of Significant Accounting Policies" and Note 18 "Taxation"

On December 22, 2017, the U.S. government enacted the Tax Cuts and Jobs Act (the Tax Act). The Tax Act includes a provision that requires an entity's untaxed post – 1986 earnings and profits of certain non-U.S. subsidiaries to be subject to an immediate toll tax ("toll charge") on the qualifying amount of unremitted earnings. As described in Notes 1 and 18 to the consolidated financial statements, the Group recognized a provisional tax charge of $2.6 billion for the transition tax liability associated with the Tax Act. The total amounts recognized in income tax expense for the period as a result of the Tax Act are provisional, and as allowed under U.S. GAAP, will be updated during the subsequent 12-month period.

The principal considerations for our determination that the Group's valuation and disclosure of the transition tax resulting from the Tax Act is a key audit matter are the quantitative significance of the estimated toll charge, the provisional estimates applied by management in determining the post-1986 foreign earnings & profits (E&P) and income tax pools for all foreign subsidiaries, and the determination of the amounts of those earnings held in liquid and other non-liquid assets. These judgements in turn led to a high degree of auditor judgement and subjectivity in performing procedures to evaluate management's reserves and related disclosures.

Our approach to addressing the matter involved performing procedures and evaluating evidence, in connection with forming our overall opinion on the consolidated financial statements taken as a whole. Our audit procedures assessed the reasonableness of the valuation and disclosure of the transition tax resulting from the Tax Act by performing procedures, including, but not limited to, the following:

- Understood management's process to develop the estimate and tested the effectiveness of relevant controls;
- Performed procedures to test accumulated post-1986 earnings by agreeing historical earnings and profits to a combination of third party sources, prior period audit documentation, and studies to corroborate management's process and conclusions;
- Tested the reasonableness of assumptions related to E&P and liquid and non-liquid assets;
- Performed testing over historical data utilized by management in the toll charge calculation;
- Evaluated the appropriateness of management's disclosures.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls and the industry in which the Group operates.

The Group functions in four operating segments, Cardiac and Vascular Group, Minimally Invasive Technologies Group, Restorative Therapies Group and Diabetes Group. Reporting components are comprised of legal entities with the majority of these components supported by shared service centres within the Group.

In determining our audit scope we first focused on individual reporting components and determined the type of work that needed to be performed at the reporting components by us, as the Irish group engagement team, PwC US as the global engagement team or other component auditors within other PwC network firms. Two components were identified as significant components and full scope audits were performed at these components. Based on our risk assessment, audit procedures were performed on specific account balances or classes of transactions in thirty-six other components. Additionally, certain other activities controlled and managed centrally from Corporate such as acquisitions and disposals, intangible asset and goodwill accounting, investments, derivative instruments, litigation contingencies, retirement benefit obligations and income taxes were audited as part of our group procedures. Where the work was performed by PwC US and component auditors, we determined the level of involvement we needed to have in the audit work of those reporting components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

Overall, the components at which audit work was performed accounted for 78% of consolidated revenue and 91% of consolidated total assets. We allocated materiality levels and issued instructions to each component auditor. In addition to the audit report from each of the component auditors, we received memorandum of examinations on work performed and relevant findings which supplemented our understanding of the component, its results and the audit findings and we participated in a number of audit clearance meetings with the component teams. This, together with the additional procedures performed at a group level, gave us evidence we needed for our opinion on the financial statements as a whole.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Consolidated financial statements	Company financial statements
Overall materiality	$284 million.	$475 million.
How we determined it	Circa. 5% of profit before tax.	Circa. 0.5% of net assets of the Company.
Rationale for benchmark applied	We believe that profit before tax is the key performance measure to assess the continuing performance of the Group.	As the Company is a holding company whose main activity is the management of investments in subsidiaries, net assets is considered the most appropriate benchmark. Financial statement line items that do not eliminate on consolidation have been audited to overall materiality for the consolidated financial statements.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $22 million (consolidated and company financial statements audit) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's or the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below.

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended April 27, 2018 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.

Based on our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority website at: https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2014 opinions on other matters

- 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.

Companies Act 2014 exception reporting

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.

Enda McDonagh
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin, Ireland
August 31, 2018

Medtronic plc
Consolidated Profit and Loss Account

(in millions, except per share data)	Note	Fiscal Year 2018	2017
Turnover	24	$ 29,953	$ 29,710
Cost of sales		9,055	9,291
Gross Profit		20,898	20,419
Distribution and administrative expense		11,797	11,691
Research and development expense		2,253	2,193
Restructuring charges, net	4	30	363
Acquisition-related items	2	104	220
Certain litigation charges	23	164	218
Divestiture-related items	3	114	—
Gain on sale of businesses	3	(697)	—
Special charge	5	80	100
Other expense, net		505	222
Operating profit		6,548	5,412
Investment loss	6	227	—
Interest receivable and similar income		(397)	(366)
Interest payable and similar expenses	15	1,146	1,094
Interest payable and similar expenses, net		749	728
Profit before taxation		5,572	4,684
Taxation	18	2,570	608
Profit after taxation		3,002	4,076
Noncontrolling interests		9	4
Profit for the financial year		$ 3,011	$ 4,080
Basic earnings per ordinary share	19	$ 2.22	$ 2.96
Diluted earnings per ordinary share	19	$ 2.20	$ 2.93
Cash dividends declared per ordinary share		$ 1.84	$ 1.72

Medtronic plc
Consolidated Statements of Comprehensive Profit

(in millions)	Fiscal Year 2018	2017
Profit after taxation	$ 3,002	$ 4,076
Other comprehensive profit (loss), net of taxation:		
Unrealized (loss) gain on available-for-sale securities	(103)	38
Translation adjustment	1,184	(977)
Net change in retirement obligations	167	68
Unrealized (loss) gain on derivatives	(218)	127
Other comprehensive profit (loss)	1,030	(744)
Comprehensive profit including noncontrolling interests	4,032	3,332
Comprehensive loss attributable to noncontrolling interests	9	3
Comprehensive profit attributable to Medtronic plc	$ 4,041	$ 3,335

Medtronic plc
Consolidated Balance Sheet

(in millions)	Note	April 27, 2018	April 28, 2017
Fixed assets			
Intangible assets	7	$ 61,266	$ 61,976
Tangible assets	8	4,604	4,361
Financial assets	6	559	736
Fixed assets held for sale	3	—	5,919
Total fixed assets		66,429	72,992
Current assets			
Inventories	14	3,579	3,338
Debtors	9	10,168	9,539
Current assets held for sale	3	—	371
Short-term investments	6	7,558	8,741
Cash at bank and in hand		3,669	4,967
Total current assets		24,974	26,956
Creditors (amounts falling due within one year)	10	8,363	13,043
Net current assets		16,611	13,913
Total assets less current liabilities		83,040	86,905
Creditors (amounts falling due after one year)	10	27,482	28,984
Provisions for liabilities	12	4,829	6,837
Provisions for liabilities held for sale	3	—	754
Net assets		$ 50,729	$ 50,330
Capital and reserves			
Called-up share capital presented as equity	16	$ —	$ —
Share premium account		35,781	35,452
Accumulated other comprehensive loss	22	(1,786)	(2,613)
Profit and loss account		16,632	17,369
Total shareholders' equity		50,627	50,208
Noncontrolling interests		102	122
Total equity		$ 50,729	$ 50,330

Approved by the Board of Directors and signed on its behalf on August 31, 2018 by:

/s/ Randall J. Hogan, III
Director

/s/ Omar Ishrak
Director

Medtronic plc
Consolidated Reconciliation of Movement in Shareholders' Funds

(in millions)	Ordinary Share Number	Called-up Share Capital Presented as Equity	Share Premium Account	Profit and Loss Account	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
April 29, 2016	1,399	$ —	$ 35,024	$ 18,769	$ (1,868)	$ 51,925	$ —	$ 51,925
Profit (loss) for the financial year	—	—	—	4,080	—	4,080	(4)	4,076
Other comprehensive (loss) profit	—	—	—	—	(745)	(745)	1	(744)
Dividends to shareholders	—	—	—	(2,376)	—	(2,376)	—	(2,376)
Issuance of shares under stock purchase and award plans	13	—	428	—	—	428	—	428
Repurchase and cancellation of ordinary shares	(43)	—	—	(3,544)	—	(3,544)	—	(3,544)
Tax benefit from exercise of share-based awards	—	—	—	92	—	92	—	92
Share-based compensation	—	—	—	348	—	348	—	348
Changes to noncontrolling ownership interests	—	—	—	—	—	—	125	125
April 28, 2017	1,369	$ —	$ 35,452	$ 17,369	$ (2,613)	$ 50,208	$ 122	$ 50,330
Profit (loss) for the financial year	—	—	—	3,011	—	3,011	(9)	3,002
Other comprehensive profit	—	—	—	—	1,030	1,030	—	1,030
Dividends to shareholders	—	—	—	(2,494)	—	(2,494)	—	(2,494)
Issuance of shares under stock purchase and award plans	10	—	329	—	—	329	—	329
Repurchase and cancellation of ordinary shares	(25)	—	—	(2,097)	—	(2,097)	—	(2,097)
Share-based compensation	—	—	—	344	—	344	—	344
Changes to noncontrolling ownership interests	—	—	—	—	—	—	(11)	(11)
Cumulative effect of change in accounting principle [(1)]	—	—	—	499	(203)	296	—	296
April 27, 2018	1,354	$ —	$ 35,781	$ 16,632	$ (1,786)	$ 50,627	$ 102	$ 50,729

(1) See Note 1 to the consolidated financial statements for discussion regarding the adoption of accounting standards during financial year 2018.

Medtronic plc
Consolidated Statements of Cash Flows

(in millions)	Fiscal Year 2018	2017
Operating Activities:		
Profit after taxation	$ 3,002	$ 4,076
Adjustments to reconcile profit for the financial year to net cash provided by operating activities:		
Depreciation and amortization	2,644	2,917
Amortization of debt premium, discount, and issuance costs	(13)	11
Acquisition-related items	(31)	(46)
Provision for doubtful debtors	52	39
Deferred taxation	(929)	(429)
Stock-based compensation	344	348
Loss on debt extinguishment	38	—
Gain on sale of businesses	(697)	—
Investment loss	227	—
Other, net	117	(93)
Change in operating assets and liabilities, net of acquisitions and divestitures:		
Trade debtors	(275)	(75)
Inventories	(192)	(227)
Creditors and provisions	168	274
Other operating assets and liabilities	229	85
Net cash provided by operating activities	4,684	6,880
Investing Activities:		
Acquisitions, net of cash acquired	(137)	(1,324)
Proceeds from sale of businesses	6,058	—
Additions to tangible assets	(1,068)	(1,254)
Purchases of short-term investments and financial assets	(3,200)	(4,371)
Sales and maturities of short-term investments and financial assets	4,227	5,356
Other investing activities, net	(22)	22
Net cash provided by (used in) investing activities	5,858	(1,571)
Financing Activities:		
Acquisition-related contingent consideration	(48)	(69)
Change in current debt obligations	(249)	906
Repayment of short-term borrowings (maturities greater than 90 days)	(45)	(2)
Proceeds from short-term borrowings (maturities greater than 90 days)	1	12
Issuance of long-term debt	21	2,140
Payments on long-term debt	(7,370)	(863)
Dividends to shareholders	(2,494)	(2,376)
Issuance of ordinary shares	403	428
Repurchase of ordinary shares	(2,171)	(3,544)
Other financing activities	(2)	85
Net cash used in financing activities	(11,954)	(3,283)
Effect of exchange rate changes on cash at bank and in hand	114	65
Net change in cash at bank and in hand	(1,298)	2,091
Cash at bank and in hand at beginning of period	4,967	2,876
Cash at bank and in hand at end of period	$ 3,669	$ 4,967
Supplemental Cash Flow Information		
Cash paid for:		
Taxation	$ 2,542	$ 1,029
Interest	1,147	1,134

Medtronic plc
Notes to Consolidated Financial Statements

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 a 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 is incorporated as a company limited by shares in the Republic of Ireland (registration number 545333). The address of its registered office is 20 On Hatch, Hatch Street Lower, Dublin 2, Ireland.

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 Part 6 of the Companies Act 2014 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 27, 2018, filed with the United States (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 the Group and to 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 the Group's 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
Income tax provision	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 12 for those liabilities which meet the provision classification requirements under Irish Company Law.

The consolidated financial statements include the accounts of Medtronic plc, its wholly-owned subsidiaries, entities for which the Group has a controlling financial interest, and variable interest entities for which the Group is the primary beneficiary. Intercompany transactions and balances have been fully eliminated in consolidation. Certain reclassifications have been made to prior year financial statements to conform to classifications used in the current year.

Certain consolidated balance sheet amounts related to prior periods have been revised to correct the Group's application of Accounting Standards Codification (ASC) 605, Revenue Recognition, with respect to its accrual for the costs of post-implant support services which are inconsequential deliverables within the arrangements. In accordance with SEC Staff Accounting Bulletin (SAB) No. 99, Materiality, and ASC 250, Presentation of Financial Statements, the Group assessed the materiality of this correction and concluded that the accrual for the costs of post-implant support services was not material to prior periods, and therefore, amendments of previously filed reports are not required.

As such, in accordance with ASC 250, the Group revised the previously reported consolidated balance sheet and consolidated reconciliation of movement in shareholders' funds. The correction had no impact on the previously reported consolidated profit and loss account, consolidated statements of comprehensive profit, or consolidated statements of cash flows for the periods presented, as this error originates in periods prior to those presented. The table below presents the impact of the revision on the

Group's previously reported consolidated balance sheet, consolidated movement in shareholders' funds, and related amounts disclosed in Notes 3, 9, 10, 18, and 24 as follows:

	April 28, 2017		
(in millions)	As Reported	Adjustments	As Revised
Debtors	$ 9,498	$ 41	$ 9,539
Total current assets	26,915	41	26,956
Creditors (amounts falling due within one year)	12,999	44	13,043
Net current assets	13,916	(3)	13,913
Total assets less current liabilities	86,908	(3)	86,905
Creditors (amounts falling due after one year)	28,901	83	28,984
Net assets	50,416	(86)	50,330
Profit and loss account	17,455	(86)	17,369
Total shareholders' equity	50,294	(86)	50,208
Total equity	50,416	(86)	50,330

As this error originates in periods prior to those presented, previously reported amounts at April 29, 2016 of profit and loss account ($18,855 million), total shareholders' equity and total equity ($52,011 million and $52,011 million, respectively), have been reduced by $86 million to reflect the correction above within the consolidated reconciliation of movement in shareholders' funds.

Use of Estimates The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates are used when accounting for items such as taxation, contingencies, provisions, and intangible asset valuations. Actual results may or may not differ from those estimates.

Fiscal Year-End The Group utilizes a 52/53-week financial year, ending the last Friday in April, for the presentation of its consolidated financial statements and related notes thereto at April 27, 2018 and April 28, 2017 and for each of the two financial years ended April 27, 2018 (fiscal year 2018) and April 28, 2017 (fiscal year 2017). Fiscal years 2018 and 2017 were 52-week years.

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, which include corporate debt securities, government and agency securities, mortgage-backed securities, other asset-backed securities, debt funds, and auction rate securities, are classified and accounted for as available-for-sale. These investments are recorded at fair value in 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 the availability for use in current operations consistent with the Group's management of its capital structure and liquidity.

Certain of the Group's investments in equity and other securities are long-term, strategic investments in companies that are in various stages of development. These investments are included in *financial assets* on the consolidated balance sheet. If an investment has no quoted market price, the Group accounts for these investments under the cost or the equity method of accounting. Certain of these investments are publicly traded companies and are 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 profit or loss and dividends paid. Securities accounted for under 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 6 for a discussion of the gains and losses recognized on equity and other securities.

Trade Debtors The Group grants credit to customers in the normal course of business and maintains an allowance for doubtful accounts for potential credit losses. When evaluating allowances for doubtful accounts, the Group considers various factors, including historical experience and customer-specific information. Uncollectible accounts are written-off against the allowance when it is deemed that a customer account is uncollectible.

Inventories Inventories are stated at the lower of cost or net realizable value, with cost determined on a first-in, first-out basis. The Group reduces the carrying value of inventories for items that are potentially excess, obsolete, or slow-moving based on changes in customer demand, technology developments, or other economic factors.

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. The Group assesses tangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the tangible asset groupings may not be recoverable. The cost of interest that is incurred in connection with ongoing construction projects is capitalized using a weighted average interest rate. These costs are included in tangible assets and amortized over the useful life of the related asset. The Group utilizes the straight-line method of depreciation over 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, as 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. The Group assesses goodwill for impairment annually in the third quarter of the financial year and whenever an event occurs or circumstances change that would indicate the carrying amount may be impaired. Impairment testing for goodwill is performed at a reporting unit level. There were no changes in reporting units during fiscal year 2018. 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. An impairment loss is recognized when the carrying amount of the reporting unit’s net assets exceeds the estimated fair value of the reporting unit.

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. Amortization is recognized within *distribution and administrative expense* in the consolidated profit and loss account. 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. 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. Indefinite-lived intangible assets are tested for impairment annually in the third quarter of the fiscal year 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.

Acquired IPR&D represents the fair value assigned to those research and development (R&D) projects in development that were acquired in a business combination for which the related products have not received regulatory approval and have no alternative future use. IPR&D is capitalized at its fair value as an indefinite-lived intangible asset, and any development costs incurred after the acquisition are expensed as incurred. 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. Upon achieving regulatory approval or commercial viability for the related technology or product, the indefinite-lived intangible asset is accounted for as a definite-lived asset and is amortized on a straight-line basis over the estimated useful life of the related technology or product. If the R&D project is not completed or the related R&D project is terminated or abandoned, the Group may have an impairment related to the IPR&D which is charged to expense.

Contingent Consideration Certain of the Group's business combinations involve potential payment of future consideration that is contingent upon the achievement of certain product development milestones and/or contingent on the acquired business reaching certain performance milestones. The Group records 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 fair value of contingent consideration is measured using projected payment dates, discount rates, probabilities of payment, and projected turnover (for turnover-based considerations). Projected turnover is are based on the Group's most recent internal operational budgets and long-range strategic plans. The discount rate used is determined at the time of measurement in accordance with accepted valuation methodologies. Changes in projected turnover, probabilities of payment, discount rates, and projected payment dates may result in adjustments to the fair value measurements. Contingent consideration is remeasured each reporting period using Level 3 inputs, and the change in fair value, including accretion for the passage of time, is recognized as profit or expense within *acquisition-related items* in the consolidated profit and loss account. Contingent consideration payments made soon after the acquisition date are classified as investing activities in the consolidated statements of cash flows. Contingent consideration payments not made soon after the acquisition date that are related to the acquisition date fair value are reported as financing activities in the consolidated statements of cash flows, and amounts paid in excess of the original acquisition date fair value are reported as operating activities in the consolidated statements of cash flows.

Derivatives The Group recognizes all derivative financial instruments in its consolidated financial statements at fair value in accordance with authoritative guidance on derivatives and hedging, and presents assets and liabilities associated with derivative financial instruments on a gross basis in the consolidated financial statements. For derivative instruments that are designated and qualify as hedging instruments, the hedging instrument must be designated, based upon the exposure being hedged, as a fair value hedge or a cash flow hedge. See Note 13 for more information on the Group's derivative instruments and hedging programs.

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. 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.

Financial assets that are classified as Level 1 securities include highly liquid government bonds within U.S. government and agency securities and marketable equity securities for which quoted market prices are available. In addition, the Group classifies 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. Financial assets that are classified as Level 2 include corporate debt securities, government and agency securities, other asset-backed securities, debt funds, and mortgage-backed securities whose value is determined using inputs that are observable in the market or may 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 and total return 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.

Financial assets 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. Financial assets that are classified as Level 3 financial assets include certain investment securities for which there is limited market activity such that the determination of fair value requires significant judgment or estimation, certain corporate debt securities and auction rate

securities. With the exception of auction rate securities, these securities are 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.

Certain investments for which the fair value is measured using the net asset value per share (or its equivalent) practical expedient are excluded from the fair value hierarchy. Financial assets for which the fair value is measured using the net asset value per share practical expedient include certain debt funds, equity and fixed income commingled trusts, and registered investment companies.

Self-Insurance The Group self-insures the 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 risks required to be insured by law or contract. The Group uses claims data and historical experience, as applicable, to estimate provisions associated with the exposures that the Group has self-insured.

Retirement Benefit Plan Assumptions The Group sponsors various retirement benefit plans, including defined benefit pension plans, post-retirement medical plans, defined contribution savings plans, and termination indemnity plans, covering substantially all U.S. employees and many employees outside the U.S. See Note 20 for assumptions used in determining pension and post-retirement benefit costs.

The Group utilizes a full yield curve approach methodology to estimate the service and interest cost components of net periodic pension cost and net periodic post-retirement benefit cost for the Group's pension and other post-retirement benefits. The full yield curve approach applies specific spot rates along the yield curve to their underlying projected cash flows in estimation of the cost components.

Revenue Recognition The Group sells its products through direct sales representatives and independent distributors. Additionally, a portion of the Group's revenue is generated from consignment inventory maintained at hospitals or with field representatives. The Group recognizes revenue when control is transferred to a customer. For products sold through direct sales representatives and independent distributors, control is transferred upon shipment or upon delivery, based on the contract terms and legal requirements. For consignment inventory, revenue is recognized at the time the product has been used or implanted.

