Medtronic Public Limited Company
Directors' Report and Financial Statements
Financial Year Ended April 24, 2020

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Directors' Report
For the Financial Year Ended April 24, 2020

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 24, 2020, which are set out on pages 45 to 123, and audited entity financial statements of Medtronic plc (the Company or Medtronic) for the financial year ended April 24, 2020, which are set out on pages 124 to 134.

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 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 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 24, 2020 (fiscal year 2020) and April 26, 2019 (fiscal year 2019) 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. 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 healthcare access globally, primarily in emerging markets.
- Economic Value: Becoming a leader in value-based healthcare 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 healthcare providers, distributors, and other institutions, including governmental healthcare programs and group purchasing organizations (GPOs).

Cardiac and Vascular Group The Cardiac and Vascular Group is made up of the Cardiac Rhythm & Heart Failure, Coronary & Structural Heart, and Aortic, Peripheral & Venous 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 Brain Therapies, Spine, 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 1 and Type 2 diabetes. The primary medical specialists who use and/or prescribe our Diabetes products are endocrinologists and primary care physicians.

Key Performance Indicators

The global healthcare system is facing an unprecedented challenge as a result of the Covid-19 pandemic ("COVID-19" or the "pandemic"). The Group's top priority during this pandemic has been to ensure the health and well-being of our more than 90,000 employees and their families around the globe. In addition, the Group is focused on fulfilling our mission and getting our products and therapies to those who need them by rapidly expanding the production and distribution of critical products in the fight against COVID-19, including dramatically increased ventilator production and partnering with key government authorities to allocate our ventilators to the communities that need them most. In fiscal year 2020, turnover of Airway and Ventilator products represented approximately ten percent of the Minimally Invasive Therapies Group's turnover. Medtronic has been supporting our communities during this time of need by, among other things, providing direct support in the form of donations of certain products, and we made an $80 million contribution to the Medtronic Foundation during fiscal year 2020, which has provided direct financial assistance to communities around the world.

COVID-19 is having, and will likely continue to have, an adverse impact on significant aspects of our Company and business, including the demand for our products, our operations, supply chains and distribution systems, and our ability to research and develop and bring to market new products and services. Almost all of our businesses have been affected by a decline in procedure volumes as a result of COVID-19 as hospital resources have been diverted to fight the pandemic, and many government agencies in conjunction with healthcare systems have made decisions to postpone many deferrable and semi-deferrable procedures that use our products. In addition, some people are avoiding seeking treatment for non-COVID-19 emergency procedures, resulting in an impact to those emergent product lines. It is not possible to accurately predict the timing of a broad resumption of deferrable medical procedures and, to the extent individuals and hospital systems continue to de-prioritize, delay or cancel these procedures, our business, cash flows, financial condition and results of operations would continue to be negatively affected.

Further, COVID-19 is straining hospital systems around the world, resulting in adverse financial impacts to those systems which has resulted in and may continue to result in reduced future expenditures for capital equipment and other products and services we provide. The Group has experienced recent changes in customer buying patterns as customers have prioritized preservation of cash and reduced their holdings of certain purchased product inventories, especially in more deferrable procedure categories. As COVID-19 continues to impact hospital systems and other customers, we may encounter higher inventory levels which could result in inventory obsolescence due to excess and/or expired inventory. Additionally, the pandemic's impact on our customers may adversely impact the collectability of our current and future trade debtor balances. COVID-19 has also disrupted and may continue to disrupt our product launches for our recently approved products and may negatively impact the regulatory approval of new products. Clinical trials generally have suspended enrollment due to facility closures and governmental restrictions, which we expect will delay the results from those clinical trials and will impact our ability to timely bring new products to market.

In addition, a significant number of our global suppliers, vendors, and distributors have been adversely affected by COVID-19, including an adverse impact on the ability of their employees to get to their places of work and maintain the continuity of their on-site operations. Therefore, although we work closely with our suppliers to try to ensure continuity of supply while maintaining high quality and reliability, the supply of certain components, raw materials, and services has been and may continue to be interrupted, in certain instances, as a direct result of COVID-19.

Consolidated Results of Operations Profit for fiscal year 2020 was $5.0 billion as compared to $4.7 billion for fiscal year 2019, representing an increase of five percent. Diluted earnings per share for fiscal year 2020 was $3.67 as compared to $3.48 for fiscal year 2019, representing an increase of five percent.

The table below illustrates turnover by segment for fiscal years 2020 and 2019:

	Fiscal Year		
(in millions)	**2020**	**2019**	**% Change**
Cardiac and Vascular Group	$ 10,468	$ 11,505	(9)%
Minimally Invasive Therapies Group	8,352	8,478	(1)
Restorative Therapies Group	7,725	8,183	(6)
Diabetes Group	2,368	2,391	(1)
Total	$ 28,913	$ 30,557	(5)%

The decrease in turnover for fiscal year 2020 as compared to fiscal year 2019 was primarily attributable to the decline in procedure volume and, to a lesser extent, changing customer buying patterns resulting from the impact of COVID-19 in the fourth quarter of fiscal year 2020. Changing customer buying patterns were primarily experienced in the Cardiac Rhythm & Heart Failure business, and to a lesser extent, in the Restorative Therapies Group with our Biologics business in Spine, and our Pain Therapies business.

We remain focused against our three growth strategies: therapy innovation, globalization, and economic value. We continue to allocate our capital to higher growth markets and new opportunities that create competitive advantages and capitalize 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.

We continue to see an acceleration in our innovation cycle within our therapy innovation growth strategy. Our segments invest in a pipeline of groundbreaking medical technology. We remain focused on our globalization strategy as our emerging markets continue to benefit from geographic diversification, with balanced results around the world. Finally, in our third growth strategy, economic value, we continue to execute our value-based healthcare signature programs and develop unique, value-based healthcare solutions that directly link our therapies to improving outcomes while delivering improved economic value to the payers and providers. 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 include turnover by market geography for each of our segments for fiscal years 2020 and 2019:

	U.S.[1, 2]			Non-U.S. Developed Markets[1, 3]			Emerging Markets[1, 4]		
(in millions)	Fiscal Year 2020	Fiscal Year 2019	% Change	Fiscal Year 2020	Fiscal Year 2019	% Change	Fiscal Year 2020	Fiscal Year 2019	% Change
Cardiac and Vascular Group	$ 5,062	$ 5,750	(12)%	$ 3,519	$ 3,767	(7)%	$ 1,887	$ 1,988	(5)%
Minimally Invasive Therapies Group	3,532	3,630	(3)	3,169	3,250	(2)	1,651	1,598	3
Restorative Therapies Group	5,122	5,478	(6)	1,659	1,759	(6)	945	946	—
Diabetes Group	1,204	1,336	(10)	940	855	10	224	200	12
Total	$ 14,919	$ 16,194	(8)%	$ 9,287	$ 9,631	(4)%	$ 4,707	$ 4,732	(1)%

(1) The data in this schedule has been intentionally rounded to the nearest million and, therefore, may not sum.
(2) U.S. includes the United States and U.S. territories.
(3) Non-U.S. developed markets include Japan, Australia, New Zealand, Korea, Canada, and the countries within Western Europe.
(4) 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.

Turnover decreases in the U.S., non-U.S. developed markets, and emerging markets for fiscal year 2020 as compared to fiscal year 2019 were primarily attributable to the impact of COVID-19 in the fourth quarter of fiscal year 2020 driven by a combination of deferred procedures and reduced demand for certain products as hospital systems prioritized treatment of COVID-19 patients and customers sought to preserve cash. Turnover decreases in non-U.S. developed markets for fiscal year 2020 were partially offset by growth in the Diabetes group due to strong demand for supplies internationally. Turnover decreases in non-U.S. developed markets were led by Australia and New Zealand as well as Western Europe, partially offset by growth in Korea. Turnover decreases in emerging markets were led by China, partially offset by strong performance in Eastern Europe and Southeast Asia. Currency had an unfavorable impact on turnover in non-U.S. developed markets and emerging markets of $418 million for fiscal year 2020. For the nine months ended January 24, 2020, which was prior to the impact of COVID-19, turnover increased one percent and ten percent in the U.S. and emerging markets, respectively, while turnover remained flat in non-U.S. development markets.

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 2020 and 2019:

	Fiscal year ended April 24, 2020				
(in millions, except per share data)	Profit Before Taxation	Taxation	Profit For The Financial Year	Diluted EPS [1]	Effective Tax Rate
U.S. GAAP	$ 4,275	$ (701)	$ 4,959	$ 3.67	(16.4)%
U.S. Non-GAAP Adjustments:					
Restructuring and associated costs [2]	441	69	372	0.28	15.6
Acquisition-related items [3]	(66)	(18)	(48)	(0.04)	27.3
Certain litigation charges	225	40	185	0.12	17.8
(Gain)/loss on minority investments [4]	19	(3)	22	0.02	(15.8)
Debt tender premium and other charges [5]	406	86	320	0.24	21.2
Medical device regulations [6]	48	6	42	0.03	12.5
Exit of businesses [7]	52	12	40	0.03	23.1
IPR&D charges [8]	25	3	22	0.02	12.0
Contribution to Medtronic Foundation	80	18	62	0.05	22.5
Amortization of intangible assets	1,756	284	1,472	1.09	16.2
Certain tax adjustments, net [9]	—	1,242	(1,242)	(0.92)	—
U.S. Non-GAAP	$ 7,261	$ 1,038	$ 6,206	$ 4.59	14.3 %

	Fiscal year ended April 26, 2019				
(in millions, except per share data)	Profit Before Taxation	Taxation	Profit For The Financial Year	Diluted EPS [1]	Effective Tax Rate
U.S. GAAP	$ 5,300	$ 557	$ 4,724	$ 3.48	10.5 %
U.S. Non-GAAP Adjustments:					
Restructuring and associated costs [2]	407	66	341	0.25	16.2
Acquisition-related items [3]	88	16	72	0.05	18.2
Certain litigation charges	63	14	49	0.04	22.2
(Gain)/loss on minority investments [4]	(62)	3	(65)	(0.05)	(4.8)
Debt tender premium and other charges [10]	457	113	344	0.25	24.7
Exit of businesses [7]	149	31	118	0.09	20.8
IPR&D charges [8]	58	9	49	0.04	15.5
Amortization of intangible assets	1,764	267	1,497	1.10	15.1
Certain tax adjustments, net [11]	—	40	(40)	(0.03)	—
Non-GAAP	$ 8,224	$ 1,116	$ 7,089	$ 5.22	13.6 %

(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 charges primarily include costs incurred in connection with legacy-Covidien enterprise resource planning deployment activities, business combination related costs, changes in fair value of contingent consideration, and a change in amounts accrued for certain contingent liabilities for recent acquisitions.
(4) We exclude unrealized and realized gains and losses on our minority investments as we do not believe these components of profit or expense have a direct correlation to our ongoing or future business operations.
(5) The charges, which include $413 million recognized in *interest payable and similar expenses* and ($7 million) recognized in *other operating (income) expense, net*, primarily relates to the early redemption of approximately $5.2 billion of debt.
(6) The charges represent incremental costs of complying with the new European Union medical device regulations for previously registered products and primarily include charges for contractors supporting the project and other direct third-party expenses.
(7) The net charges relate to the exit of businesses and are primarily comprised of intangible asset impairments.
(8) The charges represent acquired in-process research and development (IPR&D) in connection with asset acquisitions and charges recognized in connection with the impairment of IPR&D assets.