The amount of revenue recognized reflects estimated sales rebates and returns, which 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 increases or decrease of turnover in the period of adjustment.

In certain circumstances, the Group enters into arrangements in which multiple deliverables are provided to customers. Under multiple deliverable arrangements, the Group recognizes revenue in accordance with the principles described above and allocates the revenue based on the relative selling price of each deliverable, which is based on vendor specific objective evidence.

Shipping and Handling Shipping and handling costs incurred to physically move product from the Group's premises to the customer's premises are recognized in *distribution and administrative expense* in the consolidated profit and loss account and were $363 million and $370 million in fiscal years 2018 and 2017, respectively. Other shipping and handling costs incurred to store, move, and prepare products for shipment are recognized in *cost of sales* in the consolidated profit and loss account.

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

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 may 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 may be reasonably estimated, the estimated loss or range of loss is disclosed. 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.

Taxation The Group has deferred taxation that arise as a result of the different treatment of transactions under U.S. GAAP and taxation accounting, known as temporary differences. The Group records the tax effect of these temporary differences as tax assets and deferred tax provisions. Tax assets generally represent items that may be used as a tax deduction or credit in a tax return in future years for which the Group has already recognized 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 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.

Other Expense, Net Other expense, net includes royalty profit and expense, realized equity security gains and losses, intangible asset impairments, currency transaction and derivative gains and losses, Puerto Rico excise tax, and other profit not central to the Group's operations.

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 currency impacts arising from the translation of the assets and liabilities 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. Currency transaction gains and losses are included in *other expense, net* 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. See Note 22 for discussion regarding taxation on cumulative translation adjustments.

Stock-Based Compensation 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 expected to vest. The Group estimates pre-vesting forfeitures at the time of grant and revises the estimates in subsequent periods.

New Accounting Standards

Recently Adopted

In March 2016, the Financial Accounting Standards Board (FASB) issued guidance to simplify the accounting for share-based payment transactions by requiring all excess tax benefits and deficiencies to be recognized in taxation in profit or loss; eliminating the requirement to classify the excess tax benefits and deficiencies in equity. Cash flows related to excess tax benefits are to be classified in operating activities in the statement of cash flows rather than financing. Under the new guidance, an entity makes an accounting policy election to either estimate the expected forfeiture awards or account for forfeitures as they occur. The standard also allows an entity to withhold up to the maximum statutory tax rate and classify the awards as equity. The Group prospectively adopted this guidance in the first quarter of fiscal year 2018. The Group has elected to continue to estimate forfeitures.

In October 2016, the FASB issued guidance that requires the tax effect of intra-entity transactions, other than sales of inventory, to be recognized when the transaction occurs. Previously, U.S. GAAP prohibited the recognition of current and deferred income taxes associated with an intra-entity asset transfer until an asset had been sold to a third-party. This update requires an entity to recognize the taxation consequences of an intra-entity transfer of an asset, such as equipment or intangibles, when the transfer occurs. The adoption of this guidance is to be applied on a modified retrospective basis through a cumulative-effect adjustment directly to the profit and loss account as of the beginning of the period of adoption. The Group has early-adopted this guidance, as permitted, in the first quarter of fiscal year 2018. As a result of this adoption, the Group increased its beginning profit and loss account by $296 million.

In February 2018, the FASB issued accounting guidance which allows for reclassification from accumulated other comprehensive income (AOCI) to the profit and loss account for stranded tax effects resulting from the enactment of comprehensive U.S. tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the Tax Act), and can be applied either in the period of adoption or retrospectively to all applicable periods. The Group early-adopted this guidance in the fourth quarter of fiscal year 2018 and reclassified the stranded taxation effects of the Tax Act, increasing the accumulated other comprehensive loss by $203 million with a corresponding increase to the profit and loss account. The reclassification was primarily comprised of amounts relating to retirement benefit plans and available-for-sale securities. In accordance with its accounting policy, the Group releases other

disproportionate taxation effects from accumulated other comprehensive loss once the reason the tax effects were established ceases to exist.

In March 2018, the FASB issued accounting guidance which incorporates SEC SAB No. 118 into U.S. GAAP, allowing a measurement period, not to exceed one year, to finalize the accounting for the taxation impacts of the Tax Act. This guidance is effective immediately and requires adjustments to provisional amounts that were previously recorded as new information becomes available. The Group has adopted this standard and will continue to evaluate indicators that may give rise to a change in the tax provision as a result of the Tax Act.

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, and may be applied either retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of the change recognized at the date of initial application (modified retrospective method). The Group will adopt this guidance under the modified retrospective method. The Group does not expect the adoption of the amended guidance to have a material impact on the Group's consolidated financial statements. The Group will make additional revenue related disclosures in the footnotes to the Group's consolidated financial statements upon adoption in the first quarter of fiscal year 2019.

In January 2016, the FASB issued guidance which requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in profit before taxation. The guidance also includes a simplified impairment assessment of equity investments without readily determinable fair values and presentation and disclosure changes. This accounting guidance is effective for the Group beginning in the first quarter of fiscal year 2019. The Group expects a reclassification of approximately $83 million, net of taxes, from accumulated other comprehensive loss to the opening balance of the profit and loss account upon adoption in the first quarter of fiscal year 2019.

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 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 and anticipates recording additional assets and corresponding liabilities on its consolidated balance sheet related to operating leases within its lease portfolio upon adoption of the guidance.

2. Acquisitions and Acquisition-Related Items

The Group accounts for acquisitions of businesses using the acquisition method of accounting. The assets and liabilities of businesses acquired are recorded and consolidated on the acquisition date at their respective fair values. Goodwill resulting from business combinations is largely attributable to future yet to be defined technologies, new customer relationships, existing workforce of the acquired businesses, and synergies expected to arise after the Group's acquisition of the business. The pro forma impact of acquisitions during fiscal year 2018 was not significant, either individually or in the aggregate, to the results of the Group. The results of operations of acquired businesses have been included in the Group's consolidated profit and loss account since the date each business was acquired.

The acquisition date fair values of the assets acquired and liabilities assumed from acquisitions during fiscal year 2018 were as follows:

(in millions)		
Other current assets	$	3
Property, plant, and equipment		6
Other intangible assets		95
Goodwill		52
Other assets		—
Total assets acquired		156
Current liabilities		2
Deferred tax liabilities		2
Long-term debt		—
Other liabilities		—
Total liabilities assumed		4
Net assets acquired	$	152

For information on the Group's acquisitions in fiscal year 2017, see Note 2 to the consolidated financial statements for the fiscal year ended April 28, 2017.

Acquisition-Related Items

Acquisition-related items includes expenses incurred in connection with the integration of Covidien, the Group's $50.0 billion acquisition completed in the fourth quarter of fiscal year 2015, transaction expenses incurred in connection with business acquisitions, and changes in the fair value of contingent consideration. During fiscal year 2018, the Group recognized acquisition-related items expense of $132 million, including $28 million recognized within *cost of sales*, in the consolidated profit and loss account. During fiscal year 2018, acquisition-related items expense includes $172 million of costs associated with the integration of Covidien manufacturing, distribution, and administrative facilities, as well as information technology system implementation and benefits harmonization, partially offset by changes in fair value of contingent consideration as a result of revised turnover forecasts and the timing of anticipated regulatory milestones.

During fiscal year 2017, the Group recognized acquisition-related items expense of $230 million, including $10 million recognized within *cost of sales*, in the consolidated profit and loss account. During fiscal year 2017, acquisition-related items expense includes $225 million of costs associated with the integration of Covidien manufacturing, distribution, and administrative facilities, as well as information technology system implementation and benefits harmonization, $23 million of accelerated or incremental stock compensation expense, and expenses incurred in connection with the HeartWare acquisition and planned divestiture of the Patient Care, Deep Vein, Thrombosis, and Nutritional Insufficiency businesses, partially offset by changes in fair value of contingent consideration as a result of revised turnover forecasts and the timing of anticipated regulatory milestones.

Contingent Consideration

The fair value of contingent consideration at April 27, 2018 and April 28, 2017 was $173 million and $246 million, respectively. The following table provides a reconciliation of the beginning and ending balances of contingent consideration:

	Fiscal Year	
(in millions)	2018	2017
Beginning Balance	$ 246	$ 377
Purchase price contingent consideration	28	28
Contingent consideration payments	(72)	(76)
Change in fair value of contingent consideration	(29)	(83)
Ending Balance	$ 173	$ 246

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

(in millions)	Fair Value at April 27, 2018	Valuation Technique	Unobservable Input	Range
			Discount rate	11.5% - 32.5%
Turnover-based payments	$ 90	Discounted cash flow	Probability of payment	30% - 100%
			Projected fiscal year of payment	2019 - 2026
			Discount rate	5.5%
Product development-based payments	$ 83	Discounted cash flow	Probability of payment	75% - 100%
			Projected fiscal year of payment	2019 - 2026

3. Divestiture and Divestiture-Related Items

Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency Businesses

In April 2017, the Group entered into a definitive agreement for the sale of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses within the Minimally Invasive Therapies Group segment to Cardinal Health, Inc. (Cardinal). The divestiture was completed on July 29, 2017. As a result of the transaction, the Group received proceeds of $6.1 billion, which was recorded in *proceeds from sale of businesses* in the consolidated statements of cash flows, and recognized a before-tax gain of $697 million, which was recognized within *gain on sale of businesses* in the consolidated profit and loss account. Among the product lines included in the divestiture were the dental and animal health, chart paper, wound care, incontinence, electrodes, SharpSafety, thermometry, perinatal protection, blood collection, compression, and enteral feeding offerings. The divestiture also included 17 dedicated manufacturing sites. In connection with the transaction, the Group entered into Transition Service Agreements (TSAs) and Transition Manufacturing Agreements (TMAs) with Cardinal designed to ensure and facilitate an orderly transfer of business operations. The TSAs are primarily related to administrative services and continue for 12 months from the divestiture date, with some TSAs extendable beyond the original 12 month period per the original agreement. Certain of the TSAs have been extended beyond the initial 12 month period in accordance with the provisions of the original agreement. Under the TMAs, both the Group and Cardinal will manufacture and supply certain products to each other for a transition period of up to 5 years.

The divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses did not meet the criteria to be classified as discontinued operations, and as such, the results of operations of these businesses were included within profit for the financial year through the date of the divestiture. The Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses met the criteria to be classified as held for sale in the fourth quarter of fiscal year 2017, at which time the Group ceased depreciation and amortization of tangible assets and intangible assets classified as held for sale. The following table presents information related to the assets and liabilities that were classified as held for sale in the consolidated balance sheet:

(in millions)	April 28, 2017
Intangible assets	5,230
Tangible assets	689
Inventories	$ 371
Total assets held for sale	$ 6,290
Retirement benefit obligations	$ 12
Deferred taxes, as adjusted	707
Right of return	31
Other	4
Total provisions for liabilities held for sale	$ 754

Divestiture-Related Items

Divestiture-related items include expenses incurred in connection with the divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses. During fiscal year 2018, the Group recognized divestiture-related items expense of $114 million, primarily comprised of expenses incurred for professional services, including banker, legal, tax, and advisory fees, and $16 million of accelerated stock compensation expense related to the acceleration of the vesting period for employees that transferred with the divestiture. There were no divestiture-related items expenses in fiscal year 2017.

The following table presents a reconciliation of the assets and liabilities held for sale within the consolidated balance sheet at April 28, 2017:

(in millions)	April 28, 2017	Held for Sale	April 28, 2017
Fixed assets			
Intangible assets	$ 61,976	$ 5,230	$ 67,206
Tangible assets	4,361	689	5,050
Financial assets	736	—	736
Fixed assets held for sale	5,919	(5,919)	—
Total fixed assets	72,992	—	72,992
Current assets			
Inventories	3,338	371	3,709
Debtors	9,539	—	9,539
Current assets held for sale	371	(371)	—
Short-term investments	8,741	—	8,741
Cash at bank and in hand	4,967	—	4,967
Total current assets	26,956	—	26,956
Creditors (amounts falling due within one year)	13,043	—	13,043
Net current assets	13,913	—	13,913
Total assets less current liabilities	86,905	—	86,905
Creditors (amounts falling due after one year)	28,984	—	28,984
Provisions for liabilities	6,837	754	7,591
Provisions for liabilities held for sale	754	(754)	—
Net assets	$ 50,330	$ —	$ 50,330
Capital and reserves			
Called-up share capital presented as equity	$ —	$ —	$ —
Share premium account	35,452	—	35,452
Accumulated other comprehensive loss	(2,613)	—	(2,613)
Profit and loss account	17,369	—	17,369
Total shareholders' equity	50,208	—	50,208
Noncontrolling interests	122	—	122
Total equity	$ 50,330	$ —	$ 50,330

4. Restructuring Charges

Enterprise Excellence

In the third quarter of fiscal year 2018, the Group announced its Enterprise Excellence restructuring program, which is expected to leverage the Group's global size and scale, as well as enhance the customer and employee experience, with a focus on three objectives: global operations, functional optimization, and commercial optimization. Primary activities of the restructuring program include integrating and enhancing global manufacturing and supply processes, systems and site presence, enhancing and leveraging global operating models across several enabling functions, and optimizing certain commercial processes, systems, and models.

The Group estimates that, in connection with its Enterprise Excellence restructuring program, it will recognize pre-tax exit and disposal costs and other costs associated with the restructuring program across all segments of approximately $1.6 billion to $1.8 billion, the majority of which are expected to be incurred by the end of fiscal year 2022. Approximately half of the estimated charges are related to employee termination benefits. The remaining restructuring charges are costs associated with the restructuring program, such as salaries for employees supporting the program and consulting expenses. These charges are recognized within *restructuring charges, net, cost of sales,* and *distribution and administrative expense* in the consolidated profit and loss account. During fiscal year 2018, the Group recognized $96 million in charges.

The following table summarizes the activity related to the Enterprise Excellence restructuring program for fiscal year 2018:

(in millions)	Employee Termination Benefits	Associated Costs[1]	Total
April 28, 2017	$ —	$ —	$ —
Charges	35	61	96
Cash payments	(8)	(59)	(67)
April 27, 2018	$ 27	$ 2	$ 29

(1) Associated costs include costs incurred as a direct result of the restructuring program, such as salaries for employees supporting the program and consulting expenses. For fiscal year 2018, $28 million was recognized within *cost of sales* and $33 million was recognized within *distribution and administrative expense* in the consolidated profit and loss account.

Cost Synergies

The cost synergies program related to administrative office optimization, manufacturing and supply chain infrastructure, and certain general and administrative savings was achieved as part of the Covidien integration and completed in the third quarter of fiscal year 2018. Restructuring charges incurred throughout the life of the initiative affecting all segments were primarily related to employee termination costs and costs related to manufacturing and facility closures.

A summary of the restructuring accrual and related activity is presented below:

(in millions)	Employee Termination Benefits	Asset Write-downs	Other Costs	Total
April 29, 2016	$ 213	$ —	$ 37	$ 250
Charges	287	27	54	368
Cash payments	(179)	—	(53)	(232)
Settled non-cash	—	(27)	$ —	(27)
Accrual adjustments	(60)	—	(8)	(68)
April 28, 2017	$ 261	$ —	$ 30	$ 291
Charges	25	—	20	45
Cash payments	(132)	—	(32)	(164)
Accrual adjustments	(38)	—	4	(34)
April 27, 2018	$ 116	$ —	$ 22	$ 138

For fiscal year 2018, the Group recognized $45 million in charges, partially offset by accrual adjustments of $34 million. Accrual adjustments related to certain employees identified for termination finding other positions within the Group, cancellations of

employee terminations, and employee termination benefits being less than initially estimated. For fiscal year 2018, charges included $12 million recognized within *cost of sales* and $4 million recognized within *distribution and administrative expense* in the consolidated profit and loss account.

For fiscal year 2017, the Group recognized $441 million in charges, which included $73 million of incremental defined benefit pension and post-retirement related expenses for employees that accepted voluntary early retirement packages. These costs are not included in the table summarizing the restructuring costs above, because they are associated with costs that are accounted for under the pension and post-retirement rules. See Note 20 for further discussion on the incremental defined benefit pension and post-retirement related expenses. The charges recognized during fiscal year 2017 were partially offset by accrual adjustments of $68 million. Accrual adjustments relate to certain employees identified for termination finding other positions within the Group, cancellations of employee terminations, and employee termination benefits being less than initially estimated. For fiscal year 2017, asset write-downs included $17 million of tangible asset impairments. Fiscal year 2017 asset write-downs also included $10 million of inventory write-offs of discontinued product lines recognized within *cost of sales* in the consolidated profit and loss account.

5. Special Charge

Continuing the Group's commitment to improve the health of people and communities throughout the world, the Group recognized a charge of $80 million in fiscal year 2018 and $100 million in fiscal year 2017 for charitable contributions to the Medtronic Foundation.

6. Financial Assets/Fair Value Measurement

The Group holds investments, including marketable debt and equity securities, that are classified and accounted for as available-for-sale and are remeasured on a recurring basis. The Group also holds cost method, equity method, and other investments which are measured at fair value on a nonrecurring basis. Refer to Note 1 for information regarding valuation techniques and inputs used in the fair value measurements.

The following table summarizes the Group's investments by significant investment category and consolidated balance sheet classification at April 27, 2018:

	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	$ 732	$ —	$ (26)	$ 706	$ 706	$ —
Marketable equity securities	63	99	—	162	—	162
Total Level 1	795	99	(26)	868	706	162
Level 2:						
Corporate debt securities	4,179	20	(75)	4,124	4,124	—
U.S. government and agency securities	848	—	(24)	824	824	—
Mortgage-backed securities	725	2	(34)	693	693	—
Non-U.S. government and agency securities	74	—	(1)	73	73	—
Other asset-backed securities	358	—	(2)	356	356	—
Debt funds	739	—	(154)	585	585	—
Total Level 2	6,923	22	(290)	6,655	6,655	—
Level 3:						
Auction rate securities	47	—	(3)	44	—	44
Total Level 3	47	—	(3)	44	—	44
Investments measured at net asset value[(1)]:						
Debt funds	199	—	(2)	197	197	—
Total available-for-sale securities	7,964	121	(321)	7,764	7,558	206
Cost method, equity method, and other investments:						
Level 3:						
Cost method, equity method, and other investments	353	—	—	N/A	—	353
Total Level 3:	353	—	—	N/A	—	353
Total cost method, equity method, and other investments	353	—	—	N/A	—	353
Total investments	$ 8,317	$ 121	$ (321)	$ 7,764	$ 7,558	$ 559

(1) Certain investments that are measured at the net asset value per share (or its equivalent) as a practical expedient are excluded from the fair value hierarchy. The fair value amounts presented herein are intended to permit reconciliation to the consolidated balance sheet.

The following table summarizes the Group's investments by significant investment category and consolidated balance sheet classification at April 28, 2017:

	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	$ 613	$ 2	$ (5)	$ 610	$ 610	$ —
Marketable equity securities	58	49	(4)	103	—	103
Total Level 1	671	51	(9)	713	610	103
Level 2:						
Corporate debt securities	4,643	62	(23)	4,682	4,682	—
U.S. government and agency securities	860	—	(10)	850	850	—
Mortgage-backed securities	766	9	(16)	759	759	—
Non-U.S. government and agency securities	49	—	—	49	49	—
Other asset-backed securities	228	1	(1)	228	228	—
Debt funds	1,246	4	(178)	1,072	1,072	—
Total Level 2	7,792	76	(228)	7,640	7,640	—
Level 3:						
Auction rate securities	47	—	(3)	44	—	44
Corporate debt securities	1	—	—	1	—	1
Total Level 3	48	—	(3)	45	—	45
Investments measured at net asset value[(1)]:						
Debt funds	497	—	(6)	491	491	—
Total available-for-sale securities	9,008	127	(246)	8,889	8,741	148
Cost method, equity method, and other investments:						
Level 3:						
Cost method, equity method, and other investments	589	—	—	N/A	—	589
Total Level 3	589	—	—	N/A	—	589
Total cost method, equity method, and other investments	589	—	—	N/A	—	589
Total investments	$ 9,597	$ 127	$ (246)	$ 8,889	$ 8,741	$ 737

(1) Certain investments that are measured at the net asset value per share (or its equivalent) as a practical expedient are excluded from the fair value hierarchy. The fair value amounts presented herein are intended to permit reconciliation to the consolidated balance sheet.