(9) The net benefit primarily relates to the release of a valuation allowance on certain net operating losses, the impact of an intercompany sale of intellectual property, and the impact of tax reform in Switzerland and the United States.

(10) The charges, which include $485 million recognized in *interest payable and similar expenses* and ($28 million) recognized in *other operating (income) expense, net,* primarily relate to the early redemption of approximately $6.4 billion of Medtronic Inc. and CIFSA senior notes.

(11) The net benefit relates to the impacts of U.S. tax reform, along with intercompany legal entity restructuring, and the finalization of certain income tax aspects of the divestiture of our Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses (the Divestiture).

Turnover

The table below illustrates turnover by segment and division for fiscal years 2020 and 2019:

	Turnover by Fiscal Year		Percent Change
(in millions)	2020	2019	2020
Cardiac Rhythm & Heart Failure	$ 5,141	$ 5,849	(12)%
Coronary & Structural Heart	3,541	3,730	(5)
Aortic, Peripheral & Venous	1,786	1,926	(7)
Cardiac and Vascular Group	10,468	11,505	(9)
Surgical Innovations	5,513	5,753	(4)
Respiratory, Gastrointestinal, & Renal	2,839	2,725	4
Minimally Invasive Therapies Group	8,352	8,478	(1)
Brain Therapies	2,922	2,938	(1)
Spine	2,503	2,654	(6)
Specialty Therapies	1,193	1,307	(9)
Pain Therapies	1,107	1,284	(14)
Restorative Therapies Group	7,725	8,183	(6)
Diabetes Group	2,368	2,391	(1)
Total	$ 28,913	$ 30,557	(5)%

Cardiac and Vascular Group

The Cardiac and Vascular Group’s products include pacemakers, insertable 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 and related delivery systems, 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 2020 was $10.5 billion, a decrease of 9 percent as compared to fiscal year 2019. Currency had an unfavorable impact on turnover for fiscal year 2020 of $162 million. The Cardiac and Vascular Group's turnover decline for fiscal year 2020, as compared to fiscal year 2019, was experienced across all divisions and reflected the impact of COVID-19, specifically a significant decline in deferrable procedure volumes and reduced demand for certain of our products experienced in the fourth quarter of fiscal year 2020 as hospital systems prioritized treatment of COVID-19 patients.

Cardiac Rhythm & Heart Failure (CRHF) turnover for fiscal year 2020 was $5.1 billion, a decrease of 12 percent as compared to fiscal year 2019. Declines were experienced in ICDs, CRT-Ds, LVADs, insertable cardiac monitoring systems, pacemakers, and products for the treatment of atrial fibrillation as a result of a global slowdown in procedural volumes experienced in the fourth quarter of fiscal year 2020 related to COVID-19. Additionally, Arrhythmia Management products were impacted by changing customer buying patterns during the fourth quarter resulting from COVID-19. While the overall Pacing business declined, the Micra transcatheter pacing system experienced growth during the year resulting from continued adoption and the third quarter launch of Micra AV. Additionally, LVAD headwinds resulting from competitive pressures in the U.S continue to negatively impact the division's turnover.

Coronary & Structural Heart (CSH) turnover for fiscal year 2020 was $3.5 billion, a decrease of 5 percent as compared to fiscal year 2019. Procedural volume declines related to COVID-19 resulted in decreased turnover across the division, with the exception of transcatheter aortic valves which experienced turnover growth during the year, and guide catheters which were flat compared to fiscal year 2019. Turnover growth in transcatheter aortic valves was driven by expansion of the Evolut Pro+ platform into the low risk patient population.

Aortic, Peripheral & Venous (APV) turnover for fiscal year 2020 was $1.8 billion, a decrease of 7 percent as compared to fiscal year 2019, which was also driven by COVID-19 related declines in procedure rates. Declines were experienced across all products, with the exception of thoracic stent grafts and the VenaSeal vein closure system. Growth in thoracic stent grafts is a result of continued momentum from the launch of the Valiant Navion thoracic stent graft system. Additionally, turnover of the division continues to be impacted by declines in drug-coated balloons due to uncertainty around Paclitaxel in the market.

Minimally Invasive Therapies Group

The Minimally Invasive Therapies Group’s products span the entire continuum of patient care from diagnosis to recovery, 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, surgical stapling devices, vessel sealing instruments, wound closure, electrosurgery products, hernia mechanical devices, mesh implants, advanced ablation, interventional lung, ventilators, capnography, airway products, sensors, renal care products, and patient monitoring products. The Minimally Invasive Therapies Group’s turnover for fiscal year 2020 was $8.4 billion, a decrease of 1 percent as compared to fiscal year 2019. Currency had an unfavorable impact on turnover of $142 million for fiscal year 2020. The Minimally Invasive Therapies Group's turnover decline for fiscal year 2020, as compared to fiscal year 2019, reflected the impact of COVID-19 in the fourth quarter of fiscal year 2020, specifically impacted by deferrable procedure volumes. The turnover decline was partially offset by growth in Respiratory and Patient Monitoring as demand in Ventilators and Airways grew globally. Prior to the pandemic, turnover performance for fiscal year 2020 was attributable to growth in both Surgical Innovations and Respiratory, Gastrointestinal, & Renal divisions.

Surgical Innovations (SI) turnover for fiscal year 2020 was $5.5 billion, a decrease of 4 percent as compared to fiscal year 2019. Surgical Innovations turnover declines were experienced across all product lines and were driven by the impact of COVID-19 in the fourth quarter of fiscal year 2020. Surgical Innovations was impacted significantly from the decline in surgical volumes, particularly Bariatric, Colorectal, Gynecological Health, Hernia, and Thoracic. Aside from the declines due to the pandemic, turnover performance for fiscal year 2020 was strong in Advanced Stapling and Advanced Energy, led by the LigaSure Exact Dissector and L-Hook Laparoscopic Sealer/Divider, Sonicision curved jaw cordless ultrasonic dissection system, Valleylab FT10 energy platform, and Endo GIA and EEA circular stapler platforms with Tri-Staple technology.

Respiratory, Gastrointestinal, & Renal (RGR) turnover for fiscal year 2020 was $2.8 billion, an increase of 4 percent as compared to fiscal year 2019. Respiratory, Gastrointestinal, & Renal turnover growth was due in part to increased demand during the fourth quarter for ventilators and airways products due to COVID-19. The turnover growth was driven by strength in Respiratory and Patient Monitoring, including the Puritan Bennett ventilator portfolio, Nellcor pulse oximetry, and Microstream capnography monitoring products. Also driving growth for fiscal year 2020 was growth in Renal Care due to strong demand for Renal Access Catheters and Acute/Chronic Bellco consumables, as dialysis treatment continued throughout the pandemic.

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, epilepsy, overactive bladder, urinary retention, fecal incontinence and gastroparesis, as well as products to treat conditions of the ear, nose, and throat (ENT), and systems that incorporate advanced energy surgical instruments. The Restorative Therapies Group also manufactures and sells image-guided surgery and intra-operative imaging systems, robotic guidance systems used in robot assisted spine procedures, 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 2020 was $7.7 billion, a decrease of 6 percent as compared to fiscal year 2019. Currency had a negative impact on turnover for fiscal year 2020 of $71 million. The Restorative Therapies Group’s turnover decline reflected the impact of COVID-19 in the fourth quarter of fiscal year 2020, specifically a decline in deferrable procedures, a reduction in capital equipment purchases, and reduced demand for certain of our products as hospital systems prioritized treatment of COVID-19 patients. Prior to the pandemic, turnover performance for fiscal year 2020 was driven by increases in Brain Therapies, Spine, and Specialty Therapies divisions, partially offset by modest declines in Pain Therapies.

Brain Therapies turnover for fiscal year 2020 was $2.9 billion, a decrease of 1 percent as compared to fiscal year 2019. Brain Therapies declines were driven by declines in Neurosurgery, partially offset by strength in Neurovascular. Neurovascular turnover growth was driven by continued strength in our Ischemic stroke products and modest growth in Hemorrhagic stroke

products. Hemorrhagic stroke saw continued growth in flow diversion products, particularly with the Pipeline Flex flow diversion system, partially offset by fourth quarter declines due to procedural deferrals caused by COVID-19. Ischemic stroke saw continued strong adoption of the recently launched Solitaire X stent retriever products as well as our Riptide aspiration system and React catheters. Neurosurgery turnover declines were impacted by delays in capital equipment sales during the fourth quarter due to COVID-19, particularly with the Mazor X robotic guidance systems, StealthStation S8 surgical navigation systems, and O-Arm Imaging Systems. These declines were partially offset by strength in turnover across all of these systems throughout fiscal year 2020 prior to COVID-19.

Spine turnover for fiscal year 2020 was $2.5 billion, a decrease of 6 percent as compared to fiscal year 2019. The declines were experienced across all product lines and were primarily driven by the impact of COVID-19. The 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, was particularly impacted by the reduction in capital equipment purchases as a result of the pandemic. Turnover declines in Core Spine were driven by procedural deferrals as a result of the pandemic. Changing customer buying patterns also drove turnover declines within Biologics as COVID-19 drove a reduction in certain customer purchases in the fourth quarter of fiscal year 2020, as compared to the corresponding period in the prior fiscal year. Prior to the pandemic's impact, turnover for fiscal year 2020 was driven by the Surgical Synergy strategy for spinal implants with enabling technologies, and new product penetration from recently launched Core Spine products, including the Infinity OCT System, T2 Stratosphere, and Prestige LP cervical disc system. Finally, Core Spine turnover also benefited from the acquisition of Titan Spine in the first quarter of fiscal year 2020.

Specialty Therapies turnover for fiscal year 2020 was $1.2 billion, a decrease of 9 percent as compared to fiscal year 2019. Turnover declines were primarily caused by deferral of procedures across both ENT and Pelvic Health as a result of COVID-19. Prior to the pandemic's impact, fiscal year 2020 turnover was driven by capital equipment sales of the StealthStation ENT surgical navigation system, intraoperative NIM nerve monitoring system, and powered ENT instruments.

Pain Therapies turnover for fiscal year 2020 was $1.1 billion, a decrease of 14 percent as compared to fiscal year 2019. The decrease in turnover was primarily driven by the continued overall slowdown in the U.S. spinal cord stimulation market, as well as fourth quarter procedural deferrals and changes in customer buying patterns resulting from COVID-19.

Diabetes Group

The Diabetes Group's products include insulin pumps, continuous glucose monitoring (CGM) systems, and insulin pump consumables. The Diabetes Group’s turnover for fiscal year 2020 was $2.4 billion, a decrease of 1 percent as compared to fiscal year 2019. Currency had an unfavorable impact on turnover for fiscal year 2020 of $42 million. The Diabetes Group's turnover declines for fiscal year 2020 were primarily attributable to the insulin pump business, particularly with competitive pressure in the U.S. and new patient start delays from physician office closings in the fourth quarter of fiscal year 2020 associated with COVID-19. These declines were partially offset by growth in international markets resulting from sustained strong consumer demand for the MiniMed 670G, as well as the higher sensor attachment and utilization associated with the global adoption of sensor-augmented insulin pump systems. We also launched our Next Tech Pathway program during the third quarter of fiscal year 2020 to ensure eligible patients have access to upcoming product innovations.

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	
	2020	2019
Cost of sales	32.6 %	30.0 %
Research and development	8.1 %	7.6 %
Distribution and administrative expense	41.0 %	39.9 %

Cost of Sales We continue to focus on reducing our costs of production through supplier management, manufacturing improvements, and optimizing our manufacturing network. Cost of sales were $9.4 billion and $9.2 billion during fiscal years 2020 and 2019, respectively. The increase in cost of sales as a percentage of turnover from fiscal year 2020, as compared to fiscal year 2019, was largely due to increased expenses as a result of COVID-19, including expanded manufacturing facility cleaning, increased protective equipment, bonuses for our factory employees, and higher freight and obsolescence charges, as well as negative impact from mix, as products in higher demand carried lower margin. Additionally, the increase was driven by increased restructuring and associated costs and increased duty, driven in part by increased China tariffs on inbound products. Cost of sales for fiscal year 2020 includes $155 million of restructuring and associated costs, as compared to $91 million for fiscal year 2019.

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 during fiscal years 2020 and 2019.

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 consists of salaries and wages, other administrative costs, such as professional fees and marketing expenses, certain acquisition, restructuring, and divestiture-related expenses, and amortization expense.

Distribution and administrative expense was $11.9 billion and $12.2 billion during fiscal years 2020 and 2019, respectively. The increase in distribution and administrative expense as a percentage of turnover from fiscal year 2019 to 2020 was primarily due to the deleveraging experienced in the fourth quarter of fiscal year 2020 as a result of COVID-19. The increase in distribution and administrative expense as a percentage of turnover is also attributable to the increase in restructuring and associated costs. Distribution and administrative expense in fiscal year 2020 includes $168 million of restructuring and associated costs, as compared to $118 million in fiscal year 2019. These increases were partially offset by savings from our Enterprise Excellence program, cost containment measures, and decreased variable compensation costs.

The following is a summary of other costs and expenses:

	Fiscal Year	
(in millions)	**2020**	**2019**
Restructuring charges, net	$ 118	$ 198
Certain litigation charges, net	225	63
Other operating (income) expense, net	(61)	258
Other non-operating income, net	(356)	(373)
Interest payable and similar expenses	1,092	1,444

Restructuring Charges, Net

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 charges are related to employee termination benefits. The remaining 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 2020, we recognized charges of $462 million, partially offset by provision adjustments of $21 million related to certain employees identified for termination finding other positions within Medtronic. For fiscal year 2020, charges included $130 million recognized within *restructuring charges, net* in the consolidated profit and loss account, primarily comprised of employee termination benefits. For fiscal year 2020, 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 $149 million recognized within *cost of sales* and $165 million recognized within *distribution and administrative expense* in the consolidated profit and loss account. For fiscal year 2020, *cost of sales* also included $6 million of fixed asset write-downs, and *distribution and administrative expense* included $3 million of fixed asset write-downs.

During fiscal year 2019, we recognized charges of $424 million. For fiscal year 2019, charges included $198 million recognized within *restructuring charges, net* in the consolidated profit and loss account, primarily comprised of employee termination benefits. For fiscal year 2019, 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 $91 million recognized within *cost of sales,* and $101 million recognized within *distribution and administrative expense* in the consolidated profit and loss account. For fiscal year 2019, *distribution and administrative expense* also included $17 million of fixed asset write-downs.

For additional information, see Note 3 to the consolidated financial statements.

Certain Litigation Charges We classify litigation charges and gains related to significant legal matters as certain litigation charges. During fiscal years 2020 and 2019, we recognized $225 million, and $63 million, respectively, of certain litigation charges related to probable and estimable damages for significant legal matters.

Other Operating (Income) Expense, Net Other operating (income) expense, net primarily includes royalty income and expense, currency remeasurement and derivative gains and losses, Puerto Rico excise taxes, changes in fair value of contingent consideration, change in amounts accrued for certain contingent liabilities for recent acquisitions, TSA income, a commitment to the Medtronic Foundation, charges associated with business exits, and IPR&D charges. Other operating (income) expense, net was a benefit of $61 million and an expense of $258 million during fiscal years 2020 and 2019, respectively.

The change in other operating (income) expense, net from fiscal year 2019 to 2020 was primarily driven by our remeasurement and hedging programs, which, combined, resulted in a gain of $295 million for fiscal year 2020 as compared to $87 million for fiscal year 2019, and a change in amounts accrued for certain contingent liabilities for recent acquisitions resulting in a $132 million gain. Also contributing to the change was a charge of $80 million recognized in fiscal year 2020 related to our commitment to the Medtronic Foundation and charges of $52 million related to business exits during fiscal year 2020 as compared to $149 million during fiscal year 2019. There were no charges in fiscal year 2019 related to our commitment to the Medtronic Foundation.

Other Non-Operating Income, Net Other non-operating income, net includes the non-service components of net periodic pension and postretirement benefit cost, investment gains and losses, and interest receivable and similar income. Other non-operating income, net was $356 million and $373 million during fiscal years 2020 and 2019, respectively.

The change in other non-operating income, net from fiscal year 2019 to 2020 was primarily attributable to losses on minority investments, partially offset by increased interest receivable and similar income and income from the non-service components of net periodic pension and postretirement benefit costs. Losses on minority investments were $19 million for fiscal year 2020 as compared to gains on minority investments of $62 million for fiscal year 2019. Interest receivable and similar income was $300 million and $267 million for fiscal years 2020 and 2019, respectively, and charges related to the non-service components of net periodic pension and postretirement benefits were $75 million and $45 million for fiscal years 2020 and 2019, respectively.

Interest Payable and Similar Expenses Interest payable and similar expenses includes 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, and charges recognized in connection with the tender and early redemption of senior notes. Interest payable and similar expenses were $1.1 billion for fiscal year 2020 and $1.4 billion for fiscal year 2019. The decrease in interest payable and similar expenses from fiscal year 2019 to 2020 was the result of a decrease in the

weighted-average interest rate of outstanding debt obligations due to debt issuance and tender transactions in the fourth quarter of fiscal year 2019 and first quarter of fiscal year 2020. Interest payable and similar expenses for fiscal year 2020 includes $413 million of charges recognized in connection with the tender and early redemption of senior notes, as compared to $485 million for fiscal year 2019.

Certain Tax Adjustments

During fiscal year 2020, certain tax adjustments of $1.2 billion, recognized in *taxation* in the consolidated profit and loss account, included the following:

- A net benefit of $63 million related to the finalization of certain state tax impacts from U.S. Tax Reform, and the issuance of certain final U.S. Treasury Regulations associated with U.S. Tax Reform. The primary impact of these regulations resulted in the Group re-establishing its permanently reinvested assertion on certain foreign earnings and reversing the previously accrued tax liability. This benefit was partially offset by additional tax associated with a previously executed internal reorganization of certain foreign subsidiaries.

- A benefit of $252 million related to tax legislative changes in Switzerland which abolished certain preferential tax regimes the Group benefited from and replaced them with a new set of internationally accepted measures. The legislation provided for higher effective tax rates but allowed for a transitional period whereby an amortizable asset was created for Swiss federal taxation purposes which will be amortized and deducted over a 10-year period.

- A benefit of $658 million related to the release of a valuation allowance previously recorded against certain net operating losses. Luxembourg enacted tax legislation during the year which required the company to reassess the realizability of certain net operating losses. The Group evaluated both the positive and negative evidence and released valuation allowance equal to the expected benefit from the utilization of certain net operating losses in connection with a planned intercompany sale of intellectual property.

- A net benefit of $269 million associated with the intercompany sale of intellectual property and the establishment of a deferred tax asset.