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 27, 2018 and April 28, 2017:

	April 27, 2018			
	Less than 12 months		More than 12 months	
(in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate debt securities	$ 2,620	$ (58)	$ 272	$ (17)
U.S. government and agency securities	762	(33)	374	(17)
Mortgage-backed securities	442	(15)	102	(19)
Non-U.S. government and agency securities	32	—	36	(1)
Other asset-backed securities	238	(1)	63	(1)
Debt funds	7	—	775	(156)
Auction rate securities	—	—	44	(3)
Total	$ 4,101	$ (107)	$ 1,666	$ (214)

	April 28, 2017			
	Less than 12 months		More than 12 months	
(in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate debt securities	$ 1,263	$ (19)	$ 46	$ (4)
U.S. government and agency securities	896	(15)	—	—
Mortgage-backed securities	276	(4)	95	(12)
Other asset-backed securities	127	(1)	—	—
Debt funds	173	(1)	1,125	(183)
Auction rate securities	—	—	44	(3)
Marketable equity securities	14	(3)	2	(1)
Total	$ 2,749	$ (43)	$ 1,312	$ (203)

The following table presents the unobservable inputs utilized in the fair value measurement of the auction rate securities classified as Level 3 at April 27, 2018:

	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 fiscal years 2018 or 2017. 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 29, 2016	$ 45	$ 1	$ 44
Settlements	—	—	—
April 28, 2017	45	1	44
Settlements	(1)	(1)	—
April 27, 2018	$ 44	$ —	$ 44

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

	Fiscal Year			
	2018		2017	
(in millions)	Debt[1]	Equity[2]	Debt[1]	Equity[2]
Proceeds from sales	$ 4,114	$ 113	$ 5,224	$ 132
Gross realized gains	30	15	75	49
Gross realized losses	(25)	—	(56)	—
Recognized impairment losses	—	(231)	—	(30)

(1) Includes available-for-sale debt securities and debt funds.
(2) Includes marketable equity securities, cost method, equity method, exchange-traded funds, and other investments.

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 the Group is 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 27, 2018 and April 28, 2017, 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 fiscal years 2018 and 2017 were not significant.

The April 27, 2018 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 27, 2018
Due in one year or less	$ 887
Due after one year through five years	2,687
Due after five years through ten years	3,138
Due after ten years	108
Total debt securities	$ 6,820

The Group holds investments in marketable equity securities, which are classified as *financial assets* in the consolidated balance sheet. At April 27, 2018 and April 28, 2017, the aggregate carrying amount of these investments was $162 million and $103 million, respectively. The Group did not recognize any significant impairment charges related to marketable equity securities during fiscal years 2018 or 2017.

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 27, 2018 and April 28, 2017, the aggregate carrying amount of equity and other securities accounted for using the cost or equity method was $353 million and $589 million, respectively. Cost and equity method investments are measured at fair value on a nonrecurring basis. Changes in circumstance or the occurrence of events that suggest the Group's investment may not be recoverable are assessed quarterly. If events or changes in circumstances are identified that may have a material adverse effect on the fair value of the investment, the investment is assessed for impairment. Cost and equity method investments are included within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs to determine fair value. To determine the fair value of these investments, the Group uses all pertinent financial information available related to the investees, including financial statements, market participant valuations from recent and proposed equity offerings, and other third-party data.

During fiscal year 2018, the Group received bids from potential buyers and investors for some or all of its ownership in a portfolio of selected investments, which indicated that the fair values of certain of the underlying cost and equity method investments in the portfolio may be below the respective carrying values. The Group determined that the decline in the fair values was other-than-temporary given the uncertainty regarding the Group's intent to hold the investments for a period of time that would be sufficient to recover the carrying values. As a result, the Group recognized impairment charges of $227 million during fiscal year 2018, which were recognized within *investment loss* in the consolidated profit and loss account. The fair values of the investments were determined based on Level 3 inputs. The carrying value of the investments prior to recognizing the impairment charges was $317 million. In April 2018, the Group transferred the portfolio of investments into a newly created, wholly-owned entity. In a subsequent transaction, the Group sold a significant interest in the new entity in exchange for cash proceeds of $72 million. The Group's remaining investment in the entity of $18 million is accounted for using the equity method. No gain or loss was recognized on the transaction. There were no other significant impairment charges recognized during fiscal years 2018 and 2017.

Financial assets and short-term investments activity for fiscal years 2018 and 2017 was as follows:

(in millions)	Debt[1]	Equity[2]	Total
April 28, 2017	8,786	692	9,478
Purchases	3,085	115	3,200
Proceeds from sales	(4,114)	(113)	(4,227)
Realized gain, net	5	15	20
Impairments	—	(231)	(231)
Unrealized (loss)/gain, net	(139)	58	(81)
Other	(21)	(21)	(42)
April 27, 2018	$ 7,602	$ 515	$ 8,117

(1) Includes available-for-sale debt securities and debt funds.
(2) Includes marketable equity securities, cost method, equity method, exchange-traded funds, and other investments.

7. Intangible Assets

Indefinite-lived intangible asset activity for fiscal year 2018 was as follows:

(in millions)	Goodwill	Acquired IPR&D	Total
April 28, 2017	$ 38,569	$ 594	$ 39,163
Additions as a result of acquisitions	52	—	52
Transfers	—	(38)	(38)
Impairments	—	(68)	(68)
Currency translation	922	2	924
April 27, 2018	$ 39,543	$ 490	$ 40,033

During fiscal year 2018, the Group recognized impairment losses on indefinite-lived intangibles of $68 million as a result of the discontinuation of certain IPR&D projects within the Restorative Therapies Group segment, which were recognized within *other expense, net* in the consolidated profit and loss account. The Group did not recognize any significant indefinite-lived asset impairments during fiscal year 2017. 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, or the discontinuation of certain projects, and as a result, may recognize impairment losses in the future. The Group did not recognize any goodwill impairments during fiscal years 2018 or 2017.

The following table presents the changes in the carrying amount of goodwill by reportable segment:

(in millions)	Cardiac and Vascular Group	Minimally Invasive Therapies Group	Restorative Therapies Group	Diabetes Group	Total
April 28, 2017	$ 6,705	$ 20,411	$ 9,600	$ 1,853	$ 38,569
Additions as a result of acquisitions	6	10	9	27	52
Currency translation	80	734	108	—	922
April 27, 2018	$ 6,791	$ 21,155	$ 9,717	$ 1,880	$ 39,543

Definite-Lived Intangible Asset Carrying Value The following table presents the changes in the gross carrying amount and accumulated amortization of definite-lived intangible assets:

(in millions)	Customer-related	Purchased technology and patents	Trademarks and tradenames	Other	Total
Cost:					
April 28, 2017	$ 16,862	$ 11,461	$ 772	$ 77	$ 29,172
Additions as a result of acquisitions	73	47	—	12	132
Purchase accounting adjustments	(20)	—	—	—	(20)
Transfers	—	38	—	—	38
Other adjustments	(16)	(65)	48	2	(31)
Currency translation	50	88	2	3	143
April 27, 2018	$ 16,949	$ 11,569	$ 822	$ 94	$ 29,434
Accumulated Amortization:					
April 28, 2017	$ (2,166)	$ (3,690)	$ (461)	$ (42)	$ (6,359)
Amortization expense	(968)	(780)	(61)	(11)	(1,820)
Other adjustments	1	65	(47)	3	22
Currency translation	(6)	(36)	—	(2)	(44)
April 27, 2018	$ (3,139)	$ (4,441)	$ (569)	$ (52)	$ (8,201)
Net book value:					
April 28, 2017	$ 14,696	$ 7,771	$ 311	$ 35	$ 22,813
April 27, 2018	$ 13,810	$ 7,128	$ 253	$ 42	$ 21,233

The Group did not recognize any definite-lived intangible asset impairments during fiscal years 2018 or 2017.

Definite-Lived Intangible Asset Amortization Intangible asset amortization expense for fiscal years 2018 and 2017 was $1.8 billion and $2.0 billion, respectively.

Estimated aggregate amortization expense by fiscal year based on the current carrying value and remaining estimated useful lives of definite-lived intangible assets at April 27, 2018, excluding any possible future amortization associated with acquired IPR&D which has not met technological feasibility, is as follows:

(in millions)	Amortization Expense
2019	$ 1,633
2020	1,583
2021	1,568
2022	1,548
2023	1,481

8. **Tangible Assets**

Tangible asset activity for fiscal year 2018 was as follows:

(in millions)	Land and Land Improvements	Buildings and Leasehold Improvements	Equipment	Construction in Progress	Total Tangible Assets
Cost:					
April 28, 2017	$ 186	$ 2,175	$ 6,435	$ 895	$ 9,691
Additions	—	15	327	764	1,106
Disposals	(2)	(58)	(587)	(4)	(651)
Acquisitions	—	—	6	—	6
Transfers	1	80	514	(595)	—
Currency translation and other	2	53	54	(2)	107
April 27, 2018	$ 187	$ 2,265	$ 6,749	$ 1,058	10,259
Accumulated depreciation:					
April 28, 2017	$ (27)	$ (919)	$ (4,384)	$ —	$ (5,330)
Depreciation expense	(2)	(119)	(700)	—	(821)
Disposals	—	35	517	—	552
Currency translation and other	—	(28)	(28)	—	(56)
April 27, 2018	$ (29)	$ (1,031)	$ (4,595)	$ —	$ (5,655)
Net book value:					
April 28, 2017	$ 159	$ 1,256	$ 2,051	$ 895	$ 4,361
April 27, 2018	$ 158	$ 1,234	$ 2,154	$ 1,058	$ 4,604

Capital expenditures are expected to be approximately $1.1 billion in fiscal year 2019.

9. Debtors

Debtors consisted of the following:

(in millions)	April 27, 2018	April 28, 2017
Amounts falling due within one year:		
Trade debtors, less allowances of $193 and $155, respectively	$ 5,987	$ 5,591
Tax assets (note 18)	662	586
Derivative contracts receivable (note 13)	72	168
Interest receivable	47	52
Other debtors and prepayments	1,406	1,102
Total amounts falling due within one year	8,174	7,499
Amounts falling due after one year:		
Long-term tax assets (note 18)	1,475	1,509
Derivative contracts receivable (note 13)	46	94
Other debtors	473	437
Total amounts falling due after one year	1,994	2,040
Total debtors	$ 10,168	$ 9,539

10. Creditors

Creditors consisted of the following:

(in millions)	April 27, 2018	April 28, 2017
Amounts falling due within one year:		
Financing arrangements (note 11)	$ 2,058	$ 7,520
Trade creditors	1,628	1,555
Accrued payroll and employee benefits [(1)]	1,899	1,825
Accrued interest	117	132
Income taxes payable (note 18)	979	633
Deferred revenue	196	196
Payables on derivatives (note 13)	187	79
Accruals and other creditors	1,299	1,103
Total amounts falling due within one year	$ 8,363	$ 13,043
Amounts falling due after one year:		
Financing arrangements (note 11)	$ 23,699	$ 25,921
Income taxes payable (note 18)	3,051	2,405
Accrued employee benefits	428	392
Payables on derivatives and hedges (note 13)	71	25
Deferred revenue	93	87
Accruals and other creditors	140	154
Total amounts falling due after one year	$ 27,482	$ 28,984

[(1)] Includes amounts for social insurance of approximately $40 million and $48 million for fiscal years 2018 and 2017, respectively.

11. Financing Arrangements

Financing arrangements falling due within one year consisted of the following:

(in millions)	April 27, 2018	April 28, 2017
Bank borrowings	$ 355	$ 396
Capital lease obligations	5	5
Commercial paper	698	901
1.700 percent two-year 2017 senior notes	1,000	—
Three-year term loan	—	3,000
6.000 percent ten-year 2008 CIFSA senior notes	—	1,150
1.500 percent three-year 2015 senior notes	—	1,000
1.375 percent five-year 2013 senior notes	—	1,000
3.500 percent seven-year 2010 HTWR senior notes	—	42
Debt premium, net	—	26
Current debt obligations	$ 2,058	$ 7,520

Bank Borrowings Outstanding bank borrowings at April 27, 2018 were short-term advances to certain non-U.S. subsidiaries under credit agreements with various banks. Bank borrowings consist primarily of borrowings in Japanese Yen at interest rates ranging from 0.17% to 0.21%, and the borrowing is a natural hedge of currency and exchange rate risk.

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 plc and Medtronic, Inc. have guaranteed the obligations of Medtronic Luxco under the 2015 Commercial Paper Program.

Commercial paper outstanding at April 27, 2018 was $698 million, as compared to $901 million at April 28, 2017. During fiscal years 2018 and 2017, the weighted average original maturity of the commercial paper outstanding was approximately 28 days and 39 days, respectively, and the weighted average interest rate was 1.46 percent and 0.89 percent, respectively. The issuance of commercial paper reduces the amount of credit available under the Group's existing Credit Facility, defined below.

Line of Credit The Group has a $3.5 billion five year revolving syndicated line of credit facility (Credit Facility), by and among Medtronic plc, Medtronic, Inc., Medtronic Luxco, 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 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 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 plc, Medtronic Luxco, and Medtronic, Inc. guarantee the obligations under the Amended and Restated Revolving Credit Agreement. At April 27, 2018 and April 28, 2017, no amounts were outstanding on the committed line of credit.

Interest rates on advances on the Credit Facility are determined by a pricing matrix, based on the Group'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 agreements also contain customary covenants, all of which the Group remained in compliance with at April 27, 2018.

Term Loan On January 26, 2015, Medtronic, Inc. borrowed $3.0 billion for a term of three years under a senior unsecured term loan credit agreement (the “Term Loan Credit Agreement”), among Medtronic, Inc., Medtronic plc, Medtronic Luxco, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent. The Term Loan Credit Agreement was entered into to finance, in part, the cash component of the acquisition of Covidien and certain transaction expenses. Medtronic plc and Medtronic Luxco provided guarantees of the obligations of Medtronic, Inc. under the Term Loan Credit Agreement. During fiscal year 2018, the Group repaid its senior unsecured term loan, including interest, for $3.0 billion.

Financing arrangements falling due after one year consisted of the following:

(in millions, except interest rates)	Maturity by Fiscal Year	April 27, 2018 Amount	April 27, 2018 Effective Interest Rate	April 28, 2017 Amount	April 28, 2017 Effective Interest Rate
5.600 percent ten-year 2009 senior notes	2019	$ —	5.61	$ 400	5.61
1.700 percent two-year 2017 senior notes	2019	—	1.74	1,000	1.74
4.450 percent ten-year 2010 senior notes	2020	—	4.47	766	4.47
Floating rate five-year 2015 senior notes	2020	500	2.92	500	1.98
2.500 percent five-year 2015 senior notes	2020	2,500	2.52	2,500	2.52
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
3.150 percent seven-year 2015 senior notes	2022	2,500	3.18	2,500	3.18
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
2.750 percent ten-year 2013 senior notes	2023	530	2.78	530	2.78
2.950 percent ten-year 2013 CIFSA senior notes	2024	310	2.67	310	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
3.350 percent ten-year 2017 senior notes	2027	850	3.35	850	3.35
4.375 percent twenty-year 2015 senior notes	2035	2,382	4.44	2,382	4.44
6.550 percent thirty-year 2007 CIFSA senior notes	2038	374	3.75	374	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	325	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	4,150	4.63	4,150	4.63
Bank borrowings	2020-2022	125	3.99	139	1.28
Debt premium, net	2020-2045	120	—	135	—
Capital lease obligations	2020-2025	21	4.46	23	4.81
Interest rate swaps	2021-2022	(6)	—	40	—
Deferred financing costs	2020-2045	(107)	—	(128)	—
Long-term debt		$ 23,699		$ 25,921	

Senior Notes The Group has outstanding unsecured senior obligations, described as senior notes in the tables 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 remained in compliance with at April 27, 2018. The Group used the net proceeds from the sale of the Senior Notes primarily for general corporate purposes, which includes the repayment of other indebtedness of the Group.

In April 2018, the Group completed an early redemption of approximately $1.2 billion of Senior Notes for $1.2 billion of total consideration. The Group recognized a loss on the debt redemption of $38 million, which included cash premiums and accelerated amortization of deferred financing costs. The loss was recognized in *interest payable and similar expenses, net* in the consolidated profit and loss account.

In March 2017, Medtronic Luxco issued two tranches of Senior Notes with an aggregate face value of $1.850 billion (collectively, the 2017 Senior Notes). The first tranche consisted of $1.0 billion of 1.700 percent Senior Notes due in fiscal year 2019. The second tranche consisted of $850 million of 3.350 percent Senior Notes due in fiscal year 2027. Concurrent with the offering by Medtronic Luxco, Medtronic, Inc. issued $150 million in principal amount of its 4.625 percent Senior Notes due in fiscal year 2045 (the Reopening Notes). The Reopening Notes are a further issuance of, and form a single series with, the $4.0 billion principal amount of Medtronic, Inc.'s previously outstanding 4.625 percent Senior Notes due in fiscal year 2045. Interest on the 2017 Senior Notes and the Reopening Notes is payable semi-annually. The Group used the net proceeds from the sale of the 2017 Senior Notes and the Reopening Notes for general corporate purposes.

At April 27, 2018 and April 28, 2017, 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. Refer to Note 13 for additional information regarding the interest rate swap agreements.

Contractual maturities of debt for the next five fiscal years and thereafter, excluding deferred financing costs, debt premium, net, and the fair value of outstanding interest rate swap agreements are as follows:

(in millions)	
2019	$ 2,058
2020	3,006
2021	1,122
2022	3,275
2023	1,192
Thereafter	15,097
Total debt	25,750
Less: Current portion of debt	2,058
Long-term portion of debt	$ 23,692

Financial Instruments Not Measured at Fair Value

At April 27, 2018, the estimated fair value of the Group's Senior Notes was $25.1 billion compared to a principal value of $24.5 billion. At April 28, 2017 the estimated fair value was $30.4 billion compared to a principal value of $28.9 billion. The fair value was estimated using quoted market prices for the publicly registered Senior Notes, which are 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 hedging activity.

12. Provisions for Liabilities

Provisions for liabilities were as follows:

(in millions)	April 27, 2018	April 28, 2017
Accrued certain litigation charges	$ 949	$ 1,122
Retirement benefit obligations (note 20)	977	1,292
Guaranteed contingent tax liabilities	64	31
Deferred taxes, as adjusted (note 18)	1,423	2,978
Contingent consideration liabilities (note 2)	173	246
Restructuring reserves (note 4)	167	291
Warranty obligation	88	101
Rebates and Right of return	788	571
Other provisions	200	205
Total provision for liabilities	$ 4,829	$ 6,837

Provisions activity for fiscal years 2018 and 2017 was as follows:

(in millions)	Accrued Certain Litigation Charges	Guaranteed Contingent Tax Liabilities	Rebates and Right of Return	Warranty Obligation	Other
April 28, 2017	$ 1,122	$ 31	$ 571	$ 101	$ 205
Provisions	164	(1)	1,450	103	568
Utilization and payments	(340)	(105)	(1,287)	(116)	(567)
Currency translation and other	3	139	54	—	(6)
April 27, 2018	$ 949	$ 64	$ 788	$ 88	$ 200

13. Derivatives and Currency 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 profit 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 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 contract, the derivative is designated as either a freestanding derivative or a cash flow hedge. The cash flows related to all of the Group's derivative instruments are reported as operating activities in the consolidated statements of cash flows. The primary currencies of the derivative instruments are the Euro, Japanese Yen, and British Pound. The Group does not enter into currency exchange rate derivative contracts for speculative purposes. The gross notional amount of all currency exchange rate derivative instruments outstanding was $11.5 billion and $10.8 billion at April 27, 2018 and April 28, 2017, respectively.

The following information explains the various types of derivatives and financial instruments used by the Group, reasons the Group uses such instruments, and the impact such instruments have on the Group’s consolidated balance sheet and consolidated profit and loss account.

Freestanding Derivative Contracts

Freestanding derivative contracts are primarily 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 foreign currencies. The gross notional amount of the Group's currency exchange rate contracts outstanding at April 27, 2018 and April 28, 2017 was $5.2 billion and $4.9 billion, respectively. The Group's freestanding currency exchange rate contracts are not designated as hedges, and therefore, changes in the value of these contracts are recognized in profit, thereby offsetting the current profit effect of the related change in value of foreign-currency-denominated assets, liabilities, and cash flows.

The Group also entered into total return swaps in fiscal year 2018, which are used to hedge the provision of a non-qualified, deferred compensation plan. The gross notional amount of the Group's total return swaps outstanding at April 27, 2018 was $210 million. The Group's total return swaps are not designated as hedges, and therefore, changes in the value of these instruments are recognized in profit.

The amounts and classification of the gains (losses) in the consolidated profit and loss account related to derivative instruments, not designated as hedging instruments, for fiscal years 2018 and 2017 are as follows:

		Fiscal Year	
(in millions)	Classification	2018	2017
Currency exchange rate contracts	Other expense, net	$ (253)	$ 54
Total return swaps	Other expense, net	27	—
Total		$ (226)	$ 54

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. 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*. The effective portion of the gain or loss on the derivative instrument is reclassified into profit and is included in *other expense, net* in the consolidated profit and loss account in the same period or periods during which the hedged transaction affects profit.

No gains or losses relating to ineffectiveness of cash flow hedges were recognized in the consolidated profit and loss account during fiscal years 2018 or 2017. No components of the hedge contracts were excluded in the measurement of hedge ineffectiveness, and no hedges were derecognized or discontinued during fiscal years 2018 or 2017. The gross notional amount of these contracts, designated as cash flow hedges, outstanding at April 27, 2018 and April 28, 2017 was $6.3 billion and $5.8 billion, respectively, and will mature within the subsequent two-year period.