During fiscal year 2019, certain tax adjustments of $40 million, recognized in *taxation* in the consolidated profit and loss account, included the following:

- A net benefit of $30 million associated with the finalization of the transition tax liability and the Tax Act impact to deferred tax assets, liabilities, and valuation allowances.

- A charge of $42 million related to the recognition of a prepaid tax expense resulting from the reduction in the U.S. statutory tax rate under the Tax Act and the current year sale of U.S. manufactured inventory held as of April 27, 2018.

- A benefit of $32 million related to intercompany legal entity restructuring.

- A net benefit of $20 million associated with the finalization of certain taxation aspects of the Divestiture.

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

We are currently in a strong financial position. Despite the impact from COVID-19, we believe our balance sheet and liquidity provide us with flexibility, and our cash at bank and in hand, and short-term investments, as well as our credit facility and related commercial paper programs outlined below, will satisfy our foreseeable operating needs. We believe we have ample liquidity, with $10.9 billion of cash and investments as of April 24, 2020, and an undrawn $3.5 billion credit facility. Furthermore, we have no public debt maturing until March 2021. Given our strong financial position, we are continuing to focus on making capital allocation decisions to drive our long-term strategies.

Our liquidity and capital structure are 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 redemptions, 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)	2020	2019
Cash provided by (used in):		
Operating activities	$ 7,234	$ 7,007
Investing activities	(3,203)	(774)
Financing activities	(4,198)	(5,431)
Effect of exchange rate changes on cash and cash equivalents	(86)	(78)
Net change in cash and cash equivalents	$ (253)	$ 724

Operating Activities The $227 million increase in net cash provided was primarily driven by a decrease in cash paid for taxation, interest, and certain litigation payments, partially offset by an increase in retirement benefit plan contributions, cash paid for Enterprise Excellence restructuring activities, and an increase in cash paid to employees. The decrease in cash paid for taxation was primarily due to the decrease in estimated federal tax payments, as well as a tax payment associated with the intercompany sale of intellectual property in the first quarter of fiscal year 2019, and a lower transition tax payment made in fiscal year 2020 as compared to fiscal year 2019. Cash paid for interest decreased due to a decrease in interest payable and similar expenses and change in timing of interest payments resulting from the debt tenders and issuances in the first quarter of fiscal year 2020 and the fourth quarter of fiscal year 2019. Certain litigation payments decreased primarily due to the payment of previously accrued settlement amounts for the INFUSE litigation matter in fiscal year 2019. Cash paid to employees increased due to higher annual incentive plan payouts in fiscal year 2020 as compared to fiscal year 2019. COVID-19 did not have a significant impact on our cash collected from customers in the fourth quarter of fiscal year 2020 due to the timing of the pandemic within the quarter and our normal cash collection cycle lag.

For information on retirement benefit plan contributions, refer to Note 19 to the consolidated financial statements. Refer to the "Restructuring Charges, Net" section above and Note 3 to the consolidated financial statements for information on the Enterprise Excellence program.

Investing Activities The $2.4 billion increase in net cash used was primarily attributable to a decrease in net proceeds from purchases and sales of short-term investments and financial assets of $3.6 billion and an increase in cash paid for additions of tangible assets of $79 million, partially offset by a decrease in cash paid for acquisitions of $1.3 billion as compared to fiscal year 2019.

Financing Activities The $1.2 billion decrease in net cash used was primarily attributable to a decrease in net cash used for share redemptions of $1.6 billion and a net decrease in repayments of short-term borrowings of $696 million, partially offset by a decrease in the issuance of ordinary shares of $330 million as compared to fiscal year 2019. Financing cash flows were also impacted by the debt tenders and issuances in the first quarter of fiscal year 2020 and the fourth quarter of fiscal year 2019, as well as payment of notes at maturity in both periods. In the first quarter of fiscal year 2020, we issued $5.6 billion of Euro-denominated senior notes, offset by the tender of $5.2 billion of senior notes for $5.6 billion of total consideration. We also repaid $500 million of senior notes at maturity during the fourth quarter of fiscal year 2020. In the fourth quarter of fiscal year 2019, we issued $7.8 billion of Euro-denominated senior notes, offset by the tender of $6.4 billion of senior notes for $6.9 billion of total consideration. We also repaid $1.0 billion of senior notes at maturity during the fourth quarter of fiscal year 2019.

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)	2020	2019
Net cash provided by operating activities	$ 7,234	$ 7,007
Additions to tangible assets	(1,213)	(1,134)
Free cash flow	$ 6,021	$ 5,873

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 and use unsecured senior debt obligations to meet our long-term financing needs. From time to time, we may repurchase our outstanding debt obligations in the open market or through privately negotiated transactions. Total debt obligations at April 24, 2020 were $24.8 billion, as compared to $25.3 billion at April 26, 2019. The decrease in total debt was primarily driven by the payment of $500 million of five-year floating rate senior notes and the issuance and cash tender offers described below.

In June 2019, we issued six tranches of Euro-denominated senior notes with an aggregate principal of €5.0 billion, with maturities ranging from fiscal year 2021 to fiscal year 2050, resulting in cash proceeds of approximately $5.6 billion, net of discounts and issuance costs. We used the net proceeds of the offering to fund the cash tender offer and early redemption described below. The Euro-denominated debt is designated as a net investment hedge of certain of our European operations.

We completed the cash tender offer of $4.6 billion of senior notes for $5.0 billion of total consideration in July 2019. We recognized a loss on debt extinguishment of $413 million in the first quarter of fiscal year 2020, which primarily included cash premiums and accelerated amortization of deferred financing costs and debt discounts and premiums. The loss on debt extinguishment also included a $16 million charge for the estimated early redemption premium for $533 million of senior notes which were redeemed in August 2019. The loss on debt extinguishment was recognized in *interest payable and similar expenses* in the consolidated profit and loss account.

In May 2020, subsequent to fiscal year 2020, we entered into an unsecured term loan agreement with Mizuho Bank, Ltd. for an aggregate principal amount of up to ¥300 billion, or approximately $2.8 billion, with a term of six months, which may be extended for an additional six months at the Group's option. On May 13, 2020, Medtronic Luxco borrowed the entire amount of the term loan under the Loan Agreement. The proceeds of the loan will be used for general corporate purposes.

For additional information on debt issuance transactions and the cash tender offers and early redemption, refer to Note 17 to the consolidated financial statements. For additional information on the Euro-denominated debt designated as a net investment hedge, refer to Note 15 to the consolidated financial statements.

We maintain multicurrency commercial paper programs 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 both April 24, 2020 and April 26, 2019, we had no commercial paper outstanding. 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 five-year syndicated credit facility (Credit Facility) which expires in December 2024. The Credit Facility provides backup funding for the commercial paper programs 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 $1.0 billion 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 24, 2020 and April 26, 2019, no amounts were outstanding under the Credit Facility.

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 24, 2020.

We redeem our ordinary shares from time to time as part of our focus on returning value to our shareholders. In June 2017, our Board of Directors authorized the expenditure of up to $5.0 billion for new share redemptions. In March 2019, our Board of Directors authorized an incremental $6.0 billion for redemption of our ordinary shares. There is no specific time period associated with these authorizations. During fiscal years 2020 and 2019, we redeemed a total of 12 million and 31 million shares, respectively, under these programs at an average price of $106.22 and $91.43, respectively. At April 24, 2020, we had approximately $6.0 billion remaining under these programs authorized by our Board of Directors. We temporarily halted redemptions of ordinary shares as a result of our reprioritization of capital deployment due to COVID-19, and made no share redemptions in March and April of fiscal year 2020.

For more information on credit arrangements, see Note 17 of the consolidated financial statements.

Liquidity

Our liquidity sources at April 24, 2020 include $4.1 billion of cash at bank and in hand and $6.8 billion of short-term investments. Additionally, we maintain commercial paper programs (no commercial paper outstanding at April 24, 2020) and a Credit Facility. See discussion above regarding changes in our cash at bank and in hand, commercial paper programs, and Credit Facility.

Our investments include available-for-sale debt securities, including U.S. and non-U.S. government and agency securities, corporate debt securities, mortgage-backed securities, other asset-backed securities, and auction rate securities. Some of our investments may experience reduced liquidity due to changes in market conditions and investor demand. For fiscal year 2020, the total other-than-temporary impairment losses on available-for-sale debt securities were not significant. Based on our assessment of the credit quality of the underlying collateral and credit support available to each of the remaining securities in which we are invested, we believe we have 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 24, 2020, we have $141 million of gross unrealized losses on our aggregate available-for-sale debt securities of $6.8 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. There were no significant other-than-temporary impairments at April 24, 2020 and April 26, 2019. 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. See Note 12 to the consolidated financial statements for additional information.

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 24, 2020	April 26, 2019
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 24, 2020 were unchanged as compared to the ratings at April 26, 2019. 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, Credit Facility, and related commercial paper programs.

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 4 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 we consider to be permanently reinvested. We removed our permanently reinvested assertion on the undistributed profit of certain foreign subsidiaries with a U.S. parent which were subject to the transition tax and all profit of these subsidiaries through April 27, 2018. We have reasserted for certain profit of such subsidiaries through April 27, 2018 which were not subject to the transition tax. 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 our cash at bank and in hand and short-term investments, as well as our Credit Facility and related commercial paper programs, 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 which may cause fluctuations in profit and cash flows. We use operational and economic hedges, as well as currency exchange rate derivative instruments, to manage the impact of currency exchange rate fluctuations. 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. Currencies of our derivative instruments include the Euro, Japanese Yen, Chinese Yuan, and others. 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 24, 2020 and April 26, 2019 was $11.9 billion and $11.1 billion, respectively. At April 24, 2020, these contracts were in a net unrealized gain position of $384 million. A sensitivity analysis of changes in the fair value of all currency exchange rate derivative contracts at April 24, 2020 and April 26, 2019 indicates that, if the U.S. dollar uniformly strengthened/weakened by 10 percent against all currencies, it would have the following impact on the fair value of these contracts:

	Increase (decrease)	
(in millions)	**2020**	**2019**
10% appreciation in the U.S. dollar	$ 750	$ 916
10% depreciation in the U.S. dollar	(750)	(916)

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.