The amount of gross gains (losses), classification of the gains (losses) in the consolidated profit and loss account, and the AOCI related to the effective portion of currency exchange rate contract derivative instruments designated as cash flow hedges for fiscal years 2018 and 2017 were as follows:

	Fiscal Year 2018			
	Recognized in AOCI	Recognized in Profit		
(in millions)	Amount	Classification	Amount	
Currency exchange rate contracts	$ (404)	Other expense, net	$	(69)

	Fiscal Year 2017			
	Recognized in AOCI	Recognized in Profit		
(in millions)	Amount	Classification	Amount	
Currency exchange rate contracts	$ 342	Other expense, net	$	173

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. The effective portion of the gains or losses on 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*. 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 expenses, net* over the term of the related debt. Any portion of the gains or losses that are determined to be ineffective is immediately recognized in *interest payable and similar expenses, net*.

During fiscal year 2017, in connection with the issuance of the 2017 Senior Notes, the Group terminated $300 million of fixed pay, forward starting interest rate swaps with a weighted average fixed rate of 3.10 percent. During fiscal year 2017, there were $21 million of unrealized gains recorded in *accumulated other comprehensive loss*.

No gains or losses related to the ineffectiveness of forward starting interest rate derivative instruments were recognized in *interest payable and similar expenses, net* during fiscal year 2017. Additionally, during fiscal year 2017, no components of the forward starting interest rate derivative instruments were excluded in the measurement of hedge ineffectiveness and no hedges were derecognized or discontinued. The reclassification of the effective portion of the net losses from *accumulated other comprehensive loss* to *interest payable and similar expenses, net* was not significant.

At April 27, 2018 and April 28, 2017, the Group had $(207) million and $37 million, respectively, in after-tax net unrealized (losses) gains associated with cash flow hedging instruments recorded in *accumulated other comprehensive loss*. The Group expects that $111 million of after-tax net unrealized losses at April 27, 2018 will be recognized in 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.

Changes in the fair value of the derivative instrument are recognized in *interest payable and similar expenses, net*, 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)*, increasing (decreasing) the outstanding balances of the debt, and amortized as a reduction of (addition to) *interest payable and similar expenses, net* over the remaining life of the related debt.

At both April 27, 2018 and April 28, 2017, the Group had interest rate swaps with gross notional amounts of $1.2 billion, designated as fair value hedges of underlying fixed-rate senior note obligations, including the Group's $500 million 4.125 percent 2011 Senior Notes due fiscal year 2021 and the $675 million 3.125 percent 2012 Senior Notes due fiscal year 2022.

At April 27, 2018, the market value of outstanding interest rate swap agreements was an unrealized loss of $6 million, as compared to an unrealized gain of $41 million at April 28, 2017. At April 27, 2018, the market value of the hedged items was an unrealized gain of $6 million, as compared to an unrealized loss of $41 million at April 28, 2017. The amounts were recorded in *debtors* with the offsets recorded in *creditors (amounts falling due after more than one year)* on the consolidated balance sheet.

No significant hedge ineffectiveness was recognized as a result of these fair value hedges for fiscal years 2018 or 2017. In addition, the Group did not recognize any gains or losses during fiscal years 2018 or 2017 on firm commitments that no longer qualify as fair value hedges.

Balance Sheet Presentation

The following tables summarize the balance sheet classification and fair value of derivative instruments included in the consolidated balance sheet at April 27, 2018 and April 28, 2017. 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 designated and do not qualify as hedging instruments, and are further segregated by type of contract within those two categories.

	April 27, 2018			
	Derivative Assets		Derivative Liabilities	
(in millions)	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Derivatives designated as hedging instruments				
Currency exchange rate contracts	Debtors	$ 37	Creditors (amounts falling due within one year)	$ 162
Interest rate contracts	Debtors	8	Creditors (amounts falling due after more than one year)	14
Currency exchange rate contracts	Debtors	11	Creditors (amounts falling due after more than one year)	51
Total derivatives designated as hedging instruments		$ 56		$ 227
Derivatives not designated as hedging instruments				
Currency exchange rate contracts	Debtors	$ 31	Creditors (amounts falling due within one year)	$ 25
Total return swaps	Debtors	4	Creditors (amounts falling due within one year)	—
Stock warrants	Debtors	21	Creditors (amounts falling due after more than one year)	—
Cross currency interest rate contracts	Debtors	6	Creditors (amounts falling due after more than one year)	6
Total derivatives not designated as hedging instruments		62		31
Total derivatives		$ 118		$ 258

	April 28, 2017			
	Derivative Assets		Derivative Liabilities	
(in millions)	Balance Sheet Classification	Fair Value	Balance Sheet Classification	Fair Value
Derivatives designated as hedging instruments				
Currency exchange rate contracts	Debtors	$ 152	Creditors (amounts falling due within one year)	$ 43
Interest rate contracts	Debtors	41	Creditors (amounts falling due after more than one year)	—
Currency exchange rate contracts	Debtors	48	Creditors (amounts falling due after more than one year)	14
Total derivatives designated as hedging instruments		$ 241		$ 57
Derivatives not designated as hedging instruments				
Currency exchange rate contracts	Debtors	$ 16	Creditors (amounts falling due within one year)	$ 36
Cross currency interest rate contracts	Debtors	5	Creditors (amounts falling due after more than one year)	11
Total derivatives not designated as hedging instruments		21		47
Total derivatives		$ 262		$ 104

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

	April 27, 2018		April 28, 2017	
(in millions)	Level 1	Level 2	Level 1	Level 2
Derivative assets	$ 79	$ 39	$ 216	$ 46
Derivative liabilities	238	20	93	11

The Group has elected to present the fair value of derivative assets and liabilities within 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 27, 2018				
		Gross Amount Not Offset on the Balance Sheet			
(in millions)	Gross Amount of Recognized Assets (Liabilities)	Financial Instruments	Cash Collateral (Received) Posted	Securities Collateral (Received) Posted	Net Amount
Derivative assets:					
Currency exchange rate contracts	$ 79	$ (61)	$ —	$ —	$ 18
Interest rate contracts	8	(6)	—	—	2
Total return swaps	4	—	—	—	4
Stock warrants	21	—	—	—	21
Cross currency interest rate contracts	6	(4)	—	—	2
	118	(71)	—	—	47
Derivative liabilities:					
Currency exchange rate contracts	(238)	61	—	74	(103)
Interest rate contracts	(14)	6	—	2	(6)
Cross currency interest rate contracts	(6)	4	—	—	(2)
	(258)	71	—	76	(111)
Total	$ (140)	$ —	$ —	$ 76	$ (64)

(in millions)	April 28, 2017				
		Gross Amount Not Offset on the Balance Sheet			
	Gross Amount of Recognized Assets (Liabilities)	Financial Instruments	Cash Collateral (Received) Posted	Securities Collateral (Received) Posted	Net Amount
Derivative assets:					
Currency exchange rate contracts	$ 216	$ (58)	$ (55)	$ —	$ 103
Interest rate contracts	41	(15)	(5)	—	21
Cross currency interest rate contracts	5	(2)	—	—	3
	262	(75)	(60)	—	127
Derivative liabilities:					
Currency exchange rate contracts	(93)	73	—	—	(20)
Cross currency interest rate contracts	(11)	2	—	—	(9)
	(104)	75	—	—	(29)
Total	$ 158	$ —	$ (60)	$ —	$ 98

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. 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.

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 27, 2018, the Group posted net securities collateral of $76 million to its counterparties. At April 28, 2017, the Group received net cash collateral of $60 million from its counterparties. The cash 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. The security collateral posted remained in *short-term investments* on the consolidated balance sheet.

14. Inventories

Inventory balances were as follows:

(in millions)	April 27, 2018	April 28, 2017
Finished goods	$ 2,407	$ 2,211
Work-in-process	496	458
Raw materials	676	669
Total	$ 3,579	$ 3,338

15. Interest Payable and Similar Expenses

Interest payable and similar expenses is comprised of the following:

	Fiscal Year	
(in millions)	2018	2017
Interest charges related to financing arrangements	$ 1,108	$ 1,094
Debt redemption premium	38	—
Interest payable and similar expenses	$ 1,146	$ 1,094

16. 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 27, 2018		April 28, 2017	
Authorized:	Number	Amount	Number	Amount
Ordinary Shares, $0.0001 par value	2,600,000,000	$ —	2,600,000,000	$ —
Euro Deferred Shares, €1.00 par value	40,000	—	40,000	—
Preferred Shares, $0.20 par value	127,500,000	26	127,500,000	26
A Preferred Shares, $1.00 par value	500,000	1	500,000	1
Total authorized		$ 27		$ 27
Allotted, called up and fully paid:				
Ordinary Shares, $0.0001 par value	1,354,218,154	$ —	1,369,424,818	$ —
A Preferred Shares, $1.00 par value	1,872	—	1,872	—
Total allotted, called up and fully paid		$ —		$ —

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 the Group's businesses, industry practice and any other factors the Board of Directors deems relevant.

Ordinary Share Repurchase Program

Shares are repurchased from time to time to support the Group's stock-based compensation programs and to return capital to shareholders. During fiscal years 2018 and 2017, the Group repurchased approximately 25 million and 43 million shares, respectively, at an average price of $83.71 and $83.03, respectively.

In June 2015, the Group's Board of Directors authorized, subject to the ongoing existence of sufficient distributable reserves, the repurchase of 80 million of the Group's ordinary shares. As described below, this authorization was replaced in June 2017. During fiscal year 2018, prior to the June 2017 repurchase program which became effective on June 26, 2017, the Group purchased approximately 13 million shares authorized under the June 2015 repurchase program.

In June 2017, the Group's Board of Directors replaced the June 2015 authorization to repurchase up to an aggregate number of ordinary shares with an authorization to expend up to an aggregate amount of $5.0 billion beginning June 26, 2017 to repurchase the Group's ordinary shares. At April 27, 2018, the Group had used approximately $1.0 billion of the $5.0 billion authorized under the repurchase program, leaving approximately $4.0 billion available for future repurchases. The Group accounts for repurchases of ordinary shares using the par value method and shares repurchased are canceled. The par value of the shares redeemed and canceled, and transferred to the other undenominated capital reserve, was insignificant at April 27, 2018 and April 28, 2017.

17. Stock Purchase and Award Plans

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 Medtronic, Inc. 2013 Stock Award and Incentive Plan, which created the Medtronic plc 2013 Stock Award and Incentive Plan (2013 Plan). In fiscal year 2018, 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 27, 2018, there were approximately 63 million shares available for future grants under the 2013 Plan.

Share Options Options are granted at the exercise price, which is equal to the closing price of the Group's ordinary share 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 2018, the Group granted share options under the 2013 Plan. The Group also grants shares of performance-based share options 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.

Restricted Stock Restricted stock awards and restricted stock units (collectively referred to as restricted stock) are granted to officers and key employees. At April 27, 2018, the Group does not have any outstanding restricted stock awards. Beginning in fiscal year 2018, restricted stock units have a 4-year ratable vesting term. Restricted stock units issued prior to fiscal year 2018 cliff vest after four years. The expense recognized for restricted stock units is equal to the grant date fair value, which is equal to the closing stock price on the date of grant. Restricted stock units 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 units 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.

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 2018, the Group granted restricted stock units under the 2013 Plan. At April 27, 2018, all restricted stock 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 $69.41 per share in fiscal year 2018. At April 27, 2018, plan participants had approximately $11 million withheld to purchase the Group's ordinary shares at 85 percent of its market value on June 29, 2018, the last trading day before the end of the calendar quarter purchase period. At April 27, 2018, approximately 16 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 at 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	
	2018	2017
Weighted average fair value of options granted	$ 13.71	$ 14.70
Assumptions used:		
Expected life (years)[1]	6.16	6.18
Risk-free interest rate[2]	2.00%	1.26%
Volatility[3]	19.51%	21.07%
Dividend yield[4]	2.19%	1.97%

(1) 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) 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) 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) 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 following table presents the components and classification of stock-based compensation expense recognized for stock options, restricted stock, and ESPP in fiscal years 2018 and 2017:

	Fiscal Year	
(in millions)	2018	2017
Stock options	$ 132	$ 157
Restricted stock	185	169
Employee stock purchase plan	27	22
Total stock-based compensation expense	$ 344	$ 348
Cost of sales	$ 44	$ 49
Research and development expense	38	41
Distribution and administrative expense	242	233
Restructuring charges, net	—	2
Acquisition-related items	4	23
Divestiture-related items	16	—
Total stock-based compensation expense	344	348
Taxation	(82)	(98)
Total stock-based compensation expense, net of tax	$ 262	$ 250

Stock Options The following table summarizes all stock option activity, including activity from options assumed or issued as a result of acquisitions, during fiscal year 2018:

	Options (in thousands)	Wtd. Avg. Exercise Price	Wtd. Avg. Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at April 28, 2017	45,194	$ 62.41		
Granted	3,773	83.92		
Exercised	(6,145)	43.72		
Expired/Forfeited	(1,783)	76.93		
Outstanding at April 27, 2018	41,039	66.56	5.94	$ 637
Vested and expected to vest at April 27, 2018	23,093	77.30	7.12	115
Exercisable at April 27, 2018	17,136	51.43	4.25	520

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 2018 and 2017:

	Fiscal Year	
(in millions)	2018	2017
Cash proceeds from options exercised	$ 250	$ 367
Intrinsic value of options exercised	248	403
Tax benefit related to options exercised	75	140

Unrecognized compensation expense related to outstanding stock options at April 27, 2018 was $72 million and is expected to be recognized over a weighted average period of 2.0 years.

Restricted Stock The following table summarizes restricted stock activity, including activity from restricted stock assumed or issued as a result of acquisitions, during fiscal year 2018:

	Units (in thousands)	Wtd. Avg. Grant Price
Nonvested at April 28, 2017	8,788	$ 76.49
Granted	2,683	83.88
Vested	(2,589)	61.73
Forfeited	(646)	78.90
Nonvested at April 27, 2018	8,236	$ 83.35

The following table summarizes the weighted-average grant date fair value of restricted stock granted, total fair value of restricted stock vested and related tax benefit during fiscal years 2018 and 2017:

	Fiscal Year	
(in millions, except per share data)	2018	2017
Weighted-average grant-date fair value per restricted stock	$ 83.88	$ 85.07
Fair value of restricted stock vested	160	131
Tax benefit related to restricted stock vested	63	76

Unrecognized compensation expense related to restricted stock as of April 27, 2018 was $307 million and is expected to be recognized over a weighted average period of 2.4 years.

18. Taxation

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

	Fiscal Year	
(in millions)	2018	2017
U.S.	$ (1,017)	$ (152)
International	6,589	4,836
Profit before taxation	$ 5,572	$ 4,684

Taxation consists of the following:

	Fiscal Year	
(in millions)	2018	2017
Current taxation:		
U.S.	$ 2,899	$ 614
International	796	840
Total current taxation	3,695	1,454
Deferred taxation (benefit):		
U.S.	35	(369)
International	(1,160)	(477)
Net deferred taxation (benefit)	(1,125)	(846)
Taxation	$ 2,570	$ 608

On December 22, 2017, the U.S. government enacted the Tax Act, which significantly revises U.S. corporate income taxation by, among other things, lowering the U.S. corporate income tax rate from 35.0 percent to 21.0 percent effective January 1, 2018, broadening the base of taxation, implementing a territorial tax system, and imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries. U.S. GAAP requires that the impact of tax legislation be recognized in the period in which the law was enacted. The decrease in the U.S. federal corporate tax rate from 35.0 percent to 21.0 percent results in a blended statutory tax rate of 30.5 percent for the Group's fiscal year 2018. As discussed in Note 1, the Group adopted guidance related to the finalization of the accounting for the income tax impacts of the Tax Act. Until the accounting for the income tax impacts of the Tax Act is complete, the reported amounts are based on reasonable estimates and are disclosed as provisional.

As of April 27, 2018, the Group had not fully completed its accounting for the tax effects of the enactment of the Tax Act. The Group's taxation for fiscal year 2018 is based on a reasonable estimate of the transition tax and expected reversal of existing deferred tax balances. As a result of the Tax Act, the Group has removed its permanently reinvested assertion on historical earnings through April 27, 2018 for legal entities with accumulated earnings subject to the transition tax. The Group continues to evaluate its permanently reinvested assertion for certain legal entities. For the amounts which the Group was able to reasonably estimate, the Group recognized a provisional net tax charge of $2.4 billion within *taxation* in the consolidated profit and loss account. The components of the provisional tax amounts are as follows:

- A provisional tax charge of $2.6 billion for the transition tax liability. The Group has not yet completed the calculation of the total post-1986 foreign earnings & profits (E&P) and the income tax pools for all foreign subsidiaries. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets. This amount may change when the Group finalizes the calculation of post-1986 foreign E&P previously deferred from U.S. federal taxation and finalizes the amounts held in cash or other specified assets. In addition, further interpretations from U.S. federal and state governments and regulatory organizations may change the provisional tax liability or the accounting treatment of the provisional tax liability.
- A provisional net tax benefit of $114 million associated with the change in the U.S. Federal statutory tax rate for the year and the remeasurement of certain deferred tax assets, provisions, and valuation allowances.

Because of the complexity of the new Global Intangible Low-Taxed Income (GILTI) tax rules, the Group continues to evaluate this provision of the Tax Act. The Group is allowed to make an accounting policy election of either (1) treating taxes due on future U.S. inclusions in taxable income related to GILTI as a current period expense when incurred (the "period cost method") or (2) factoring such amounts into the Group's measurement of its deferred taxation (the "deferred method"). The Group's selection of an accounting policy with respect to the new GILTI tax rules will depend, in part, on analyzing its global income to determine whether it can reasonably estimate the tax impact. The Group is currently in the process of analyzing its structure and is not yet able to determine the effect of this provision of the Tax Act. Therefore, the Group has not yet made a policy decision regarding whether to record deferred taxation on GILTI and has not made any adjustments related to potential GILTI tax in its consolidated financial statements.

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

(in millions)	April 27, 2018	April 28, 2017
Tax assets:		
Net operating loss, capital loss, and credit carryforwards	$ 7,463	$ 6,800
Other accrued liabilities	420	658
Accrued compensation	209	427
Pension and post-retirement benefits	256	456
Share-based compensation	190	278
Other	332	349
Inventories	207	277
Federal and state benefit on uncertain tax positions	67	191
Unrealized loss on available-for-sale securities and derivative financial instruments	93	—
Gross tax assets	9,237	9,436
Valuation allowance	(7,166)	(6,311)
Total tax assets	2,071	3,125
Deferred tax provisions:		
Intangible assets	(1,697)	(4,943)
Realized loss on derivative financial instruments	(69)	(112)
Other	(143)	(74)
Accumulated depreciation	(38)	(149)
Unrealized gain on available-for-sale securities and derivative financial instruments	—	(18)
Outside basis difference of subsidiaries	(131)	(112)
Total deferred tax provisions	(2,078)	(5,408)
Prepaid income taxes	406	475
Income tax receivables	315	218
Deferred tax assets (provisions), net	$ 714	$ (1,590)
Reported as (after valuation allowance and jurisdictional netting):		
Debtors	$ 2,137	$ 2,095
Provisions for liabilities	(1,423)	(2,978)
Provisions for liabilities held for sale	—	(707)
Tax assets (deferred tax provisions), net	$ 714	$ (1,590)

Deferred taxation activity for fiscal years 2018 and 2017 was as follows:

(in millions)	Deferred Taxation
April 28, 2017	$ (1,590)
Provisions	1,125
Acquisitions	10
Divestitures	895
Charge to equity	295
Currency translation and other	(21)
April 27, 2018	$ 714

No deferred taxation has been provided on the approximately $61.0 billion and $31.8 billion of undistributed profits of the Group's subsidiaries at April 27, 2018 and April 28, 2017, respectively, since these earnings have been, and under current plans will continue to be, permanently reinvested in these subsidiaries. During fiscal year 2018, the Group removed its permanently reinvested assertion on the undistributed profits of certain foreign subsidiaries with a U.S. parent which were subject to the transition tax. The assertion was removed for all profits of such subsidiaries through April 27, 2018. Due to the number of legal entities and jurisdictions involved, the complexity of the legal entity structure of the Group, and the complexity of the tax laws in the relevant jurisdictions, 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 undistributed profits.

At April 27, 2018, the Group had approximately $28.4 billion of net operating loss carryforwards in certain non-U.S. jurisdictions, of which $25.2 billion have no expiration, and the remaining $3.2 billion will expire during fiscal years 2019 through 2038. Included in these net operating loss carryforwards are $19.7 billion of net operating losses related to a subsidiary of the Group, substantially all of which were recorded in fiscal 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 $8.7 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 27, 2018, the Group had $963 million of U.S. federal net operating loss carryforwards, which will expire during fiscal years 2019 through 2036. For U.S. state purposes, the Group had $981 million of net operating loss carryforwards at April 27, 2018, which will expire during fiscal years 2019 through 2038.

At April 27, 2018, the Group also had $174 million of tax credits available to reduce future income taxes payable, of which $58 million have no expiration. The remaining credits expire during fiscal years 2019 through 2038.

The Group has established valuation allowances of $7.2 billion and $6.3 billion at April 27, 2018 and April 28, 2017, respectively, primarily related to the uncertainty of the utilization of certain deferred tax assets which are primarily comprised of tax loss and credit carryforwards in various jurisdictions. The increase in the valuation allowance during fiscal year 2018 is primarily related to the establishment of a valuation allowance against current year generated losses, as well as the effects of currency fluctuations. These valuation allowances would result in a reduction to taxation in the consolidated profit and loss account if they are ultimately not required.