In the second quarter of fiscal year 2019, we began accounting for our operations in Argentina as highly inflationary, as the prior three-year cumulative inflation rate exceeded 100 percent. The change did not have a material impact on our results for fiscal year ended 2020.

Interest Rate Risk We are subject to interest rate risk on our 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 24, 2020 was comprised of debt predominately denominated in U.S. dollars and the Euro, of which substantially all is fixed rate debt. We are also exposed to interest rate changes affecting our investments in interest rate sensitive instruments, which include our marketable debt securities.

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 24, 2020 and April 26, 2019, would have the following impact on the fair value of these instruments:

	Increase (decrease)	
(in millions)	2020	2019
10 basis point increase in interest rates	$ 34	$ 49
10 basis point decrease in interest rates	(34)	(49)

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. 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.

Risks Relating to the Group

The novel coronavirus disease 2019 (COVID-19) has had, and we expect will continue to have, an adverse effect on our business, results of operations, financial condition and cash flows, the nature and extent of which are highly uncertain and unpredictable.

Our global operations and interactions with healthcare systems, providers and patients around the world expose us to risks associated with public health crises, including epidemics and pandemics such as COVID-19. In particular, the continuing global spread of COVID-19, including corresponding preventative and precautionary measures that we and other businesses, communities and governments are taking to mitigate the spread of the disease, has led to unprecedented restrictions on, disruptions in, and other related impacts on business and personal activities. Further, in addition to travel restrictions put in place in early 2020, countries, states and governments may continue to close borders, impose prolonged quarantines or other restrictions and requirements on travel, and further limit our ability to conduct business in-person as we did prior to COVID-19, requiring businesses, including our business, to use alternative methods of communication. It is likely the COVID-19 pandemic will cause an economic slowdown of potentially extended duration, and it is possible that it could cause a global recession.

Together with the preventative and precautionary measures being taken, as well as the corresponding need to adapt to new and different methods of communication and conducting business, COVID-19 is having, and will likely continue to have, an adverse impact on significant aspects of our Group and business, including on demand for and supply of our products, operations, supply chains and distribution systems, our ability to research and develop and bring to market new products and services, and our ability to generate cash flow, and may have an adverse impact on our ability to access capital. Some of our products are particularly sensitive to reductions in deferrable and emergent medical procedures, and, as hospital systems prioritize treatment of COVID-19 patients and otherwise comply with government guidelines, certain medical procedures have been suspended or postponed in many of the markets where our products are marketed and sold, which has caused a reduction in turnover of these products. The Group has certain product lines that are in higher demand as a result of COVID-19 such as ventilators, pulse oximetry, capnography, advanced parameter monitoring, and extracorporeal life support products. It is not possible to predict the timing of a broad resumption of deferrable medical procedures and, to the extent individuals and hospital systems continue to de-prioritize, delay or cancel these procedures, or if unemployment or loss of insurance coverage adversely impacts an individual's ability to pay for our products and services, our business, cash flows, financial condition and results of operations would continue to be negatively affected. Further, the COVID-19 pandemic is straining hospital systems around the world, resulting in adverse financial impacts to those systems that could result in reduced future expenditures for capital equipment and other products and services we provide, as well as disruption of product launches of our recently approved products. Clinical trials generally have suspended enrollment due to facility closures and governmental restrictions, which we expect will delay the results from those clinical trials and will impact our ability to timely develop and bring to market new products.

In addition, a significant number of our global suppliers, vendors, distributors and manufacturing facilities have been adversely affected by the COVID-19 pandemic, including by adversely impacting the ability of their employees to get to their places of work and maintain the continuity of their on-site operations. These impacts could impair our ability to move our products through distribution channels to end customers, and any such delay or shortage in the supply of components or materials may result in our inability to satisfy consumer demand for our products in a timely manner or at all, which could harm our reputation, future turnover and profitability.

In addition, COVID-19 has impacted and may further impact the global economy and capital markets, including by negatively impacting demand for a number of our products, access to capital markets (including the commercial paper market), foreign currency exchange rates, and interest rates, each of which may adversely impact our business and liquidity. We could experience loss of turnover and profits due to delayed payments or insolvency of healthcare professionals, hospitals and other customers, suppliers and vendors facing liquidity issues. As a result, we may be compelled to take additional measures to preserve our cash flow.

In addition, COVID-19 could adversely impact our ability to retain key employees and the continued service and availability of skilled personnel necessary to run our complex productions and operations, including our executive officers and other members of our management team, as well as the ability of our third-party suppliers, manufacturers, distributors and vendors to retain their key employees. To the extent our management or other personnel are impacted in significant numbers by COVID-19 and are not available to perform their job duties, we could experience delays in, or the suspension of, our manufacturing operations, research and product development activities, regulatory work streams, clinical development programs and other important commercial functions.

While the impact of COVID-19 has had, and we expect it to continue to have, an adverse effect on our business, results of operations, financial condition and cash flows, the nature and extent of such impact is highly uncertain and unpredictable.

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,
- reimbursement approval from healthcare insurance providers, and
- changes to the regulatory environment.

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 healthcare 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 turnover.

The manufacture of our products requires the timely delivery of a 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 and procure important third-party services, such as sterilization services, at numerous facilities worldwide. We purchase many of the components, raw materials and services needed to manufacture these products from numerous suppliers in various countries. We have generally been able to obtain adequate supplies of such raw materials, components and services. However, for reasons of quality assurance, cost effectiveness, or availability, certain components, raw materials and services needed to manufacture 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, raw materials and services 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 turnover.

Other disruptions in the manufacturing process or product turnover and fulfillment systems for any reason, including equipment malfunction, failure to follow specific protocols and procedures, supplier facility shut-downs, defective raw materials, natural disasters such as hurricanes, tornadoes or wildfires, property damage from riots, and other environmental factors and the impact of epidemics or pandemics, such as COVID-19, and actions by businesses, communities and governments in response, could lead to launch delays, product shortage, unanticipated costs, lost turnover and damage to our reputation. For example, in the past we have experienced a global information technology systems interruption that affected our customer ordering, distribution, and manufacturing processes, and we are currently adversely impacted by, and expect to continue to be adversely impacted by, the global COVID-19 pandemic and the responses of governments and of our partners, including suppliers, manufacturers, distributors and other businesses. 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 or sterilized at a particular facility, with limited alternate facilities. If an event occurs that results in damage to or closure of 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 or sterilize the relevant products at the previous levels or at all. Because of the time required to approve and license a manufacturing or sterilization facility, a third-party may not be available on a timely basis to replace production capacity in the event manufacturing or sterilization 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 the 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 the 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 healthcare 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 force in May 2021, 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 healthcare 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 healthcare 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 healthcare 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 attempt to bring a private cause of action against a manufacturer for causing false claims. 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 impacting our ability to sell current or future products.

We are substantially dependent on patent and other proprietary rights and rely on a combination of patents, trademarks, tradenames, copyrights, trade secrets, and agreements (such as employee, non-disclosure and non-competition agreements) to protect our business and 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 that enforcement actions to protect our patent and proprietary rights against others could be unsuccessful, 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, trademarks, tradenames, copyrights, trade secrets or agreements (such as employee, non-disclosure and non-competition 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 too limited in scope 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 such 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 or manufacture 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. 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 impact on patients, and the serious and potentially costly consequences of product failure. 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 nonconformances, design defects, off-label use, or inadequate disclosure of product-related risks or product-related information with respect to our products, if they were to occur, 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. Further, we may be exposed to additional potential product liability risks related to products designed, manufactured and/or marketed in response to the COVID-19 pandemic, and unpredictable or accelerated changes in demand for certain of our products in connection with COVID-19 and its related impacts could impact development and production of products and services and could increase the risk of regulatory enforcement actions, product defects or related claims, as well as adversely impact our customer relationships and reputation.

Strong product quality is critical to the success of our goods and services. If we fall short of 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.

Healthcare policy changes may have a material adverse effect on us.

In response to perceived increases in healthcare costs in recent years, there have been and continue to be proposals by several governments, regulators and third-party payers globally, including the U.S. federal and state governments, to control these costs and, more generally, to reform healthcare systems, including U.S. healthcare 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 third-party insurers 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 provisions 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 certain of 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. We intend to continue to expand our operations and to pursue growth opportunities outside the U.S., especially in emerging markets. Operations in different countries including emerging markets could expose us to additional and greater 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.

The escalating global economic competition and trade tensions between the U.S. and China present risk to Medtronic. Although we have been able to mitigate some of the impact on Medtronic from increased duties imposed by both sides (through petitioning both governments for tariff exclusions and other mitigations), the risk remains of additional tariffs and other kinds of restrictions. Tariff exclusions awarded to Medtronic by the U.S. Government require annual renewal, and policies for granting exclusions could shift. The U.S. and China could impose other types of restrictions such as limitations on government procurement or technology export restrictions, which could affect Medtronic's access to the markets. China comprises approximately seven percent of our total turnover.

More generally, several governments including the U.S. have raised the possibility of policies to induce "re-shoring" of supply chains, less reliance on imported supplies, and greater national production. One example would be stronger "Buy America" requirements in the U.S. or U.S. withdrawal from the World Trade Organization Agreement on Government Procurement (GPA). If such steps triggered retaliation in other markets restricting access to foreign products in purchases by their government-owned healthcare systems, the result could be a significant impact on Medtronic.

Other significant changes or disruptions to international trade arrangements, such as termination or modifications of other existing trade agreements or the final terms of the "Brexit" arrangement between the United Kingdom and European Union, may adversely affect our business, results of operations, financial condition and cash flows.

In addition, a significant amount of our trade debtors are with national healthcare systems in many countries. Repayment from these trade debtors 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 our trade debtor balance could adversely affect our business, results of operations, financial condition and cash flows.

In addition, COVID-19, and the responses of business and governments to COVID-19, have resulted in reduced availability of air transport, port closures, increased border controls or closures, increased transportation costs and increased security threats to our supply chain, and countries may continue to close borders, impose prolonged quarantines, and further restrict travel and other activities. Our business could be adversely impacted if we are unable to successfully manage these and other risks of global operations.

Finally, changes in currency exchange rates may impact the reported value of our turnover, 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-corruption laws could materially adversely affect our business and result in civil and/or criminal sanctions.

The U.S. Foreign Corrupt Practices Act (FCPA), the Irish Criminal Justice (Corruption Offences) Act 2018, and similar anti-corruption laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to 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 in recent years, including investigations and enforcement proceedings leading to assessment of significant fines and penalties against companies and individuals. Our international operations create a risk of unauthorized payments or offers of payments by one of our employees, consultants, sales agents, or distributors. We maintain policies and programs to implement safeguards to educate our employees and agents on these legal requirements, and to prevent 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, regulators could seek to hold us liable for conduct 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, governments, entities, 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 healthcare industry could have an adverse effect on our turnover and results of operations.

Many healthcare industry companies, including healthcare systems, distributors, manufacturers, providers, and insurers, are consolidating or have formed strategic alliances. As the healthcare 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.

Healthcare industry cost-containment measures could result in reduced turnover of our medical devices and medical device components.

Most of our customers, and the healthcare 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 healthcare 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 healthcare 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 and those of certain third-party suppliers involve the use of substances subject to these laws and regulations, primarily those used in manufacturing and sterilization processes. If we or our suppliers violate these environmental laws and regulations, facilities could be shut down and violators 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 healthcare professionals.

If we fail to maintain our working relationships with healthcare 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 profitability. The research, development, marketing and turnover of many of our new and improved products depends on our maintaining working relationships with healthcare 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. In addition, as a result of the COVID-19 pandemic, our access to these professionals has been limited, and travel restrictions, shutdowns and similar measures have impacted our ability to maintain these relationships, thereby affecting our ability to develop, market and sell new and improved products. 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, GDPR requires us to manage personal data in the E.U. and may impose fines of up to four percent of our global turnover in the event of certain 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. Further, a greater number of our employees are working remotely in response to the COVID-19 pandemic and related government actions, which could expose us to greater risks related to cybersecurity and our information technologies systems.

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 healthcare 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 24, 2020, we had approximately $2.8 billion of current debt obligations and $22.0 billion of long-term debt outstanding. 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 floating rate borrowings 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, as well as liabilities or claims relating to such acquired businesses, 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. Further, acquired businesses may have liabilities, or be subject to claims, litigation or investigations, that we did not anticipate or which exceed our estimates at the time of the acquisition. 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,
- liabilities, claims, litigation, investigations or other adverse developments relating to acquired businesses or the business practices of acquired companies, including investigations by governmental entities, potential FCPA or product liability claims or other unanticipated liabilities,
- 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 payable and similar expenses.

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

We are subject to income 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 fiscal year 2018 associated with the U.S. taxation of accumulated foreign profits 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. The U.S. Treasury is expected to issue additional subsequent guidance and interpretation of the Tax Act. This guidance could have a material impact on our business, financial condition, results of operations, and cash flows.

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 respective approach to International tax matters. The final BEPS action plan was published in October 2015 and subsequent to this many taxing authorities have adopted the guidelines provided within their local laws. The EU expanded upon these guidelines with the Anti-Tax Avoidance Directive (ATAD 1 & 2) to be applied by all member states by 2020. The OECD announced its intention to expand the scope of BEPS in March 2018 and in January 2019 they issued a short policy note that announced agreement on the way forward for developing a long term solution to the tax challenges thrown up by the global digital economy and is commonly referred to as BEPS2.0. The OECD has set a very aggressive timetable for releasing final agreed BEPS2.0 guidelines on taxing the digital economy for December 2020. The proposals as currently drafted are very wide ranging and could affect all multinational enterprises across all industries without regard to their level of engagement with the digital economy. The aggressive nature of the timeline set by the OECD may mean that all implications for business may not have been fully worked through or fully understood by the OECD before final guidelines are issued. We continue to monitor any and all implications potentially resulting from this guidance. This action together with other legislative changes on the mandatory sharing of company information (financial and operational) with taxing authorities on a local and global basis under various information sharing initiatives, 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 4 to the consolidated financial statements for additional information.

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

Because 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 income tax purposes pursuant to Section 7874 of the U.S. Internal Revenue Code of 1986, as amended (the Code).

Under Section 7874 of the Code, if Medtronic Inc.'s shareholders immediately prior to the 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 income tax purposes. Based on the rules for determining share ownership under Section 7874 of the Code, Medtronic, Inc.'s shareholders received approximately 70% of our ordinary shares (by both vote and value) by reason of holding stock in Medtronic, Inc. Therefore, under current law, Medtronic plc should not be treated as a U.S. corporation for U.S. federal income tax purposes. However, there is limited guidance regarding the application of Section 7874, including the application of the ownership test. 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, 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, at our 2019 Annual General Meeting, our Shareholders authorized our Board of Directors to issue up to 33% of our issued ordinary

shares and further authorized our Board of Directors to issue up to 10% of such shares for cash without first offering them to our existing shareholders (provided that with respect to 5% of such shares, such allotment is to be used for the purposes of a specified capital investment). Both of these authorizations will expire on June 6, 2021, unless renewed by shareholders for a further period. We anticipate seeking new authorizations at our 2020 Annual General Meeting and in subsequent years. 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 income tax.

In certain limited circumstances, dividend withholding tax (currently at a rate of 25%) 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 that have a tax treaty with Ireland may be entitled to exemptions from dividend withholding tax.

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

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

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

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

Directors

Richard H. Anderson, Craig Arnold, Scott C. Donnelly, Andrea Goldsmith, Randall J. Hogan, III, Omar Ishrak, Michael O. Leavitt, James T. Lenehan, Geoffrey S. Martha, Elizabeth G. Nabel, Denise M. O'Leary, and Kendall J. Powell served as directors of the Group during fiscal year 2020 and each of their terms expire at the 2020 annual general meeting of shareholders. Mr. Martha's service as a director of the Group became effective during fiscal year 2020 and Dr. Goldsmith's service as director of the Group became effective during fiscal year 2019. There were no other changes in directors holding office in fiscal years 2020 or 2019.

Directors' and Corporate Secretary's Interests in Shares

The interests of the directors and corporate secretary holding office at April 24, 2020 in the ordinary shares of the Group were as follows:

	April 24, 2020				April 26, 2019 (or date of appointment)			
	Ordinary Shares	Options	Deferred Share Units	Restricted Share Units	Ordinary Shares	Options	Deferred Share Units	Restricted Share Units
Directors:								
Richard H. Anderson	71,246	—	29,554	2,042	53,541	—	28,969	2,184
Craig Arnold	28,622	—	—	2,042	27,272	—	—	2,184
Scott C. Donnelly	7,001	—	2,216	2,042	5,196	—	2,172	2,184
Andrea Goldsmith	—	—	—	264	—	—	—	—
Randall J. Hogan, III	35,434	—	—	2,042	33,629	—	—	2,184
Omar Ishrak	139,910	1,807,627	288,648	155,134	149,329	1,506,187	282,933	161,410
Michael O. Leavitt	8,617	—	7,848	2,042	6,383	—	7,693	2,184
James T. Lenehan	30,218	—	22,823	2,042	27,344	1,813	22,372	2,184
Geoffrey S. Martha[(1)]	17,518	424,178	—	44,449	17,518	424,178	—	44,018
Elizabeth Nabel	6,021	—	—	2,042	4,216	—	—	2,184
Denise M. O'Leary	31,922	—	31,840	2,042	54,201	1,813	31,209	2,184
Kendall J. Powell	11,883	—	21,876	2,042	10,105	—	21,443	2,184
Corporate Secretary:								
Bradley E. Lerman	16,542	376,732	—	34,766	22,581	306,216	—	35,870

(1) Appointed as of November 1, 2019.

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 2020 or 2019.

Dividends

Ordinary cash dividends declared and paid during fiscal years 2020 and 2019 were $2.9 billion and $2.7 billion, respectively. On a per share basis, ordinary cash dividends declared and paid totaled 54.0 cents per share for each quarter of fiscal year 2020 and 50.0 cents per share for each quarter of fiscal year 2019. The timing, declaration, and payment of future dividends to holders of the Group's 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 Redemptions

In June 2017, the Group's Board of Directors authorized the redemption of $5.0 billion of the Group's ordinary shares. In March 2019, the Group's Board of Directors authorized an incremental $6.0 billion for redemption of the Group's ordinary shares. There is no specific time-period associated with these authorizations. The Group's redemption of ordinary shares is part of our commitment to return capital to shareholders. At April 24, 2020, we had approximately $6.0 billion remaining under the share redemption program. Upon redemption, shares are canceled by us, therefore, we did not hold any treasury shares at April 24, 2020 or April 26, 2019.

The following redemptions were made under the share redemption plan during fiscal year 2020:

Fiscal Year 2020	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	3,341,614	$ —	$ 98.10	$ 328	$ 6,850,667,631
Quarter 2	5,203,115	—	106.12	552	6,298,488,003
Quarter 3	2,069,122	—	114.04	236	6,062,523,192
Quarter 4	950,308	—	118.23	112	5,950,169,124
Total	11,564,159	$ —		$ 1,228	

Going Concern

The Board has formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for at least the next twelve month period extending from the time of approving the financial statements. The Board has considered the current and anticipated uncertainties driven by COVID-19 in its going concern assessment. These uncertainties include, but are not limited to, demand for our products, customers' and suppliers' financial condition, levels of liquidity, the availability of credit facilities, and our ongoing compliance with debt covenants. These uncertainties could adversely affect our operations and financial performance through supply chain disruptions, delays in payments received, and the availability and cost of materials. The Group prepared cash flow forecasts covering a period of at least twelve months from the date of these financial statements in assessing the potential impact of these uncertainties on our liquidity. This assessment included consideration of the forecasted business performance, the cash and financial facilities available to the Group, and the potential impacts of COVID-19 and potential related global economic downturn on its business. The Group continues to expect that existing cash at bank and in hand, the cash generated by our operations, our available credit facility, as well as our expected ability to access the capital and debt markets will be sufficient to fund the Group's operating and capital needs for at least the next twelve months and thereafter for the foreseeable future. To its knowledge, the Board reasonably believes that these uncertainties would not have a material impact on our ability to continue as a going concern as of the financial statements' approval date.