During fiscal year 2018, the Group received a tax ruling confirming the treatment of various intercompany transactions, which have the effect of utilizing the $12.0 billion of non-U.S. special deductions previously disclosed. The ruling allowed the Group to offset some of the gain on the sale of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses within the Minimally Invasive Therapies Group segment, as well as recognize a taxation benefit associated with the intercompany sale of intellectual property and the associated elimination of a deferred tax provision.

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

	Fiscal Year	
	2018	2017
U.S. federal statutory tax rate	30.5%	35.0%
Increase (decrease) in tax rate resulting from:		
U.S. state taxes, net of federal tax benefit	0.6	1.0
Research and development credit	(0.8)	(0.9)
Domestic production activities	(0.1)	(0.4)
International	(19.0)	(26.6)
Puerto Rico Excise Tax	(1.1)	(1.5)
Impact of adjustments[(1)]	(8.2)	5.6
U.S. Tax Reform	43.3	—
Valuation allowance release	(0.1)	(1.0)
Share based compensation	(1.0)	—
Other, net	2.0	1.8
Effective tax rate	46.1%	13.0%

(1) Adjustments include the impact of restructuring charges, net, acquisition- and divestiture-related items, certain litigation charges, special charge, debt redemption premium, inventory step-up, loss on previously held forward starting interest rate swaps, interest expense, net, and certain tax adjustments, net.

During fiscal year 2018, certain tax adjustments of $1.9 billion, recognized in *taxation* in the consolidated profit and loss account, included the following:

- A net charge of $2.4 billion associated with U.S. tax reform, inclusive of the transition tax, remeasurement of U.S. Federal deferred tax assets and provisions, and the decrease in the U.S. statutory tax rate. The Group's taxation associated with the impact of the Tax Act for fiscal year 2018 is based on a reasonable estimate and will be finalized within the measurement period.
- A charge of $73 million associated with an internal reorganization of certain foreign subsidiaries.
- A net benefit of $579 million associated with the intercompany sale of intellectual property.

During fiscal year 2017, certain tax adjustments of $202 million, recognized in *taxation* in the consolidated profit and loss account, included the following:

- A charge of $404 million associated with the IRS resolution for the Ardian, CoreValve, Inc., Ablation Frontiers, Inc., PEAK Surgical, Inc. and Salient Surgical Technologies, Inc. acquisition-related issues and the allocation of income between Medtronic, Inc. and its wholly owned subsidiary operating in Puerto Rico for certain businesses. This resolution does not include the businesses that are the subject of the Medtronic, Inc. U.S. Tax Court case for fiscal years 2005 and 2006.
- A net charge of $125 million associated with the divestiture of a portion of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses to Cardinal. The net charge primarily relates to the tax effect from the recognition of the outside basis difference of certain subsidiaries, which are included in the expected divestiture.
- A charge of $86 million associated with the IRS's disallowance of the utilization of certain net operating losses, along with the recognition of a valuation allowance against the net operating loss deferred tax asset, which were recognized during the year.
- A charge of $18 million as a result of the redemption of an intercompany minority interest during the year.
- A benefit of $431 million as the result of the resolution of Covidien's previously disclosed Tyco International plc intercompany debt issues with the U.S. Tax Court and the Appeals Division of the IRS.

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 profit by $446 million and $475 million in fiscal years 2018 and 2017, respectively, and earnings per diluted share by $0.33 and $0.34 in fiscal years 2018 and 2017, respectively. Unless these grants are extended, they will expire between fiscal years 2019 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 tax incentive grants which expired during fiscal year 2018 did not have a material impact on the Group's consolidated financial statements.

The Group had $1.7 billion and $1.9 billion of gross unrecognized tax benefits at April 27, 2018 and April 28, 2017, respectively. A reconciliation of the beginning and ending amount of unrecognized tax benefits for fiscal years 2018 and 2017 is as follows:

	Fiscal Year	
(in millions)	**2018**	**2017**
Gross unrecognized tax benefits at beginning of fiscal year	$ 1,896	$ 2,703
Gross increases:		
Prior year tax positions	13	147
Current year tax positions	63	75
Acquisitions	—	4
Gross decreases:		
Prior year tax positions	(120)	(538)
Settlements	(80)	(467)
Statute of limitation lapses	(45)	(28)
Gross unrecognized tax benefits at end of fiscal year	1,727	1,896
Cash advance paid to taxing authorities	(859)	—
Gross unrecognized tax benefits at end of fiscal year, net of cash advance	$ 868	$ 1,896

If all of the Group's unrecognized tax benefits at April 27, 2018 and April 28, 2017 were recognized, $1.7 billion and $1.8 billion would impact the Group's effective tax rate, respectively. Although the Group believes that it has adequately provided for provisions 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 gross unrecognized tax benefits, net of cash advance, of $868 million as a noncurrent 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 $25 million, net as a result of the resolution of tax matters with the IRS and other taxing authorities as well as statute of limitation lapses.

The Group recognizes interest and penalties related to income 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, as appropriate. The Group had $128 million and $360 million of accrued gross interest and penalties at April 27, 2018 and April 28, 2017, respectively. During fiscal years 2018 and 2017, the Group recognized gross interest expense (income) of approximately $84 million and $(208) million, respectively, in *taxation* in the consolidated profit and loss account.

During fiscal year 2018, the Group made a $1.1 billion advance payment to the IRS in connection with certain tax matters for fiscal years 2005 through 2014. This payment is comprised of $859 million of tax and $285 million of interest.

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 Year Open
United States - federal and state	1998
Brazil	2013
Canada	2010
China	2009
Costa Rica	2014
Dominican Republic	2013
Germany	2010
India	2002
Ireland	2012
Israel	2010
Italy	2005
Japan	2015
Luxembourg	2013
Mexico	2005
Puerto Rico	2011
Singapore	2013
Switzerland	2012
United Kingdom	2016

See Note 23 for additional information regarding the status of current tax audits and proceedings.

19. Earnings per Ordinary Share

Earnings per share is calculcated using the two-class method, as the Group's A Preferred Shares are considered participating securities. Accordingly, earnings are 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 the 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 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 ordinary shares. Potentially dilutive ordinary shares include stock-based awards granted under the 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:

(in millions, except per share data)	Fiscal Year 2018	2017
Numerator:		
Profit for the financial year attributable to ordinary shareholders	$ 3,011	$ 4,080
Denominator:		
Basic – weighted average shares outstanding	1,356.7	1,378.9
Effect of dilutive securities:		
Employee stock options	7.9	9.0
Employee restricted stock units	3.3	3.4
Other	0.3	0.1
Diluted – weighted average shares outstanding	1,368.2	1,391.4
Basic earnings per share	$ 2.22	$ 2.96
Diluted earnings per share	$ 2.20	$ 2.93

The calculation of weighted average diluted shares outstanding excludes options to purchase approximately 10 million and 7 million ordinary shares in fiscal years 2018 and 2017, respectively, because their effect would have been anti-dilutive on the Group's earnings per share.

20. Retirement Benefit Obligations

Pension and similar obligations were as follows:

(in millions)	April 27, 2018	April 28, 2017
U.S. defined pension plans	$ 541	$ 753
Non-U.S. defined benefit pension plans	387	499
Postretirement benefit obligations	14	34
Total pension and postretirement obligations	942	1,286
Other	35	18
Total retirement benefit obligations	$ 977	$ 1,304

The Group sponsors various retirement benefit plans, including defined benefit pension plans, post-retirement medical plans, 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 $552 million and $602 million, and in fiscal years 2018 and 2017, 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 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. U.S. and Puerto Rico employees are also eligible to receive a medical benefit component, in addition to normal retirement benefits, through the Group’s post-retirement benefits.

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 27, 2018 and April 28, 2017, the net underfunded status of the Group’s benefit plans was $942 million and $1.3 billion, respectively. The $1.3 billion underfunded status at April 28, 2017 included $12 million of liabilities classified as held for sale. The liabilities classified as held for sale consisted of $9 million related to pension benefits and $3 million related to post-retirement benefits. Pension and post-retirement benefit liabilities held for sale at April 28, 2017 were divested during fiscal year 2018 as part of the sale of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses.

During fiscal year 2017, the Group offered certain eligible U.S. employees voluntary early retirement packages. The acceptance of this offer by eligible U.S. employees caused incremental expenses of $73 million to be recognized during fiscal year 2017. Of this amount, $60 million related to U.S. pension benefits, $7 million related to U.S. post-retirement benefits, $4 million related to defined contribution plans, and $2 million related to cash payments and administrative fees.

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

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	Fiscal Year		Fiscal Year	
(in millions)	2018	2017	2018	2017
Accumulated benefit obligation at end of year:	$ 2,943	$ 2,879	$ 1,580	$ 1,518
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	$ 3,232	$ 3,048	$ 1,734	$ 1,535
Service cost	116	117	67	70
Interest cost	117	109	28	26
Employee contributions	—	—	12	15
Plan curtailments and settlements	(168)	—	(8)	6
Actuarial (gain) loss	12	(22)	(74)	182
Benefits paid	(107)	(80)	(51)	(43)
Special termination benefits	—	60	—	—
Currency exchange rate changes and other	—	—	146	(57)
Divestiture	—	—	(63)	—
Projected benefit obligation at end of year	$ 3,202	$ 3,232	$ 1,791	$ 1,734
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 2,479	$ 2,138	$ 1,235	$ 1,113
Actual return on plan assets	243	238	67	109
Employer contributions	215	183	90	76
Employee contributions	—	—	13	15
Plan settlements	(168)	—	(4)	(1)
Benefits paid	(108)	(80)	(51)	(43)
Currency exchange rate changes and other	—	—	108	(34)
Divestiture	—	—	(54)	—
Fair value of plan assets at end of year	$ 2,661	$ 2,479	$ 1,404	$ 1,235
Funded status at end of year:				
Fair value of plan assets	$ 2,661	$ 2,479	$ 1,404	$ 1,235
Benefit obligations	3,202	3,232	1,791	1,734
Underfunded status of the plans	(541)	(753)	(387)	(499)
Recognized liability	$ (541)	$ (753)	$ (387)	$ (499)
Amounts recognized on the consolidated balance sheet consist of:				
Debtors falling due after one year	$ —	$ —	$ 16	$ 5
Provisions falling due within one year	(17)	(13)	(8)	(7)
Provisions falling due after one year	(524)	(740)	(395)	(497)
Recognized liability	$ (541)	$ (753)	$ (387)	$ (499)
Amounts recognized in accumulated other comprehensive loss:				
Prior service cost (benefit)	$ 2	$ 3	$ (9)	$ (6)
Net actuarial loss	1,088	1,212	380	450
Ending balance	$ 1,090	$ 1,215	$ 371	$ 444

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 at April 27, 2018 and April 28, 2017. U.S. and non-U.S. plans with accumulated benefit obligations in excess of plan assets consist of the following:

	Fiscal Year	
(in millions)	2018	2017
Accumulated benefit obligation	$ 4,110	$ 4,188
Projected benefit obligation	4,282	4,677
Plan assets at fair value	3,472	3,454

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

	Fiscal Year	
(in millions)	2018	2017
Projected benefit obligation	$ 4,736	$ 4,903
Plan assets at fair value	3,793	3,646

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

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	Fiscal Year		Fiscal Year	
(in millions)	2018	2017	2018	2017
Service cost	$ 116	$ 117	$ 67	$ 70
Interest cost	117	109	28	26
Expected return on plan assets	(205)	(195)	(53)	(48)
Amortization of prior service cost	1	1	—	(1)
Amortization of net actuarial loss	82	88	18	17
Settlement loss (gain)	16	—	—	—
Special termination benefits	—	60	—	—
Net periodic benefit cost	$ 127	$ 180	$ 60	$ 64

The other changes in plan assets and projected benefit obligations recognized in *accumulated other comprehensive loss* for fiscal year 2018 are as follows:

(in millions)	U.S. Pension Benefits	Non-U.S. Pension Benefits
Net actuarial gain	$ (27)	$ (88)
Amortization of prior service cost	(1)	—
Amortization of net actuarial loss	(82)	(18)
Prior service cost	—	(4)
Effect of exchange rates	—	37
Settlement loss	(17)	—
Total recognized in accumulated other comprehensive loss	$ (127)	$ (73)
Total recognized in net periodic benefit cost and accumulated other comprehensive loss	$ —	$ (13)

The estimated net actuarial loss that will be amortized from *accumulated other comprehensive loss* into net periodic benefit cost, before tax, in fiscal year 2019 for U.S. and non-U.S. pension benefits is expected to be $77 million and $11 million, respectively.

The actuarial assumptions are as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	Fiscal Year		Fiscal Year	
	2018	2017	2018	2017
Critical assumptions – projected benefit obligation:				
Discount rate	4.20% - 4.35%	3.70% - 4.30%	0.70% - 11.00%	0.45% - 11.40%
Rate of compensation increase	3.90%	3.90%	2.88%	2.89%
Critical assumptions – net periodic benefit cost:				
Discount rate – benefit obligation	4.00% - 4.30%	3.55% - 4.30%	0.45% - 11.40%	0.25% - 10.20%
Discount rate – service cost	3.70% - 4.45%	3.60% - 4.45%	0.20% - 11.40%	0.05% - 10.20%
Discount rate – interest cost	3.45% - 3.80%	2.90% - 3.80%	0.45% - 11.40%	0.30% - 10.20%
Expected return on plan assets	7.90%	8.20%	4.20%	4.45%
Rate of compensation increase	3.90%	3.90%	2.89%	2.83%

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 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 sponsors trusts that hold the assets for U.S. pension plans and other U.S. post-retirement benefit plans, primarily retiree medical benefits. For investment purposes, the legacy Medtronic U.S. pension and other U.S. post-retirement benefit 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 plans and other U.S. post-retirement benefit plans with the assistance of external consultants. 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 portfolios contain a diversified allocation of investment categories, including equities, fixed income securities, hedge funds, and private equity. Securities are also diversified in terms of domestic and international, short- and long-term, 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, funding rules, and financial and tax considerations are part of the funding and investment allocation process in each country. The weighted average target asset allocations at April 27, 2018 for the plans are 38% equity securities, 29% debt securities, and 33% other.

The plans did not hold any investments in the Group's ordinary shares at April 27, 2018 or April 28, 2017.

The Group's U.S. plans target asset allocations at April 27, 2018, compared to the U.S. plans actual asset allocations at April 27, 2018 and April 28, 2017 by asset category, are as follows:

U.S. Plans

	Target Allocation	Actual Allocation	
	April 27, 2018	April 27, 2018	April 28, 2017
Asset Category:			
Equity securities	49%	49%	45%
Debt securities	32	32	37
Other	19	19	18
Total	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.

Equity commingled trusts: Comprised of investments in equity securities held in pooled investment vehicles. The valuations of equity commingled trusts are based on the respective net asset values which are determined by the fund daily at market close. The net asset values are calculated based on the valuation of the underlying assets which are determined using observable inputs. The net asset values are not publicly reported and funds are valued at the net asset value practical expedient.

Fixed income commingled trusts: Comprised of investments in fixed income securities held in pooled investment vehicles. The valuations of fixed income commingled trusts are based on the respective net asset values which are determined by the fund daily at market close. The net asset values are calculated based on the valuation of the underlying assets which are determined using observable inputs. The net asset values are not publicly reported and funds are valued at the net asset value practical expedient.

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 may be redeemed monthly with notice periods ranging from 45 to 95 days. At April 27, 2018, there are no funds in the process of liquidation. Private equity investments consist of common stock and debt instruments of private companies. For private equity funds, the sum of the unfunded commitments at April 27, 2018 is $168 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. At April 27, 2018, there are no real estate investments in the process of liquidation. The Group expects to receive the proceeds over the next year. 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 net asset values which are not publicly reported. The net asset values are calculated based on the valuation of the underlying assets. The underlying assets are 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 2018 or 2017.

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. In accordance with authoritative guidance adopted in fiscal year 2017, certain investments for which the fair value is measured using the net asset value per share (or its equivalent) practical expedient are not presented within the fair value hierarchy. The fair value amounts presented for these investments are intended to permit reconciliation to the total fair value of plan assets at April 27, 2018 and April 28, 2017.

U.S. Pension Benefits

(in millions)	Fair Value at April 27, 2018	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3	Investments Measured at Net Asset Value
Short-term investments	$ 181	$ 181	$ —	$ —	$ —
U.S. government securities	181	181	—	—	—
Corporate debt securities	142	—	142	—	—
Equity commingled trusts	1,322	—	—	—	1,322
Fixed income commingled trusts	298	—	—	—	298
Partnership units	537	—	—	537	—
	$ 2,661	$ 362	$ 142	$ 537	$ 1,620

(in millions)	Fair Value at April 28, 2017	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3	Investments Measured at Net Asset Value
Short-term investments	$ 168	$ 168	$ —	$ —	$ —
U.S. government securities	167	138	29	—	—
Corporate debt securities	250	—	250	—	—
Equity commingled trusts	1,127	—	—	—	1,127
Fixed income commingled trusts	299	—	—	—	299
Partnership units	468	—	—	468	—
	$ 2,479	$ 306	$ 279	$ 468	$ 1,426

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)	Partnership Units
April 28, 2017	$ 468
Total realized losses	(42)
Total unrealized gains	141
Purchases and sales, net	(30)
April 27, 2018	$ 537

(in millions)	Partnership Units
April 29, 2016	$ 462
Total realized gains	25
Total unrealized gains	28
Purchases and sales, net	(47)
April 28, 2017	$ 468

Non-U.S. Pension Benefits

(in millions)	Fair Value at April 27, 2018	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3	Investments Measured at Net Asset Value
Registered investment companies	$ 1,362	$ —	$ —	$ —	$ 1,362
Insurance contracts	42	—	—	42	—
	$ 1,404	$ —	$ —	$ 42	$ 1,362

(in millions)	Fair Value at April 28, 2017	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3	Investments Measured at Net Asset Value
Registered investment companies	$ 1,191	$ —	$ —	$ —	$ 1,191
Insurance contracts	44	—	—	44	—
	$ 1,235	$ —	$ —	$ 44	$ 1,191

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)	Insurance Contracts
April 28, 2017	$ 44
Total unrealized gains	2
Purchases and sales, net	(7)
Currency exchange rate changes	3
April 27, 2018	$ 42

(in millions)	Insurance Contracts
April 29, 2016	$ 76
Total unrealized gains	2
Purchases and sales, net	(31)
Currency exchange rate changes	(3)
April 28, 2017	$ 44

Retirement Benefit Plan Funding It is the Group's policy to fund retirement costs within the limits of allowable tax deductions. During fiscal year 2018, the Group made discretionary contributions of approximately $215 million to the U.S. pension plan. Internationally, the Group contributed approximately $90 million for pension benefits during fiscal year 2018. The Group anticipates that it will make contributions of $91 million and $85 million to its U.S. pension benefit plans and non-U.S. pension benefit plans, respectively, in fiscal year 2019. 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 2019 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)	U.S. Pension Benefits	Non-U.S. Pension Benefits
Fiscal Year	Gross Payments	Gross Payments
2019	$ 106	$ 49
2020	115	45
2021	123	48
2022	133	51
2023	143	58
2024 – 2028	890	323
Total	$ 1,510	$ 574

Post-retirement Benefit Plans The net periodic benefit cost associated with the Group's post-retirement benefit plans was profit of $9 million in fiscal year 2018 and expense of $11 million in fiscal year 2017. The Group's projected benefit obligation for all post-retirement benefit plans was $317 million and $323 million at April 27, 2018 and April 28, 2017, respectively. The Group's fair value of plan assets for all post-retirement benefit plans was $303 million and $289 million at April 27, 2018 and April 28, 2017, respectively. The activity during fiscal year 2018 related to the change in projected benefit obligation was not material. The decrease of $46 million in the Group's projected benefit obligation during fiscal year 2017 was due to the U.S. post-retirement benefit plan being frozen, effective January 1, 2018. The activity during fiscal years 2018 and 2017 related to the change in 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. Expense recognized under these plans was $374 million and $347 million, in fiscal years 2018 and 2017, respectively.

Effective May 1, 2005, the Group froze participation in the original defined benefit pension plan in the U.S. and implemented two new plans: an additional defined benefit pension plan, the Personal Pension Account (PPA), and a new defined contribution plan, the Personal Investment Account (PIA). Employees in the U.S. hired on or after May 1, 2005 but before January 1, 2016 had 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 $56 million and $58 million, in fiscal years 2018 and 2017, 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 defined contribution cost associated with the MCC was approximately $49 million and $45 million, and in fiscal years 2018 and 2017, respectively.

21. Leases

The Group leases office, manufacturing, and 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 by fiscal year under capitalized leases and non-cancelable operating leases at April 27, 2018 are:

(in millions)	Capitalized Leases	Operating Leases
2019	$ 5	$ 234
2020	5	182
2021	4	133
2022	3	87
2023	3	43
Thereafter	6	74
Total minimum lease payments	$ 26	$ 753
Less amounts representing interest	(5)	N/A
Present value of net minimum lease payments	$ 21	N/A

Rent expense for all operating leases was $319 million and $294 million in fiscal years 2018 and 2017, respectively.