As COVID-19 impacts both the broader economy and our operations, we will continue to assess our liquidity needs and our ability to access capital markets. A continued worldwide disruption could materially affect global economies and financial markets, resulting in an economic downturn that could affect product demand, our ability to obtain financing on favorable terms, and otherwise adversely impact our business, financial condition, and results of operations. We are currently in a strong financial and liquidity position, as outlined in the "Liquidity and Capital Resources" section of this Directors' Report. In addition, there are certain measures that the Group has, or can put in place which include, but are not limited to, travel restrictions, headcount freezes, delay of discretionary expenditures, and others.

If the need arises, the Group can implement further incremental measures, as appropriate, to remain a going concern. Having regard to the Group's assessment of its ability to fund its expected operating and capital needs and the steps it could take in the event of a more significant broader economic impact arising from COVID-19, the directors are satisfied that is appropriate that the going concern basis continues to be adopted in the preparation of the Consolidated Financial Statements and the Company Financial Statements. The Board of Directors understands the importance of continuing to monitor future developments related to COVID-19.

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 September 3, 2020, the date this report was approved by the Audit Committee of the Board of Directors and the Board of Directors. Subsequent to April 24, 2020, adjustments were made to certain litigation provisions and creditors for matters which existed at April 24, 2020. Refer to Note 4 to the consolidated financial statements for information on commitments and contingencies. Also refer to the "Debt and Capital" section of this Directors' Report and Note 17 to the consolidated financial statements for information on financing arrangements entered into subsequent to April 24, 2020.

Subsidiary Companies and Branches

Information regarding subsidiary undertakings, including information regarding branches, is provided in Note 26 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.

NON-FINANCIAL INFORMATION STATEMENT

These non-financial information disclosures are included for the purpose of complying with European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, Statutory Instrument 360 of 2017, as amended by Statutory Instrument 410 of 2018. The non-financial information included in this section is based on our fiscal year 2019 performance.

Business Model

Information regarding the Group’s business model is presented in the Principal Activities section of this Directors’ Report.

Sustainability Matters

Responsibly carrying out our mission means focusing on the health of the environment and society around us. Therefore, sustainability is critical to our business performance, helping us mitigate risk, enhance quality, increase efficiency, and drive innovation.

Our Sustainability Steering Committee (SSC) guides our company-wide approach to sustainability. Our Chief Financial Officer is the SSC’s executive champion, ensuring a close link between sustainability and economic oversight. The Nominating and Governance Committee of the Board of Directors also has formal oversight of the Group's environmental and social impacts and corporate governance practices.

We achieve our commitment to good corporate citizenship through foresight, planning, and reporting on our significant sustainability issues. By conducting regular reviews of our sustainability strategies and priorities, we are able to stay ahead of emerging risks and opportunities. The review process informs planning and operations across our business, extending into our supply chain and the way we design and make our products. This process ensures that we drive innovation and efficiency with awareness of our responsibility to our people and the planet. We define issues by their potential to significantly impact our business growth, finances, or reputation and their importance to our stakeholders. Further, we define issues that are aligned with our mission to alleviate pain, restore health, and extend life for people around the world.

Based on this definition, we identified the following sustainability priorities and strategies:

- Access to care: We work with health systems around the world, sharing technologies, services, resources, and expertise to remove barriers to affordable treatment of chronic diseases.
- Product stewardship: We aspire to minimize the life-cycle footprint of our products and packaging through innovative design.
- Ethics in sales and marketing: We earn and maintain the trust of our stakeholders through the responsible marketing, communication, and promotion of our products and services.
- Supply chain responsibility: We collaborate with our supply chain to develop long-term relationships that improve product quality, promote responsible business practices, and support small and diverse businesses.
- Product quality: We ensure that our products and services clearly meet the highest standards of safety and reliability.

In addition to proactively managing our sustainability priorities, we proactively manage the following sustainability risks:

Risks from climate change:

- We manage transitional risk through routine monitoring of carbon regulations, including carbon taxes, and proactively installing renewable and alternate energy sources as they become more cost-effective and readily available.
- We manage physical risk through our business continuity management, which includes hurricane readiness planning and infrastructure improvement as well as risk-exposure analyses that encompass hurricanes, earthquakes, and water scarcity.

Risks from evolving ethical, social, and environmental regulations:

- Our Government Affairs, Human Resources, Environmental, Health and Safety (EHS), and Procurement groups monitor relevant regulations in global markets. Our legal and compliance teams oversee compliance with those regulations.
- We engage industry organizations and regulators to share our perspectives and prepare for potential and pending regulation.

Risk of failure to meet customer sustainability requirements:

- We aim to meet or exceed customer requirements on all aspects of sustainability, including product quality, access to healthcare, environmental impacts, labor practices, and responsible supply management.
- Our Global Human Rights Program and Responsible Supply Management Program ensure a consistent approach to key sustainability issues across our operations and supply chain.

Risk of reputational damage from unethical behavior:

- We regularly train employees around the world to comply with our Code of Conduct, and we have clear processes for reporting and acting on ethical concerns. Additional compliance training for employees in certain customer-facing and oversight roles further mitigates the risk of corruption and misconduct.

We also disclose key non-financial performance indicators related to the Group's most impactful sustainability issues, risks and opportunities in our annual Integrated Performance Report. These disclosures are based on global standards for reporting and disclosure issued by the Global Reporting Initiative, the Sustainability Accounting Standards Board, and Carbon Disclosure Project (CDP).

A full listing of our principal risks and uncertainties are set out on pages 16 to 28 of this report.

Environmental Matters

Our global EHS Policy establishes a performance management system to set goals, measure progress, and integrate sustainability into decision-making. It also addresses climate change, an issue that presents risks and potential disruption for global business. Manufacturing facilities account for most of our energy consumption, water use, and waste generation. We track EHS performance at these sites with management systems based on the ISO 14001 and OHSAS 18001 standards. Our impacts are detailed in our publicly available CDP response.

The Group has long-term environmental goals, from fiscal year 2013 through fiscal year 2020, for energy use, greenhouse gas (GHG) emissions, water use, and waste. The table below illustrates the Group's progress against those goals.

	Fiscal Year		Percentage Change for Fiscal Years[1]	Goal for Fiscal Year
	2019	2018	2013 through 2019	2020
Energy use (kilowatt hours/ $ million turnover)	28.2	31.1	(26)%	(15)%
GHG emissions (metric tons/ $ million turnover)	9.5	10.2	(38)	(15)
Non-regulated waste (metric tons/ $ billion turnover)	837	757	(33)	(15)
Regulated waste (metric tons/ $ billion turnover)	98	105	(8)	(10)
Water use (cubic meters/ $ million turnover)	69	75	(23)	(10)

(1) All percentage reduction goals are based on an fiscal year 2013 baseline year recalculated to account for Covidien acquisition in fiscal year 2015. All data reflects Medtronic and Covidien operations.

Emissions In fiscal year 2019, our Scope 1 and 2 emissions were 289,000 metric tons (MT) carbon dioxide equivalent, a 4 percent decrease from the prior year. We produced 9.5 MT and 10.2 MT of emissions per million dollars of turnover in fiscal years 2019 and 2018, respectively. We achieved this reduction by implementing 133 conservation projects, generating 75,500 megawatt-hours (MWh) of energy onsite, and sourcing renewables for 35% of our total energy needs.

Waste In fiscal year 2019, we generated 837 MT of non-regulated waste per billion dollars of turnover, compared to 757 MT per billion dollars of turnover in fiscal year 2018. The year-over-year increase in non-regulated waste was due in part to the implementation of a new recycling process in fiscal year 2019 that transitions some regulated waste streams into non-regulated waste, improved waste reporting, and integration of recent acquisitions. In fiscal year 2019, we produced 98 MT of regulated waste per billion dollars of turnover, a 3 percent decrease from the prior year when looking at absolute values, as a result of the new recycling program mentioned above and other waste initiatives, such as going paperless, eliminating disposable products, and organizing food donation and compost programs.

Water Use In fiscal year 2019, our water use totaled 2.1 million cubic meters. This represents a 4 percent decrease from the prior year when looking at absolute values. In fiscal year 2019, our water use was 69 cubic meters per million dollars of turnover, as compared to 75 cubic meters per million dollars of revenue in fiscal year 2018.

A full listing of our regulatory environmental risks is included within the principal risks and uncertainties section on pages 16 to 28 of this report.

Climate Resilience and Business Continuity

Unexpected events, such as natural disasters, extreme weather, and sudden power outages can disrupt our operations or supply chain at short notice. Our preparedness and resilience practices protect our ability to do business sustainably. Our Business Continuity Management program helps us to plan for the risk of unexpected events, with a focus on:

- Business continuity: Ensuring that we can continue to operate and meet demand in adverse circumstances.
- Crisis management and mobilization: Coordinating responses in crisis situations.
- Emergency response: Keeping people and assets safe and minimizing environmental impact in emergencies.
- IT response and recovery: Responding quickly to technological failures and reinstating affected infrastructure.

Human Rights

We comply with all relevant human rights regulations. Our Global Human Rights and Labor Standards Policy applies to all of the Group’s locations, all of the Group’s personnel, and any third-party labor agencies providing employees on our behalf. We strive to ensure our suppliers adhere to the minimum standards outlined within this policy and to conduct our business in a manner that demonstrates a respect for internationally recognized human rights and the dignity of all people. Our Global Supplier Standards describe the minimum social, ethical, and environmental requirements and expectations of our suppliers. We incorporate these standards into supplier selection and management processes, supplier agreements, and purchase order terms and conditions.

In fiscal year 2019, we began a three-year process to expand our Global Supplier Standards Compliance Program. Our primary aim is to ensure that our top-spend suppliers fully understand and meet our requirements. We launched our new monitoring process by sending self-assessment questionnaires to suppliers deemed to have inherent potential environmental, social, and governance risks. This included certain suppliers located in high-risk countries for human rights compliance or where vulnerable workers are likely to be employed. We are taking the learnings from these initial 150 self-assessments to build the capacity of our suppliers for future assessments and guide our audit process.