22. Accumulated Other Comprehensive (Loss) Profit

The following table provides changes in AOCI, net of taxation and by component:

(in millions)	Unrealized Gain (Loss) on Available-for-Sale Securities	Cumulative Translation Adjustments	Net Change in Retirement Obligations	Unrealized Gain (Loss) on Derivative Financial Instruments	Total Accumulated Other Comprehensive (Loss) Income
April 29, 2016	$ (107)	$ (474)	$ (1,197)	$ (90)	$ (1,868)
Other comprehensive (loss) profit before reclassifications	52	(978)	(17)	233	(710)
Reclassifications	(14)	—	85	(106)	(35)
Other comprehensive (loss) profit	38	(978)	68	127	(745)
April 28, 2017	$ (69)	$ (1,452)	$ (1,129)	$ 37	$ (2,613)
Other comprehensive (loss) profit before reclassifications	(95)	1,218	100	(272)	951
Reclassifications	(8)	(34)	67	54	79
Other comprehensive (loss) profit	(103)	1,184	167	(218)	1,030
Cumulative effect of change in accounting principle[1]	(22)	—	(155)	(26)	(203)
April 27, 2018	$ (194)	$ (268)	$ (1,117)	$ (207)	$ (1,786)

(1) See Note 1 to the consolidated financial statements for discussion regarding the adoption of accounting standards during fiscal year 2018.

The taxation on gains and losses on available-for-sale securities in other comprehensive profit before reclassifications during fiscal years 2018 and 2017 was an expense of $26 million and $41 million, respectively. During fiscal years 2018 and 2017, realized gains and losses on available-for-sale securities reclassified from AOCI were reduced by taxation of $4 million and and $8 million, respectively. When realized, gains and losses on available-for-sale securities reclassified from AOCI are recognized within *other expense, net*. Refer to Note 6 for additional information.

During fiscal year 2018, there was no tax impact on cumulative translation adjustments. However, due to recently enacted U.S. Tax Reform and change in permanently reinvested assertion with respect to certain earnings, the Group continues to evaluate the

tax impact these events may have on cumulative translation adjustments. During fiscal years 2017, taxation was not provided on cumulative translation adjustments as substantially all translation adjustments relate to profit that was intended to be indefinitely reinvested outside the U.S.

The net change in retirement obligations in other comprehensive profit includes net amortization of prior service costs and actuarial losses included in net periodic benefit cost. The taxation on the net change in retirement obligations in other comprehensive profit before reclassifications during fiscal years 2018 and 2017 was an expense of $14 million and $41 million, respectively. During fiscal years 2018 and 2017, the gains and losses on defined benefit and pension items reclassified from AOCI were reduced by taxation of $27 million and $23 million, respectively. Refer to Note 20 for additional information.

The taxation on unrealized gains and losses on derivative financial instruments in other comprehensive profit before reclassifications during fiscal years 2018 and 2017 was a benefit of $132 million and an expense of $130 million, respectively. During fiscal years 2018 and 2017, gains and losses on derivative financial instruments reclassified from AOCI were reduced by taxation of $22 million and $61 million, respectively. When realized, cash flow hedge gains and losses reclassified from AOCI are recognized within *other expense, net,* and forward starting interest rate derivative financial instrument gains and losses reclassified from AOCI are recognized within *interest payable and similar expenses, net*. Refer to Note 13 for additional information.

23. Commitments and Contingencies

Legal Matters

The Group and its affiliates are involved in a number of legal actions involving product liability, intellectual property and commercial disputes, shareholder related matters, environmental proceedings, taxation disputes, and governmental proceedings and investigations, including those described below. With respect to governmental proceedings and investigations, like other companies in our industry, the Group is subject to extensive regulation by national, state and local governmental agencies in the United States and in other jurisdictions in which the Group and its affiliates operate. As a result, interaction with governmental agencies is ongoing. The Group's standard practice is to cooperate with regulators and investigators in responding to inquiries. The outcomes of 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, result in lost turnover or limit the Group's ability to conduct business in the applicable jurisdictions.

The Group records a provision in the consolidated financial statements on an undiscounted basis for loss contingencies related to legal actions when a loss is known or considered probable and the amount may 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 may 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 27, 2018 and April 28, 2017, accrued litigation was approximately $1.0 billion and $1.1 billion, respectively. The ultimate cost to the Group with respect to accrued litigation could be materially different than the amount of the current estimates and provisions and could have a material adverse impact on the Group’s consolidated profit, financial position, and/or cash flows. The Group includes accrued litigation in *provisions for liabilities* on the consolidated balance sheet. While it is not possible to predict the outcome for most of the legal matters discussed below, the Group believes it is possible that the costs associated with these matters could have a material adverse impact on the Group’s consolidated profit, financial position, and/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 recognized an expense for probable and estimable damages related to this matter, and provisions for this matter are included within accrued litigation as discussed above.

INFUSE Litigation

The Group estimated law firms representing approximately 6,000 claimants asserted or intended to assert personal injury claims against Medtronic in the U.S. state and federal courts involving the INFUSE bone graft product. As of June 1, 2017, the Group had reached agreements to settle substantially all of these claims, resolving this litigation. The Group's provisions for this matter are included within accrued litigation as discussed above.

Pelvic Mesh Litigation

The Group 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 fiscal year 2016, Bard paid the Group $121 million towards the settlement of 11,000 of these claims. In May 2017, the agreement with Bard was amended to extend the terms to apply to up to an additional 5,000 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 August 1, 2018, the Group had reached agreements to settle approximately 14,400 of these claims. The Group's provisions for this matter are included within accrued litigation 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. Following consolidation of the cases, Ethicon dismissed six of the asserted patents, leaving a single asserted patent. In addition to claims of non-infringement, the Group asserts an affirmative defense of invalidity. 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 is unable to reasonably estimate the range of loss, if any, that may result from this matter.

Shareholder Related Matters

INFUSE

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 and engaged in a scheme to defraud 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 District Court granted defendants' motion for summary judgment in the consolidated matters. Plaintiffs appealed the dismissal to the U.S. Court of Appeals for the Eighth Circuit, and in December of 2016 the Eighth Circuit Court reversed and remanded the case to the District Court for further proceedings. On January 30, 2018, the District Court issued an order certifying a class for the period of September 8, 2010 through June 28, 2011. In July of 2018, the parties reached an agreement to settle this matter. The Group's provisions for this matter are included within accrued litigation as discussed above.

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. In August of 2017, the Minnesota Supreme Court affirmed the decision of the Minnesota State Court of Appeals, sending the matter back to the trial court for further proceedings. 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 is unable to reasonably estimate the range of loss, if any, that may result from these matters.

HEARTWARE

On January 22, 2016, the St. Paul Teachers' Retirement Fund Association filed a putative class action complaint (the "Complaint") in the United States District Court for the Southern District of New York against HeartWare on behalf of all persons and entities who purchased or otherwise acquired shares of HeartWare from June 10, 2014 through January 11, 2016 (the "Class Period"). The Complaint was amended on June 29, 2016 and claims HeartWare and one of its executives violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 by making false and misleading statements about, among other things, HeartWare's response to a June 2014 U.S. FDA warning letter, the development of the Miniaturized Ventricular Assist Device (MVAD) System and the proposed acquisition of Valtech Cardio Ltd. The Complaint seeks to recover damages on behalf of all purchasers or acquirers of HeartWare's stock during the Class Period. In August of 2016 the Group acquired HeartWare. The Group's provisions for this matter are included within accrued litigation as discussed above.

Environmental Proceedings

The Group 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, which included a directive to remove a significant volume of soils at the site. After a hearing on the compliance order before the Maine Board of Environmental Protection (Maine Board) to challenge the terms of the compliance order, 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.

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 in calendar year 2018.

The Group's provisions for environmental proceedings are included within accrued litigation as discussed above.

Government Matters

Since 2011, the Group has responded to requests from the U.S. Department of Justice for information about business practices relating to several neurovascular products. The requests seek information dating back to 2010, in connection with neurovascular products developed and first marketed by Covidien or one of its predecessors, including ev3. The Group has fully cooperated and continues to cooperate with the requests, which are at various stages. The Group’s provisions for the matters are included within accrued litigation as discussed above.

Since 2014, the Group has responded to requests from the U.S. Department of Health and Human Services and the U.S. Department of Justice for information about business practices relating to several peripheral vascular products. The requests seek information dating back to 2009, in connection with peripheral vascular products developed and first marketed by Covidien or one of its predecessors, including ev3. The Group has fully cooperated and continues to cooperate with the requests, which are at various stages. The Group’s provisions for the matters are included within accrued litigation as discussed above.

Taxation

In March 2009, the 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. 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 reviewed this dispute, and on June 9, 2016, issued its opinion with respect to the allocation of profit between the parties 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. On April 21, 2017, the IRS filed their Notice of Appeal to the U.S. Court of Appeals for the 8th Circuit regarding the Tax Court Opinion. Oral argument for the Appeal occurred on March 14, 2018. The 8th Circuit Court of Appeals issued their opinion on August 16, 2018, and remanded the case back to the U.S. Tax Court for additional factual findings.

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. The remaining unresolved issue for fiscal years 2007 and 2008 relates to 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 remaining unresolved issue for fiscal years 2009, 2010, and 2011 relates to 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 May 2017, the IRS issued its audit report on Medtronic, Inc. for fiscal years 2012, 2013, and 2014. 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 utilization of certain net operating losses. The Group disagrees with the IRS and will attempt to resolve these matters at the IRS Appellate level.

Medtronic, Inc.’s fiscal years 2015 and 2016 U.S. federal income tax returns are currently being audited by the IRS.

Covidien and the IRS have concluded and reached agreement on its audit of Covidien’s U.S. federal income tax returns for all tax years through 2012. The statute of limitations for Covidien’s 2013 and 2014 U.S. federal income tax returns lapsed during the first quarter of fiscal years 2018 and 2019, respectively. Covidien’s fiscal year 2015 U.S. federal income tax returns are currently being audited by the IRS.

While it is not possible to predict the outcome for most of the taxation matters discussed above, the Group believes it is possible that charges associated with these matters could have a material adverse impact on the Group’s consolidated profit, financial position, and/or cash flows.

See Note 18 for additional discussion of taxation.

Guarantees

As a result of the acquisition of Covidien, the Group has a guarantee commitment related to certain contingent tax liabilities as a party to the Tax Sharing Agreement that was entered into on June 29, 2007, between Covidien, Tyco International (now Johnson Controls), and Tyco Electronics (now TE Connectivity), associated with the spin-off from Tyco. The Tax Sharing Agreement covers certain tax liabilities for periods prior to and including the spin-off. Medtronic's share of the tax liabilities for these periods is 42 percent, with Johnson Controls and TE Connectivity share being 27 percent and 31 percent, respectively. If Johnson Controls and TE Connectivity default on their obligations to the Group 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. The most significant amounts at risk under this Tax Sharing Agreement were resolved with the U.S. Tax Court and IRS Appeals resolutions reached in May 2016. However, the Tax Sharing Agreement remains in place with respect to tax liabilities that are not the subject of such resolution, including certain state and international tax matters that remain open.

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 tax years that remain 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 Tyco Electronics legal entities for periods prior to the 2007 separation.

As part of the Group's Minimally Invasive Therapies Group sale of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses to Cardinal on July 29, 2017, the Group has indemnified Cardinal for certain contingent tax liabilities related to the divested businesses that existed prior to the date of divestiture. The actual amounts that the Group may be required to ultimately accrue or pay could vary depending upon the outcome of the unresolved tax matters.

Except as described above in this note or for certain 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 is unable to 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 commitments entered into by those subsidiaries, including amounts shown as liabilities in their statutory financial statements as referred to in Section 357 of the Companies Act 2014 for the financial year ending on April 27, 2018 or any amended financial period incorporating the said financial year.

- Makani II Unlimited Company
- Medtronic Irish Finco Unlimited Company
- Covidien Limited
- Covidien Holdings Ireland Limited
- Covidien Services Europe Limited
- Medtronic Vascular Holdings Unlimited Company
- Medtronic Vascular Galway Unlimited Company
- Nellcor Puritan Bennett Ireland Holdings Unlimited Company
- Nellcor Puritan Bennett Ireland Unlimited Company
- Crospon Limited
- Flip Technologies Limited
- Mallinckrodt Medical Unlimited Company
- Medtronic Ireland Limited
- Medtronic Ireland Manufacturing Unlimited Company

In the normal course of business, the Group and/or its affiliates periodically enter into agreements that require one or more of the Group and/or its affiliates to indemnify customers or suppliers for specific risks, such as claims for injury or property damage arising as a result of the Group or its affiliates' products, the negligence of the Group's personnel, or claims alleging that the Group's products infringe on third-party patents or other intellectual property. The Group also offers warranties on various products. The Group's maximum exposure under these guarantees is unable to be estimated. Historically, the Group has not experienced significant losses on these types of guarantees.

The Group believes the ultimate resolution of the above guarantees is not expected to have a material effect on the Group's consolidated profit, financial position, or cash flows.

Other Commitments

The Group has various commitments and contractual obligations that are not reflected in the Group's consolidated balance sheet at April 27, 2018, primarily related to operating leases, funding of cost and equity method investments, royalty and milestone payments, interest on debt obligations, and inventory purchase commitments. See Note 21 for additional discussion of commitments under operating leases.

At April 27, 2018, aggregate obligations for commitments related to the funding of cost or equity method investments and estimated milestone payments and royalty obligations was $252 million, of which $75 million relates to fiscal year 2019. The Group acquires assets still in development, enters into research and development arrangements, and sponsors certain clinical trials that often require milestone and/or royalty payments to a third-party, contingent upon the occurrence of certain future events. In situations where the Group has no ability to influence the achievement of the milestone or otherwise avoid the payment, the milestone or minimum royalty payments have been included in the aggregate obligation. The majority of the arrangements give the Group the discretion to unilaterally make the decision to stop development of a product or cease progress of a clinical trial, which would allow the Group to avoid making the contingent payments. Due to the contingent nature of these payments, they are not included in the disclosed amount of contractual obligations.

The Group has contractual interest payments on outstanding debt obligations totaling $12.3 billion at April 27, 2018, of which $914 million relates to fiscal year 2019. See Note 11 for additional discussion of debt obligations.

The Group has inventory purchase commitments which are legally binding and specify minimum purchase quantities or amounts for inventory to be used in the normal course of business. At April 27, 2018, aggregate obligations for these commitments was $608 million, of which $355 million relates to fiscal year 2019. The amount also includes certain research and development arrangements. These commitments do not include open purchase orders with a remaining term of less than one year and do not exceed our projected requirements.

24. Segment, Geographic, and Employee Information

The Group's organizational structure is based upon four principal operating and reportable segments: the Cardiac and Vascular Group, the Minimally Invasive Therapies Group, the Restorative Therapies Group, and the Diabetes Group. The Group's management has chosen to organize the entity based upon therapy solutions. The four principal segments are strategic businesses that are managed separately, as each one develops and manufactures products and provides services oriented toward targeted therapy solutions.

The primary products and services from which the Cardiac and Vascular Group segment derives its turnover include products for the diagnosis, treatment, and management of cardiac rhythm disorders and cardiovascular disease, as well as services to diagnose, treat, and manage heart- and vascular-related disorders and diseases.

The primary products and services from which the Minimally Invasive Therapies Group segment derives its turnover include those focused on diseases of the respiratory system, gastrointestinal tract, renal system, lungs, pelvic region, kidneys, obesity, and other preventable complications.

The primary products and services from which the Restorative Therapies Group segment derives its turnover include those focused on neurostimulation therapies and drug delivery systems for the treatment of chronic pain, as well as various areas of the spine and brain, along with pelvic health and conditions of the ear, nose, and throat.

The primary products from which the Diabetes Group segment derives its turnover include those focused on diabetes management, including insulin pumps, continuous glucose monitoring systems, insulin pump consumables, and diabetes therapy management software.

Segment disclosures are on a performance basis, consistent with internal management reporting. Turnover of the Group's segments include end-customer turnover from the sale of products the segment develops, manufactures, and distributes. There are certain corporate and centralized expenses that are not allocated to the segments. The Group's management evaluates the performance of the segments and allocates resources based on turnover and segment profit before interest, taxation, and amortization ("Segment EBITA"). Segment EBITA represents profit before taxation, excluding interest payable and similar expenses, net, amortization of intangible assets, centralized distribution costs, certain corporate charges, and other items not allocated to the segments.

The accounting policies of the segments are the same as those described in Note 1. Certain depreciable assets may be recorded by one segment, while the depreciation expense is allocated to another segment. The allocation of depreciation expense is based on the proportion of the tangible assets used by each segment.

The following tables present reconciliations of financial information from the segments to the applicable line items in the Group's consolidated financial statements:

Turnover

	Fiscal Year	
(in millions)	**2018**	**2017**
Cardiac and Vascular Group	$ 11,354	$ 10,498
Minimally Invasive Therapies Group	8,716	9,919
Restorative Therapies Group	7,743	7,366
Diabetes Group	2,140	1,927
Total	$ 29,953	$ 29,710

Segment EBITA

	Fiscal Year	
(in millions)	**2018**	**2017**
Cardiac and Vascular Group	$ 4,460	$ 4,134
Minimally Invasive Therapies Group	3,346	3,434
Restorative Therapies Group	3,058	2,868
Diabetes Group	634	690
Segment EBITA	11,498	11,126
Interest payable and similar expenses, net	(749)	(728)
Amortization of intangible assets	(1,823)	(1,980)
Corporate	(1,437)	(1,232)
Centralized distribution costs	(1,936)	(1,543)
Restructuring and associated costs	(107)	(373)
Acquisition-related items	(132)	(230)
Certain litigation charges	(164)	(218)
Divestiture-related items	(115)	—
Gain on sale of businesses	697	—
Special charge	(80)	(100)
IPR&D impairment	(46)	—
Hurricane Maria	(34)	—
Impact of inventory step-up	—	(38)
Profit before taxation	$ 5,572	$ 4,684

Total Assets and Depreciation Expense

(in millions)	Total Assets		Depreciation Expense	
	April 27, 2018	April 28, 2017	2018	2017
Cardiac and Vascular Group	$ 15,407	$ 15,275	$ 183	$ 180
Minimally Invasive Therapies Group[(1)]	43,002	49,249	217	358
Restorative Therapies Group	15,245	15,441	146	167
Diabetes Group	2,900	2,641	29	29
Segments	76,554	82,606	575	734
Corporate	14,849	17,342	246	203
Total	$ 91,403	$ 99,948	$ 821	$ 937

(1) Assets of $6.3 billion classified as held for sale were included within Minimally Invasive Therapies Group at April 28, 2017.

Geographic Information

Turnover is attributed to the country based on the location of the customer taking possession of the products or in which the services are rendered. Geographic tangible assets are attributed to the country based on the physical location of the assets.

The following table presents turnover for fiscal years 2018 and 2017, and tangible assets at April 27, 2018 and April 28, 2017 for the Group's country of domicile, countries with significant concentrations, and all other countries:

(in millions)	Turnover		Tangible Assets	
	2018	2017	April 27, 2018	April 28, 2017
Ireland	$ 85	$ 69	$ 149	$ 143
United States	15,875	16,663	2,927	2,434
Rest of world	13,993	12,978	1,528	1,784
Total other countries, excluding Ireland	29,868	29,641	4,455	4,218
Total	$ 29,953	$ 29,710	$ 4,604	$ 4,361

No single customer represented over 10 percent of the Group's consolidated turnover in fiscal years 2018 or 2017.

Employee Information

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

	Fiscal Year	
	2018	2017
Cardiac and Vascular Group	31,854	30,054
Minimally Invasive Therapies Group	32,836	37,994
Restorative Therapies Group	17,657	17,436
Diabetes Group	6,572	5,720
Corporate	9,544	10,193
Total	98,463	101,397

Total employee costs consisted of the following:

	Fiscal Year	
(in millions)	2018	2017
Wages and salaries	$ 7,185	$ 7,278
Social insurance	688	661
Stock-based compensation	344	348
Retirement benefit obligations	552	602
Other	496	394
Total	$ 9,265	$ 9,283

Employee costs capitalized, and subsequently not expensed, during fiscal years 2018 and 2017 were $1.0 billion and $988 million, respectively.

25. Directors' Remuneration

Directors' remuneration is set forth in the table below. Mr. Ishrak, the Group's Chairman and Chief Executive Officer, was not provided additional compensation for his service as a director. The amounts below include compensation for Mr. Ishrak's service as Chief Executive Officer and compensation to all non-employee directors in their capacities as such. There were no contributions made to retirement benefit schemes or compensation paid for loss of office to non-executive directors during the periods presented.

	Fiscal Year	
(in millions)	2018	2017
Emoluments:		
Aggregate emolument paid to or receivable by directors in respect of qualifying services	$ 8.5	$ 8.8
Money or value of other assets, including shares but excluding share options, paid to or receivable by the directors under long-term incentive schemes	9.9	8.0
Aggregate amount of gains by the directors on the exercise of share options	4.4	5.9
Total emoluments	$ 22.8	$ 22.7
Contributions to retirement benefits plans:		
Defined contribution[1]	$ —	$ —
Defined benefit[2]	0.2	0.2
Total contributions to retirement benefits plans	$ 0.2	$ 0.2
Total emoluments and contributions	$ 23.0	$ 22.9

(1) Includes contributions to the CEO; no contributions were made to non-executive directors in the periods presented. Contributions to the CEO were $11 thousand for fiscal years 2018 and 2017.
(2) Includes contributions to the CEO; no contributions were made to non-executive directors in the periods presented. Contributions to the CEO were $240 thousand and $246 thousand for fiscal years 2018 and 2017, 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.

26. Auditors' Remuneration

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

	Fiscal Year	
(in millions)	**2018**	**2017**
Audit of the Group financial statements	$ 16.2	$ 16.4
Other assurance services	0.8	2.9
Tax advisory services	1.5	2.1
Total remuneration	$ 18.5	$ 21.4

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

	Fiscal Year	
(in millions)	**2018**	**2017**
Audit of the Group financial statements	$ 0.6	$ 0.7
Other assurance services	—	0.2
Total remuneration	$ 0.6	$ 0.9

27. Subsidiary Undertakings

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
2074417 Alberta ULC	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	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Advanced Medical Technologies GmbH	Healthcare	100	Kasteler Str 11 66620 Nonnweiler Germany
Advanced Uro-Solutions, L.L.C.	Healthcare	100	800 Gay Street Knoxville, TN 37959 United States
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, MA 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	Cannon Place, 78 Cannon Street, London EC4N 6AF, 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	TMF Corporate Services (Aust) Pty Limited, Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
Auto Suture Puerto Rico, Inc.	Healthcare	100	P.O. Box 7292 Sabanetas Industrial Park Ponce 00731 Puerto Rico
BARRX Medical Inc.	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
Beacon Endoscopic LLC	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
Beijing Libeier Bio-engineering Institute Co., Ltd.	Healthcare	100	No 100, 6th Kechuang Street Economic & Technological Development Area East Beijing 100176 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 La Vallée 77447, France
Bellco Hoxen Medical (Hong Kong) Co. Limited	Healthcare	70	Suite 5501, 55th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Bellco Hoxen Medical (Shanghai) Co. Ltd.	Healthcare	70	Room 906-909, No. 333, Jiujiang Road, Huangpu District, Shanghai, China
Bellco S.r.l.	Healthcare	100	1 via Camurana, Mirandola 41037, Italy
Between Investeringsgroep B.V.	Holding Company	51	Amersfoortseweg 43, Huis ter Heide 3712 BA, Netherlands
Biostar Biomedikal Mühendislik Anonim Sirketi	Healthcare	100	Saray Mh. Esnaf Cad. No:2 Da:6 Akkom Ofis Prk., Laodik Plz.B Bl Ümraniye, Istanbul 34768, Turkey
Boryung Bellco Korea Ltd.	Healthcare	100	Yeoksamdong, Sungil Building) #506 , 139, Yeoksam-ro, Gangnam-gu, Seoul, Oman
Bo Yao (Shanghai) Medical Device Co. Ltd.	Healthcare	100	Part A, 4th Floor, No. 180 Ri Jing Road, Pilot Free Trade Zone, Shanghai
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	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Changzhou InnoPedics Medical Device Co., Ltd	Healthcare	100	11 #, North Changjiang Road, Xinbei District,, Changzhou, Jiangsu, 213033, China
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
CircuLite GmbH	Healthcare	100	Langenhagen Geschäftsanschrift: Grovestraße 16, Langenhagen 30853, Germany
CircuLite, Inc.	Healthcare	100	500 Old Connecticut Path Framingham, MA 01701 United States
Comercial Kendall (Chile) Limitada	Healthcare	100	VItacura 2763 Ofice 501 Las Condes Santiago Chile
Corventis Pte. Ltd.	Healthcare	100	101 Thomson Road, #14-02/03 United Square, Singapore 307591
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 (Proprietary) Limited	Healthcare	100	Corner of K101 & Bridal Veil Road, Waterfall Distribution Center, Midland 1685, South Africa
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	100	319 Chamchuri Square / 17th Floor, Unit 1-8 Phayathai Road, Pathumwan Sub-District Bangkok 10330 Thailand
Covidien (UK) Commercial Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Covidien (UK) Manufacturing Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, 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	TMF Corporate Services (Aust) Pty Limited, Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
Covidien Belgium 2 NV	Healthcare	100	Burgemeester Etienne Demunterlaan 5, 1090 Jette 1090, Belgium
Covidien Canada Holdings (A) Cooperatie U.A.	Holding Company	100	Earl Bakkenstraat 10, Herleen 6422PJ, Netherlands
Covidien Canada Holdings (B) Cooperatie U.A.	Holding Company	100	Earl Bakkenstraat 10, Herleen 6422PJ, Netherlands

Covidien Canada Holdings LLC	Holding Company	100	15 Hampshire Street Mansfield, MA 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, MA 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, MA 02048 United States
Covidien Deutschland GmbH	Healthcare	100	Gewerbepark 1 Neustadt 93333 Germany
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 France Holdings (A) Cooperatie U.A.	Holding Company	100	Earl Bakkenstraat 10, Herleen 6422PJ, Netherlands
Covidien France Holdings (B) Cooperatie U.A.	Holding Company	100	Earl Bakkenstraat 10, Herleen 6422PJ, Netherlands
Covidien France Holdings, Inc.	Holding Company	100	15 Hampshire Street Mansfield, MA 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
Covidien Healthcare Holding UK Limited	Holding Company	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
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, MA 02048 United States
Covidien Holdings International Corporation	Healthcare	100	15 Hampshire Street Mansfield, MA 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 International (US) Holdings A, LLC	Holding Company	100	15 Hampshire Street Mansfield, MA 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 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	1-2-70 Konan, Minato-ku, Tokyo 108-0075, Japan
Covidien Limited	Healthcare	100	20 On Hatch, Lower Hatch Street, Dublin 2, Ireland
Covidien llc	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
Covidien Logistics BVBA	Healthcare	100	Weg naar Zwartberg, Opglabbeek 3660 Belgium
Covidien LP	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
Covidien Lyon	Healthcare	100	27-33 Quai Alphonse Le Gallo, Boulogne-Billancourt, France
Covidien Manufacturing Grenoble	Healthcare	100	16 avenue du Général de Gaulle BP117F38 800 Le Pont de Claix France
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 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	50 Pasir Panjang Road, #04-51 Mapletree Business City, Singapore 117384
Covidien Pty Limited	Healthcare	100	TMF Corporate Services (Aust) Pty Ltd Level 16, 201 Elizabeth Street, Sydney NSW 2000
Covidien Sales LLC	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
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 Trevoux	Healthcare	100	116 avenue de Formans Trevoux 01600 France
Covidien UK Holding Ltd	Holding Company	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Covidien UK Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, 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, MA 02048 United States
Covidien Ventures Ltd.	Healthcare	100	Appleby Hamilton Canon's Court, 22 Victoria Street HM12 Bermuda
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
Diabeter Nederland B.V.	Healthcare	100	Blaak 6 Rotterdam 3011 TA Netherlands
ev3 Australia Pty Limited	Healthcare	100	TMF Corporate Services (Aust) Pty Ltd Level 16, 201 Elizabeth Street, Sydney NSW 2000
ev3 B.V.	Healthcare	100	Earl Bakkenstraat 10, Herleen 6422PJ, Netherlands

ev3 Canada Inc.	Healthcare	100	44 Chipman Hill, PO Box 7289 Stn. "A" Suite 1000 Canada
ev3, Inc.	Healthcare	100	3033 Campus Drive Plymouth, MN 55441 United States
First Lafayette Holdings LLC	Holding Company	100	15 Hampshire Street Mansfield, MA 02048 United States
Floreane Medical Implants	Healthcare	100	116 avenue du Formans Trevoux 016600 France
GC Holdings, Inc.	Holding Company	100	15 Hampshire Street Mansfield, MA 02048 United States
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, CT 06511 United States
Given Imaging B.V.	Healthcare	100	Earl Bakkenstraat 10, Heerlen 6422PF, 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	Earl-Bakken-Platz, Meerbusch 40670, Germand
Given Imaging Ltd.	Healthcare	100	2 Hacarmel Street, New Industrial Park, Yoqneam 20692 Israel
Given Imaging Pty Limited	Healthcare	100	TMF Corporate Services (Aust) Pty Ltd Level 16, 201 Elizabeth Street, Sydney NSW 2000
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, MA 02048 United States
Graphic Controls (Barbados), Ltd.	Healthcare	100	PO Box 169W Bridgetown Barbados
Haemopharm Biofluids S.r.l.	Healthcare	100	Via dell'Industria 6, Tovo di Sant'Agata (SO), 23030, Italy
Healthcare Aviation Trust	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
Heartware (UK) Limited	Healthcare	100	40 Bank Street , Level 29, London E14 5DS, United Kingdom
Heartware Hong Kong Limited	Healthcare	100	5/F, Heng Shan Centre, 145 Queen's Road East, Wanchai, Hong Kong
HeartWare International, Inc.	Healthcare	100	205 Newbury Street Suite 101 Framingham, MA 01701 United States
Heartware Pty Limited	Healthcare	100	c/o Mcburney & Partners, Level 10, 68 Pitt Street, Sydney NSW 2000, Australia
Heartware Sweden, AB	Healthcare	100	Norrlandsgatan15, PO Box 7714, 10395 Stockholm
HeartWare, Inc.	Healthcare	100	205 Newbury Street Suite 101 Framingham, MA 01701 United States
HET Systems, LLC	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
IHS Argentina SA	Healthcare	100	Cerrito 1070 Piso 3° Oficina 71, Ciudad Autónoma de Buenos Aires, Argentina
IHS Health Services Egypt LLC	Healthcare	100	Southern room of apartment number 101 of building number 13 Mohamed Ali Ganah Street, Garden City, Cairo, Egypt
IHS Health Services Pakistan (Private) Limited	Healthcare	100	Office No. 1301, 13th Floor, Dilkusha Forum, Tariq Road, Karachi, Pakistan

IHS Health Services Lebanon Sarl	Healthcare	100	Achrafieh-29 Moumne Street-2nd Floor, section 4 of plot #/1214/ Achrafieh, Beirut, Lebanon
IHS Managed Services SAS	Healthcare	100	Avenida Calle 116 No. 7-15 Oficina 1101 , Bogotá D.C. 110111, Colombia
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	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Inbrand Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Inbrand UK Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, 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
Integrated Health Solutions Chile S.A.	Healthcare	100	Camino La Loica 5031 , Lo Barnechea, Santiago, Chile
Integrated Health Solutions International Sarl	Healthcare	100	Route du Molliau 31, Tolochenaz CH - 1131, Switzerland
Integrated Health Solutions Pty Ltd	Healthcare	100	TMF Corporate Services (Aust) Pty Ltd Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
Invatec S.p.A.	Healthcare	100	Via Martiri della Liberta 7, Roncadelle, Brescia 25030, Italy
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 Innovadores en Cuidados al Paciente S.A.	Healthcare	100	Global Park, Parkway 50, LaAurora de Heredia, Costa Rica
Kendall SAS	Healthcare	100	27-33 Quai Alphonse le Gallo, Immeuble Ileo, Boulogne Billancourt 92100, France
Kendall, S.A. (Panama)	Healthcare	100	Corcione Business Plaza, Piso 8, Santa Maria Business District, Llano Bonito, Panama
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 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
Kyphon South Africa (Proprietary) Ltd.	Healthcare	100	Waterfall Distribution Campus, CNR K101 and Bridal Veil Road, Waterfall Midrand 1685, South Africa
La Trevoltiane	Healthcare	100	116 avenue de Formans Trevoux 01600 France

Laboratoire Soludia SAS	Healthcare	100	Route de Revel, Fourquevaux 31450 , France
Lafayette Healthcare Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
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, MA 02048 United States
Ludlow Technical Products France	Healthcare	100	27-33 Quai Alphonse Le Gallo, Boulogne-Billancourt, 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	Earl Bakkenstraat 10, Heerlen 6422PJ, Netherlands
Mallinckrodt Holdings, LLC	Holding Company	100	15 Hampshire Street Mansfield, MA 02048 United States
Mallinckrodt Medical S.A.	Healthcare	100	Avenida de San Pablo 28 Edificio II Poligono Industrial Coslada, Madrid Spain
Mallinckrodt Medical Unlimited Company	Healthcare	100	Cornamaddy Industrial Estate, Athlone, County Westmeath, Ireland
Mallinckrodt Polska Sp.z o.o.	Healthcare	100	Ul. Polna 11, Warszawa 00-633, Poland
Mallinckrodt US LLC	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
Mareane	Healthcare	100	116 Avenue Formans Trevoux 01600 France
Medefield Pty Limited	Healthcare	100	TMF Corporate Services (Aust) Pty Ltd Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
Medical Education Y.K.	Healthcare	100	Comodio Shidome, 2-14-1 Higashi Shimbashi Minato-Ku Tokyo 105-0021 Japan
Medical Medtronic Nigeria Limited	Healthcare	100	Regus Business Centre, 3rd Floor Mulliner Towers, 39 Alfred Rewane Road, Ikoyi, Lagos, Nigeria
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
Medinse S de RL de CV	Healthcare	100	Avenida Insurgentes Sur 863 Pisos 15 y 16, Colonia Nápoles, Ciudad de México 03810, Mexico
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
Medtronic (Africa) (Proprietary) Limited	Healthcare	100	Waterfall Distribution Campus, CNR K101 and Bridal Veil Road, Waterfall Midrand 1685, South Africa
Medtronic (Chengdu) Management Consulting Co., Ltd.		100	No. 1, 1F, Building 1, No. 4, 3rd Keyuan Road, Chengdu Hi-tech Industrial Development Zone, Sichuan, China
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	319 Chamchuri Square, 27th Floor, Unit 1-16, Phayathai Road, Pathumwan, Bangkok, 10330, Thailand
Medtronic 3F Therapeutics, Inc.	Healthcare	100	1851 Deere Ave Santa Ana, CA 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	3b, bd Prince Henri Luxembourg L-1724 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	3b, bd Prince Henri Luxembourg L-1724 Luxembourg
Medtronic AG	Holding Company	100	Victor von Bruns-Strasse 19, 8212 Neuhausen am Rheinfall, Neuhausen am Rheinfall 8212, Switzerland
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	3b, bd Prince Henri Luxembourg L-1724 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	5 Alma Road, Macquarie Park, NSW 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
Medtronic Bangladesh Pvt. Ltd.	Healthcare	100	Unit No 606, Level-6 Shanta Western Tower, 186, Gulshan-Tejgaon Link Road, Industrial Estate, Tejgaon, India
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, MN 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, LLC	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	3b, bd Prince Henri Luxembourg L-1724 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	Prosecka 852/66, Praha 9 - Prosek 190 00, Czech Republic
Medtronic Danmark A/S	Healthcare	100	Arne Jacobsens Alle 17 Copenhagen S 2300 Denmark
Medtronic Diabetes (Chengdu) Co., Ltd.	Healthcare	100	58#, East Tianqin Road, Hi-tech District (West), Chengdu, Sichuan, 611731, China
Medtronic do Brasil Ltda.	Healthcare	100	Rua Monsenhor Arruda, Carmara, Suite 2, Vila Ede 53 Sao Paulo Brazil
Medtronic Dominican Republic S.A.S.	Healthcare	100	Ave. Sarasota Núm 20 esquina Ave. Abraham Lincoln Suite 1103 Torre Empresarial AIRD, Santo Domingo, Dominican Republic
Medtronic Dominicana (Manufactura), S.A.	Healthcare	100	Parque Zona Franca San Isidro, Santo Domingo, Dominican Republic
Medtronic Egypt llc	Healthcare	100	Building no. 3, El Hak Fi El Hayah street, Block no. 1149, Sheraton, El Nozha,, Cairo, Egypt
Medtronic Empalme. S. de R.L.de C.V.	Healthcare	100	Avenida Insurgentes Sur No. 863, Piso 15 y 16, Col. Napoles Deleg. Benito Juarez CP 03810 Mexico
Medtronic Engineering and Innovation Center Private Limited	Healthcare	99.99	DLF Cyber City, Block No. 3, Ground Floor, Plot No. 129 to 132, APHB Colony, Gachibowli Hyderabad 5000019 India
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	Lentäjäntie 3, Vantaa 01530, Finland
Medtronic France S.A.S.	Healthcare	100	27/33 quai Alphonse le Gallo, Immeuble ILEO, Boulogne Billancourt 92100, France
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	3b Boulevard Prince Henri, L-1724, Luxembourg
Medtronic Global Holdings S.C.A.	Holding Company	100	3b Boulevard Prince Henri, L-1724, 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	Kifisias Avenue 24, Maroussi, Attika 151 25, Greece
Medtronic Holding B.V.	Holding Company	100	Earl Bakkenstraat 10, Heerlen 6422 PJ, Netherlands
Medtronic Holding Company Sarl	Holding Company	100	Route Du Molliau 31, c/o Medtronic International Trading Sàrl, Tolochenaz 1131, Switzerland
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	Bocskai ut 134-136, Budapest 1113 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 Investment LLC		100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International IP GmbH		100	c/o Covidien AG Victor von Bruns-Strasse 19, Neuhausen am Rheinfall 8212, Switzerland
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, MA 01923 United States

Medtronic Investment Holdings Private Limited	Holding Company	100	50 Pasir Panjang Road #04-51, Mapletree Business City, Singapore 117384
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	3b, bd Prince Henri Luxembourg L-1724 Luxembourg
Medtronic Ireland Limited	Healthcare	100	Unit Ga, Swords Business Campus, Balheary Road, Swords, Co Dublin, Ireland
Medtronic Ireland Manufacturing Unlimited Company	Healthcare	100	Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland
Medtronic Irish Finco Unlimited Company	Healthcare	100	20 Lower Hatch Street, Dublin 2 Ireland
Medtronic Italia S.p.A.	Healthcare	100	Via Varesina 162 Milano 20156, Italy
Medtronic Japan Co., Ltd.	Healthcare	100	1-2-70 Konan, Minato-ku, Tokyo 108-0075, 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	17th Floor (Glass Tower, Daechi-dong), 534, Teheran-ro, Gangnam-gu, 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	3b Boulevard Prince Henri, L-1724, Luxembourg
Medtronic Malaysia Sdn. Bhd.	Healthcare	100	10th Floor Menara Hap Seng No. 1 & 3 Jalan P. Ramlee 50250 Kuala Lumpur, Malaysia
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, MA 55432 United States
Medtronic MiniMed, Inc.	Healthcare	100	18000 Devonshire Street Northridge, CA 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, CO 80027 United States

Medtronic New Zealand Limited	Healthcare	100	Webb Henderson, Level 3, 110 Customs Street West, Auckland 1010, New Zealand
Medtronic Norge AS	Healthcare	100	Martin Linges vei 25, Fornegu 1364, 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 Pakistan (Private) Limited	Healthcare	100	Office No. 1301, 13th Floor , Dilkusha Forum, Tariq Road, Karachi, Pakistan
Medtronic Philippines, Inc.	Healthcare	100	Unit 2901-B One World Place, 32nd Street, Bonifacio Global City, Taguig City, Philippines 1634
Medtronic Poland Sp. z o.o.	Healthcare	100	Polna 11 Street, B Building, Warsaw 00-633, 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, CA 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 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 SG, LLC	Holding Company	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Shared Services SRL	Healthcare	100	Alajuela-Alajuela Distrito San Jose, El Coyol, Zona Franca El Coyol, Edificio B Veinte, Costa Rica
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	Waterfall Distribution Campus, CNR K101 and Bridal Veil Road, Waterfall Midrand 1685, South Africa
Medtronic Sofamor Danek USA, Inc.	Healthcare	100	2600 Sofamor Danek Drive Memphis, TN 38132 United States
Medtronic Sofamor Danek, Inc.	Healthcare	100	1800 Pyramid Place Memphis, TN 38132 United States

Medtronic Srbija d.o.o. Beograd-Novi Beograd	Healthcare	100	Bulevar Zorana Dindica 64a, Belgrade 11070, Serbia
Medtronic Trading Ltd.	Healthcare	100	5 Shacham Street, PO Box 3069 North Industrial Park Caesaria Israel
Medtronic Trading NL BV	Healthcare	100	Larixplein 4, Eindhoven 5616 VB, Netherlands
Medtronic Transneuronix, Inc.	Healthcare	100	100 Stierli Court, Suite 106 Mt.Arlington, NJ 07856 United States
Medtronic Ukraine Limited Liability Company	Healthcare	100	4 Mykoly Grinchenka Street, Kiev 03038, Ukraine
Medtronic Urinary Solutions, Inc.	Healthcare	100	One Chagrin Highland, 2000 Auburn Drive, Suite 320 Cleveland, OH 44122 United States
Medtronic USA, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Vascular Galway Unlimited Company	Healthcare	100	Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland
Medtronic Vascular Holdings Unlimited Company	Holding Company	100	Parkmore Business Park West Ballybrit Galway Ireland
Medtronic Vascular, Inc.	Healthcare	100	3576 Unocal Place Santa Rosa, CA 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, TN 38132 United States
Medtronic Vietnam Company Limited	Healthcare	100	11th Floor, Tower B, Royal Center Building, 235 Nguyen Van Cu Street, Nguyen Cu Trinh 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, FL 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, MA 02048 United States
MiniMed Distribution Corp.	Healthcare	100	18000 Devonshire Street Northridge, CA 91325 United States
MiniMed Pty Ltd.	Healthcare	100	5 Alma Road, Macquarie Park, NSW 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, MA 02048 United States
N.G.C. Medical Srl	Healthcare	100	Strada Provinciale Novedratese 35, Novedrate 22060, Italy
NayaMed International Sàrl	Healthcare	100	Route du Molliau 31, 1131 Tolochenaz, Switzerland
NayaMed International, S.A.	Healthcare	100	Calle Santa Engracia 113, 5 D., Madrid 28010 Spain
Nederelandse Obesitas Kliniek Zuid B.V.	Healthcare	51	Amerfoortseweg 43,, Huis ter Heide, 3712BA, Netherlands

Nederlandse Obesitas Kliniek B.V.	Healthcare	51	Amerfoortseweg 43,, Huis ter Heide, 3712BA, Netherlands
Nederlandse Obesitas Kliniek West B.V.	Healthcare	51	Amersfoortseweg 43, Huis ter Heide, 3712BA, Netherlands
Nellcor Puritan Bennett Ireland Unlimited Company	Healthcare	100	Michael Collins Road, Mervue Galway Ireland
Nellcor Puritan Bennett Ireland Holdings Unlimited Company	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, CT 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, MA 02048 United States
NGC Medical UK Limited	Healthcare	100	Cannon Place, 78 Cannon Street, London, EC4N 6AF, United Kingdom
Nobles Medical Technology, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Obesitas International B.V.	Holding Company	51	Amersfoortseweg 43, Huis ter Heide 3712BA, Netherlands
Obesitas Nederland B.V.	Holding Company	51	Amersfoortseweg 43, Huis ter Heide 3712BA, Netherlands
Old Colony State Insurance Company	Healthcare	100	One Church Street Burlington Vermont 05401 United States
Oridion Capnography, Inc.	Healthcare	100	15 Hampshire Street Mansfield, MA 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	TMF Corporate Services (Aust) Pty Limited, Level 16, 201 Elizabeth Street, Sydney NSW 2000, 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
Pryor and Howard (1988) Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
PT Medtronic Indonesia	Healthcare	100	Gandaria 8 Office Tower 36th Floor, Unit A, Jalan Sultan Iskandar Muda, Kebayoran Lama, Jakarta Selatan 12240, 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, MA 02048 United States
Quro Obesity Center Poly Clinic LLC	Healthcare	100	PO BOX 54045, Parcel ID 375-6402, United Arab Emirates
Responsive Orthopedics, LLC	Healthcare	100	710 Medtronic Parkway, Minneapolis, MN 55432 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, MA 02048 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, MA 02048 United States
Sapheon Vascular B.V.	Healthcare	100	Earl Bakkenstraat 10, Heerlen 6422 PJ, Netherlands
Setagon, Inc.	Healthcare	100	3576 Unocal Place Santa Rosa, CA 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, MA 02048 United States
Sherwood Medical Industries Pty Ltd	Healthcare	100	TMF Corporate Services (Aust) Pty Limited, Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
Societe De Fabrication de Material Orthopedique En Abrege Sofamor	Healthcare	100	27/33, quai Alphonse le Gallo, Immeuble ILEO, Boulogne Billancourt 92100, France
Sofradim Production	Healthcare	100	16 avenue du Formans Trevoux 01600 France
Sophono GmbH	Healthcare	100	Landgrafenstrasse 54, Bad Neuenahr-Ahrweiler 53474, Germany
Sophono, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
SpinalGraft Technologies, LLC	Healthcare	100	4340 Swinnea Road Memphis, TN 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	Earl-Bakken-Platz 1, Meerbusch 40670, Germany
superDimension Ltd.	Healthcare	100	8 Hamonofim St., Herzliah 46725 Israel
superDimension, Inc.	Healthcare	100	555 Long Wharf Drive New Haven, CT 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	140/38 ITF Tower Building, 17th Floor, Silom Road, Khwang Suriyawongse, Khet Bangrak, Bangkok Metropolis, Thailand
THC Pool LLC	Holding Company	100	15 Hampshire Street Mansfield, MA 02048 United States
Tissue Science Laboratories Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, 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	5 Alma Road, Macquarie Park, NSW 2113, Australia
Twelve Medical Ltd	Healthcare	100	250 Chesapeake Drive Redwood City, CA 94063 United States
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, CT 06511 United States
USSC Financial Services Inc.	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
USSC FSC, Inc.	Healthcare	100	400 Capability Green, Luton, Beds LU13AE
USSC Medical GmbH	Healthcare	100	Earl-Bakken-Platz 1, Meerbusch 40670, Germany
Valera Holdings S.a.r.l.	Holding Company	100	3b, bd Prince Henri Luxembourg L-1724 Luxembourg
Valleylab (Australia) Pty. Ltd	Healthcare	100	TMF Corporate Services (Aust) Pty Ltd Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
Valleylab Holding Corporation	Holding Company	100	5920 Longbow Drive Boulder, CO 80301 United States
Valor Merger Sub Ltd.	Holding Company	100	c/o Meitar Liquornik Geve Leshem Tal, Law Offices, 16 Abba Hillel Silver Rd., Ramat Gan 5250608 Israel
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 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, MA 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
World Heart B.V.	Healthcare	100	Erfstraat 10A, 5404 BE Uden
World Heart Corporation	Healthcare	100	4750 Wiley Post Way Suite 120 Salt Lake City, UT 84116 United States

Zephyr Technology LLC	Healthcare	100	6135 Gunbarrel Avenue Boulder, CO 80301 United States
Zorginitiatieven B.V.	Healthcare	51	Amersfoortseweg 43, Huis ter Heide, 3712BZ, Netherlands

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 Karner Limited	Non-operating	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
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, MA 02048 United States
Batts LLC	Non-operating	100	15 Hampshire Street Mansfield, MA 02048 United States
Batts, Inc.	Non-operating	100	15 Hampshire Street Mansfield, MA 02048 United States
Carlisle Philippines, Inc.	Non-Operating	99.3	Metropolitan Manila, Philippines
Covidien Adhesives Italia Srl	Non-operating	100	Via San Bovio, 3 Localita San Felice Segret Milan 20090 Italy
Georgia Packaging, LLC	Non-operating	100	918 8th Avenue PO Box 1158 Columbus, GA 31902 United States
Karner Europe AB	Non-operating	100	Vasagatan 7, Box 180, Stockholm SE-101 23, Sweden
Karner Europe GmbH	Non-operating	100	Fichtenweg 5a, Illertissen 89257, Germany
Kendall Ludlow Holding Corporation	Non-Operating	100	15 Hampshire Street Mansfield, MA 02048 United States
Plastics Holding Corporation	Non-operating	100	15 Hampshire Street Mansfield, MA 02048 United States
Polyken Technologies Europe, Inc.	Non-operating	100	15 Hampshire Street Mansfield, MA 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

At April 27, 2018, 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 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	Czech Republic
Covidien AG	Kenya
Covidien AG	Morocco
Covidien AG	Ukraine
Covidien AG	Serbia
Covidien AG	Jordan
Covidien AG	Lebanon
Covidien AG	Saudi Arabia
Covidien AG	Egypt
Covidien AG	Iraq
Covidien AG succursale de Tolochenaz	Switzerland
Covidien Caribbean, Inc.	Puerto Rico
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	Indonesia
Covidien Private Limited	Pakistan
Covidien Private Limited	Philippines
Covidien Private Limited	Sri Lanka
Davis & Geck Caribe Limited	Dominican Republic
Invatec S.p.A.	China
India Medtronic Private Limited	Bangladesh
Medtronic AG	Pakistan
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, 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 s.r.o.	Czech Republic
Medtronic World Trade Corporation	Israel
Representative Office of Medtronic Marketing AG Swiss Confederation	Belarus
Representative Office of Covidien AG	Algeria
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

28. **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 22, 2018 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 22, 2018, adjustments were made to recognize certain litigation charges related to probable and estimable damages for matters which existed at April 27, 2018.

The following subsequent event adjustments were made to previously reported balances on the Form 10-K statement of income for fiscal year 2018:

(in millions)	As reported in Form 10-K	Litigation adjustment	Adjusted balance
Certain litigation charges	$ 61	$ 103	$ 164
Income tax provision	2,580	(10)	2,570

The following subsequent event adjustments were made to previously reported balances on the Form 10-K balance sheet at April 27, 2018:

(in millions)	As reported in Form 10-K	Litigation adjustment	Adjusted balance
Other accrued expenses	$ 3,431	$ 103	$ 3,534
Tax assets	1,465	10	1,475

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

29. Approval of Financial Statements

The Board of Directors approved the financial statements on August 31, 2018.

Medtronic Public Limited Company
Company Financial Statements
Financial Year Ended April 27, 2018

Medtronic plc
Company Balance Sheet

(in millions)	Note	April 27, 2018	April 28, 2017
Fixed assets			
Financial assets	2	$ 104,697	$ 104,806
Current assets			
Debtors	3	3,062	3,073
Total current assets		3,062	3,073
Creditors (amounts falling due within one year)	4	45	44
Net current assets		3,017	3,029
Total assets less current liabilities		107,714	107,835
Creditors (amounts falling due after more than one year)	4	12,675	8,568
Net assets		$ 95,039	$ 99,267
Capital and reserves			
Called-up share capital presented as equity	5	$ —	$ —
Share premium account	5	51,670	51,271
Profit and loss account	5	43,369	47,996
Equity shareholders' funds		$ 95,039	$ 99,267

Approved by the Board of Directors and signed on its behalf on August 31, 2018 by:

/s/ Randall J. Hogan, III
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
April 29, 2016	1,399	$ —	$ 50,772	$ 53,817	104,589
Issuance of shares under stock purchase and award plans	13	—	499	(71)	428
Total comprehensive loss for the financial year	—	—	—	(178)	(178)
Dividends paid	—	—	—	(2,376)	(2,376)
Share-based compensation	—	—	—	348	348
Redemption and cancellation of shares	(43)	—	—	(3,544)	(3,544)
April 28, 2017	1,369	$ —	$ 51,271	$ 47,996	$ 99,267
Issuance of shares under stock purchase and award plans	10	—	399	(70)	329
Total comprehensive loss for the financial year	—	—	—	(311)	(311)
Dividends paid	—	—	—	(2,494)	(2,494)
Share-based compensation	—	—	—	344	344
Redemption and cancellation of shares	(25)	—	—	(2,097)	(2,097)
Other	—	—	—	1	1
April 27, 2018	1,354	$ —	$ 51,670	$ 43,369	$ 95,039

1. Basis of Presentation and Summary of Significant Accounting Policies

Medtronic plc (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., a US incorporated entity, (collectively, the Transaction). Upon completion of the Transaction on January 26, 2015, Medtronic plc replaced Medtronic, Inc., as the ultimate holding company of the Medtronic group.

Medtronic plc is incorporated as a company limited by shares in the Republic of Ireland (registration number 545333). The address of its registered office is 20 On Hatch, Hatch Street Lower, Dublin 2, Ireland.

Statement of Compliance The entity financial statements have been prepared on a going concern basis and in accordance with accounting standards issued by the UK Financial Reporting Council 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 Irish Law.

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.

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 their 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 relate to the carrying value of the investment in subsidiaries.

Going Concern The Company meets its day-to-day working capital requirements through its inter-company facilities. 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 statement of comprehensive income.

Currency exchange gains and losses that relate to borrowings and cash and cash equivalents are recognized in interest payable and similar expenses in the statement of comprehensive income. All other currency exchange gains and losses are recognized in Other expense in the statement of comprehensive income.

Investment in Subsidiaries Investment in subsidiaries is recorded at cost, which equaled fair value on the date of the completion of the Transaction, 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.

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.

Cash at Bank and In-Hand Cash at bank and in hand includes all cash balances and deposits which are repayable upon demand.

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 comprehensive income. 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 statement of comprehensive income.

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 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.

Taxation Income tax expense for the financial year comprises current and deferred tax recognized in the financial year. Current or deferred tax assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the financial year or past financial years. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial year.

Deferred tax is recognized in respect of all timing differences, which are differences between taxable profits and total comprehensive income as stated in the financial statements except in certain circumstances. Unrelieved tax losses and other deferred tax assets are recognized only when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognized in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial year end and that are expected to apply to the reversal of the timing difference.

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.

2. Financial Assets

The principal activity of the Company is investment holding.

(in millions)	
April 28, 2017	$ 104,806
Investment in subsidiary undertakings	344
Recharge related to stock-based compensation	(453)
April 27, 2018	$ 104,697

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	3b Boulevard Prince Henri, L-1724, Luxembourg
Medtronic Irish Finco Unlimited Company	Healthcare	100	20 on Hatch, Lower Hatch Street, Dublin 2, Ireland
Medtronic Global Holdings GP S.a.r.l	Holding Company	100	3b Boulevard Prince Henri, L-1724, Luxembourg
Covidien Logistics BVBA	Healthcare	100	Weg naar Zwartberg, Opglabbeek, 3660 Belgium

3. Debtors

Debtors consisted of the following:

(in millions)	April 27, 2018	April 28, 2017
Amounts falling due within one year:		
Due from subsidiary undertakings	$ 3,055	$ 3,063
Other debtors and prepayments	7	10
Total amounts falling due within one year	$ 3,062	$ 3,073

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 27, 2018	April 28, 2017
Amounts falling due within one year:		
Income taxes payable	$ 15	$ 13
Accruals and other creditors	30	31
Total amounts falling due within one year	$ 45	$ 44
Amounts falling due after one year:		
Due to subsidiary undertakings	$ 12,675	$ 8,568
Total amounts falling due after one year	$ 12,675	$ 8,568

At the balance sheet date, the amounts falling 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 68 basis points, respectively. During the year, the Company increased the commitment amount on the revolving loan it holds with a subsidiary undertaking, from $10 billion to $20 billion.

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 27, 2018	
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	1,354,218,154	$ —
A Preferred Shares, $1.00 par value	1,872	—
Total allotted, called up and fully paid		$ —

(in millions, except share data)	April 28, 2017	
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	1,369,424,818	$ —
A Preferred Shares, $1.00 par value	1,872	—
Total allotted, called up and fully paid		$ —

Ordinary Shares The rights and restrictions attaching to the Ordinary Shares shall be as follows: subject to the right of the Company to set record dates for the purposes of determining the identity of members entitled to notice of and/or to vote at a general meeting and any rules or regulations applicable to the conduct of any general meeting of the Company, the right to attend and speak at any general meeting of the Company and to exercise one vote per Ordinary Share held at any general meeting of the Company; the right to participate pro rata in all dividends declared by the Company with respect to the Ordinary Shares; and the right, in the event of the Company's winding up, to participate pro rata with all other Ordinary Shares in the total assets of the Company.

The rights attaching to the Ordinary Shares shall be subject to the terms of issue of any series or class of Preferred Shares allotted by the Directors from time to time. All Ordinary Shares shall rank *pari passu* with each other in all respects.

Euro Deferred Shares The authorized share of capital of the Company includes 40 thousand Euro Deferred Shares, with a par value of €1.00 per share. At April 27, 2018, no Euro Deferred Shares were issued or outstanding.

Preferred Shares The Directors are authorized to issue all or any of the authorized but unissued Preferred Shares from time to time in one or more classes or series, and to fix for each such class or series such voting power, full or limited, or no voting power, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Directors. No preference shares are in issue in either the current or prior financial years.

A Preferred Shares In connection with the completion of the Transaction, the Company issued 624 A Preferred Shares, par value $1.00 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 Transaction, 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 Unlimited Company (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 Transaction 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 Transaction, on January 26, 2015, on completion of the Transaction 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 Transaction 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.

Share premium records amounts greater than the par value on issuances of the Company's ordinary share capital.

6. Guarantees and Contingencies

The Company has the following contingent liabilities, estimated to amount to a potential maximum of $24.5 billion arising from the Company's guarantee of the Group debt outlined below.

On January 26, 2015, Medtronic plc 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).

Of the $24.5 billion, Medtronic, Inc. has $20.8 billion aggregate principal amount issued and outstanding consisting of the following; $500 million aggregate principal amount of floating rate senior notes due 2020, $2.5 billion aggregate principal amount of 2.500 percent senior notes due 2020, $500 million aggregate principal amount of 4.125 percent senior notes due 2021, $675 million aggregate principal amount of 3.125 percent senior notes due 2022, $2.5 billion aggregate principal amount of 3.150 percent senior notes due 2022, $530 million aggregate principal amount of 2.750 percent senior notes due 2023, $850 million aggregate principal amount of 3.625 percent senior notes due 2024, $4.0 billion aggregate principal amount of 3.500 percent senior notes due 2025, $2.382 billion aggregate principal amount of 4.375 percent senior notes due 2035, $300 million aggregate principal amount of 6.500 percent senior notes due 2039, $500 million aggregate principal amount of 5.550 percent senior notes due 2040, $400 million aggregate principal amount of 4.500 percent senior notes due 2042, $325 million aggregate principal amount of 4.000 percent senior notes due 2043, $650 million aggregate principal amount of 4.625 percent senior notes due 2044, and $4.150 billion aggregate principal amount of 4.625 percent senior notes due 2045 (collectively, the “Medtronic Outstanding Notes”).

During the year, Medtronic, Inc. repaid its 1.500 percent three-year 2015 senior notes, including accrued interest, for $1.0 billion, its 1.375 percent five-year 2013 senior notes, including accrued interest, for $1.0 billion, its 4.450 percent ten-year 2010 senior notes, including accrued interest and early redemption premium, for $795 million, and its 5.600 percent ten-year 2009 senior notes, including accrued interest and early redemption premium, for $413 million.

CIFSA has $1.9 billion aggregate principal amount issued and outstanding, consisting of $600 million aggregate principal amount of 4.200 percent senior notes due 2020, $650 million aggregate principal amount of 3.200 percent senior notes due 2022, $310 million aggregate principal amount of 2.950 percent senior notes due 2023, and $374 million aggregate principal amount of 6.550 percent senior notes due 2037 (collectively, the “Covidien Outstanding Notes”). During the year, CIFSA repaid its 6.000 percent

ten-year 2008 senior notes, including accrued interest, for $1.2 billion.

Also, on January 26, 2015, Medtronic Luxco entered into various agreements pursuant to which, it 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. The Company is a party to a guarantee for the obligations of Medtronic Luxco under the 2015 Commercial Paper Program. At April 27, 2018, the Company had $698 million (2017: $901 million) of commercial paper outstanding.

The Company has a $3.5 billion five year revolving syndicated line of credit facility ($3.5 Billion Revolving Credit Facility), by and among Medtronic plc, Medtronic, Inc., Medtronic Luxco, 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 Company is a party to a guarantee for the obligations under the Amended and Restated Revolving Credit Agreement. At April 27, 2018 and April 28, 2017, no amounts were outstanding on the committed line of credit.

On January 26, 2015, Medtronic, Inc. borrowed $3.0 billion for a term of three years under a senior unsecured term loan credit agreement (the "Term Loan Credit Agreement"), among Medtronic, Inc., Medtronic plc, Medtronic Luxco, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent. The Term Loan Credit Agreement was entered into to finance, in part, the cash component of the acquisition of Covidien and certain transaction expenses. The Company was a party to a guarantee for the obligations of Medtronic, Inc. under the Term Loan Credit Agreement. During the year, the Company repaid its senior unsecured term loan, including interest, for $3.0 billion.

In March 2017, Medtronic Luxco issued two tranches of Senior Notes with an aggregate face value of $1.850 billion (collectively, the 2017 Senior Notes). The first tranche consisted of $1.0 billion of 1.700 percent Senior Notes due 2019 and the second tranche consisted of $850 million of 3.350 percent Senior Notes due 2027. Concurrent with the offering by Medtronic Luxco, Medtronic, Inc. issued $150 million in principal amount of its 4.625 percent Senior Notes due 2045 (the Reopening Notes). The Reopening Notes are a further issuance of, and form a single series with, the $4.0 billion principal amount of Medtronic, Inc.'s previously outstanding 4.625 percent Senior Notes due 2045. The Company used the net proceeds from the sale of the 2017 Senior Notes and the Reopening Notes for general corporate purposes. The Company is a party to a guarantee for the obligations of Medtronic Luxco and Medtronic, Inc. for these issuances.

The Company provides a guarantee for intercompany liabilities totaling $28 billion, in relation to intercompany financing activities, for a number of subsidiary entities and also guarantees a third-party netting agreement, entered into by a subsidiary up to $750 million. The Company is a party to a guarantee arrangement with an external counterparty whereby it guarantees a total of less than $1 million in grant monies received by a subsidiary of the Company.

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 23.

7. Loss 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 financial year 2018 and financial year 2017 as determined in accordance with Irish GAAP (FRS 102) was $311 million and $178 million, respectively.

8. Related-party Transactions

The Company has not disclosed related party transactions between the Company and 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. Auditors' Remuneration

Auditors' remuneration for services provided by the statutory auditor to the Company was as follows:

	Fiscal Year	
(in thousands)	**2018**	**2017**
Audit of Company financial statements	$ 27	$ 27

Note 26 to the consolidated financial statements provides additional details of fees paid by the Group to the statutory auditor, PricewaterhouseCoopers Ireland.

10. Subsequent Events

Subsequent events have been evaluated through August 31, 2018, the date this report was approved by the Board of Directors. There have been no material events of note, since year end, other than those noted in Note 28 to the consolidated financial statements.

11. Approval of Financial Statements

The Board of Directors approved the financial statements on August 31, 2018.