We encourage our suppliers to report publicly on their social and environmental goals and performance. Of the 202 suppliers assessed in our fiscal year 2019 review of supplier sustainability reporting, 35 percent published sustainability reports, 10 percent had sustainability-related goals published online, and 29 percent had information relating to sustainability on their website.

We also promote inclusive sourcing through employee business unit annual plans, and sponsorship of organizations that develop and promote small and diverse suppliers in the U.S. In fiscal year 2019, we directed approximately 24 percent, or $1.7 billion, of our U.S. supplier spend to small and diverse companies.

Conflict Minerals

Some of our products contain tin, tungsten, tantalum, and gold. In the Democratic Republic of Congo and neighboring countries, the mining and processing of these metals have been linked to the funding of armed conflict. To prevent the use of conflict minerals in our products, we support the U.S. Dodd-Frank Act, which requires companies to disclose the use of any such conflict minerals. Additionally, we require suppliers to comply with the law and uphold responsible sourcing practices, and we reference conflict minerals requirements in supplier agreements and purchase orders. We follow the OECD guidance on conflict minerals, including surveying suppliers to collect data on the smelters in their supply chains. Each year, we provide a report to the U.S. Securities and Exchange Commission, detailing the results of our supplier survey. Our fiscal year 2019 results showed a steady decrease in the number of "red flag" smelters in our supply chain across the last three years. We will continue to assess and work with suppliers to further reduce the risk of conflict minerals in our supply chain. Our Conflict Minerals Reports can be accessed at www.sec.gov and our Conflict Minerals Policy is available on www.medtronic.com.

Labor Practices

Inclusion & Diversity Our Global Inclusion, Diversity, and Engagement team supports our efforts to build a more inclusive culture and diverse workforce and plays a key role in helping us achieve our 2020 diversity targets. In fiscal year 2019, the Group supported four Diversity Networks - Medtronic Women's Network, African Descent Network, Hispanic Latino Descent Network, and Asian Impact @Medtronic - dedicated to helping employees succeed both professionally and personally. Additionally, in early fiscal year 2020, we added our fifth Diversity Network - PRIDE - to support our LGBTQ+ employees. These network's objectives are closely aligned to our business strategies and are open to all employees. A chairperson, identified by our CEO and Chief Human Resources Officer, and a sponsor from our Executive Committee lead each of these networks. Our CEO meets with the Networks quarterly to assess their impact, review activities, and provide support. In fiscal year 2019, women held 38 percent of the management level or above positions globally - representing significant progress toward our 2020 aspirational goal of 40 percent or more. In fiscal year 2019, ethnically diverse groups represented 36 percent of our overall workforce in the U.S. and held 22 percent of positions at the management level and above in the U.S. - surpassing our 2020 aspirational goal target of 20 percent or more. From a pay perspective, women are paid 99% of what men are paid on a global basis, and, in the U.S., ethnically diverse employees earn $0.99 compared to $1.00 for Caucasian employees with the same job title.

Employee Engagement In fiscal year 2019, we increased our participation in our Organization Health Survey, to 78 percent, with more than 69,000 employees responding. Based on the survey, our overall engagement rate reached 76 percent, which is 11 percent above the industry average. The survey also showed the Group's employees are increasingly likely to recommend the Group as an employer and to see the Group as an innovative and inclusive organization. Compared to fiscal year 2018, employees reported improvements in being able to get work done, despite the complexity and size of our organization.

Trade Unions and Work Councils We comply with global laws regarding freedom of association and collective bargaining agreements, including participation in work councils. Approximately 35 percent of our European workforce is represented by work councils, and roughly half is covered by collective bargaining agreements with trade unions. Our U.S. workforce is not unionized.

Career Management, Training, and Development Our learning and development programs help talent reach their career potential, build lifelong relationship skills, and take part in our inclusive culture. The Group takes a structured approach to

career conversations. As of fiscal year 2019, 95 percent of our workforce has a development plan logged in our talent management system. Managers meet with employees at least three times each year to discuss career aspirations, set goals, and review performance. Investing in learning and development contributes to employee satisfaction and retention scores. In fiscal year 2019, we offered more than 36,600 virtual and in-person learning resources for employees, and we spent more than $77 million on learning and development resources.

Compensation Our employees are vital to our success, and offering desirable compensation and benefits allows us to attract and retain top talent in a competitive market. To attract the best leaders, we offer competitive compensation and benefits that reflect industry benchmarks and local market standards.

Occupational Health and Safety We are dedicated to the safety, health, and wellness of our employees and continually address safety in our operations. Our focus is on continuous improvement and in fiscal year 2019, our newly integrated Environmental, Health, and Safety system allowed us to collect more comprehensive safety data. We encourage employees to report hazards and near misses as part of our safety culture. In fiscal year 2019, employees reported more than 3,900 hazard observations and logged 715 near miss reports, which are used to improve workplace safety. Fiscal year 2019 data show increases in our injury incident rate and our lost/restricted workday case rate. We attribute the increase to improved reporting and increased engagement following employee communications. We are proud to report that the Group did not experience any work-related fatalities.

Customer Relations

Our relationship with healthcare professionals is instrumental to our success, as our partners at universities, hospitals, and healthcare systems keep us focused on patient needs throughout the innovation and healthcare delivery processes. Enduring customer relationships are built on trust, aligned values, and shared goals. Sales and marketing employees are ambassadors for the Group, and we teach them to put integrity at the core of their practice. We promote our products based on their approved use, and employees must adhere to the policies made explicit in our Code of Conduct and AdvaMed's voluntary Code of Ethics on Interactions with Healthcare Professionals. Our requirements for product marketing are also included in our Global Business Conduct Standards Policy and our Physician Collaboration policy. We educate employees on these requirements through ongoing communications and trainings. Our internal investigations program helps ensure that our marketing practices comply with internal policies and external regulations. This includes review of transactions for sales and marketing risks including potential off-label use promotion.

In fiscal year 2019, we introduced five new product-promotions trainings tailored to marketing and sales employees. Though this expanded training, we reached more than 21,000 marketing and sales employees, 97% of employees in such roles.

Anti-Corruption

The Group's board of directors oversees our anti-bribery and anti-corruption program. The program is strengthened by feedback from regulators, third-party auditing, and benchmarks of other companies. We implement anti-corruption training to make internal and external stakeholders aware of relevant regulations and to explain how ethically challenging scenarios should be addressed. Anti-corruption training is covered in our required Code of Conduct training cycle. Our process ensures that all new hires receive anti-corruption training upon joining the company and that customer-facing employees receive the training every two years.

We partner with third-party distributors to distribute our products to customers. We hold third parties to the same standards to which we hold ourselves and require them to implement their own anti-corruption programs. To ensure that distributors adhere to our ethical standards, we deliver annual anti-corruption training that covers our Distributor Code of Conduct, support and monitor compliance, conduct onsite monitoring, and assess corruption potential prior to renewing or entering contracts.

In fiscal year 2019, we launched an initiative to increase compliance with our Distributor Code of Conduct by establishing a commercial Distributor Relationship Owner who is responsible for holding distributors accountable to our anti-corruption requirements. The table below illustrates key metrics in our anti-corruption training efforts.

	Fiscal Year	
	2019	2018
Full-time equivalent employees supporting anti-corruption efforts	217	217
Third-party distributors receiving anti-corruption training	95 %	96 %
Third-party distributors receiving onsite monitoring	11.2 %	2.5 %

We also engage and educate our employees on ethics through our Code of Conduct annual review process, employee communications, Ethics Circles, and Ethics & Integrity Week. Our global Code of Conduct provides our employees with clear guidance on everyday actions. We provide versions of the Code in 22 languages, allowing 99 percent of our employees the ability to read it in their first language. We also deliver multilingual Code training for new employees and those joining the Group through acquisitions. Each year, we retrain employees on the Code and require employees to certify their understanding of its contents. The table below illustrates key metrics related to our Code of Conduct training efforts:

	Fiscal Year	
	2019	2018
Employees receiving code of conduct training and certification	94 %	95 %
New employees receiving code of conduct training and certification	99	99
Employees joining through acquisitions receiving compliance and ethics training within 90 days of the transaction	95	95

When employees require ethical guidance or have concerns about potential violations, we strongly encourage them to speak up through one of several available channels:

- Their manager
- Human Resources
- Legal or Compliance representatives
- The Board of Directors' email inbox
- Our third-party Voice Your Concern Line
- Exit interviews

If misconduct is confirmed, we take appropriate disciplinary action. This disciplinary action can include coaching, discussion during performance reviews, changes in job responsibilities (such as a demotion), or, in serious cases, dismissal.

Patient Safety

Patients trust us to deliver products that are safe, effective, and reliable and we expect all employees to monitor quality at each stage in our value chain - design, manufacturing, pre-clinical and clinical trials, and post-market surveillance. All employees share this responsibility through our "Quality Begins with Me" culture. A patient-focused approach and an unwavering commitment to excellence underpin our global quality strategy. We manufacture safe, high-quality products not only to further our mission, but also to build trust, reduce reputational risk, and improve operational efficiency.

Product Quality The Company utilizes the Medtronic Design, Reliability, Manufacturability (DRM) methodology as our set of best practices for ensuring product quality, safety, and reliability throughout product design and development. Our engineers use DRM to carry out predictive engineering, simulating product use, predicting and measuring performance, and identifying areas for improvement. This process yields higher quality designs and reduces time to market, enabling patients in need to access products as safely and efficiently as possible. We continually improve our predictive capabilities by refining our design practices and measuring predictive engineering outcomes for every new product.

We embed quality in our manufacturing processes using a set of standardized strategies, which include the Medtronic Operating System (MOS), First Time Quality (FTQ), and Supplier Optimization and Risk Reduction (SOAR). Our quality management systems are aligned to ISO 13485. FTQ has demonstrated a significant positive impact in reducing manufacturing nonconformances at our sites. When applied to high-risk processes, the methodology achieved a 30 to 80 percent reduction in nonconformances, including those related to product specifications.

Customer Data Security Protecting information is critically important for the Group, our customers, and most importantly, the patients who use our products. We have designed our security programs to safeguard data in a rapidly evolving environment. In a time of rapid adoption of connected data devices and powerful data analysis, big data is contributing to innovative products and faster research. It is critical to our business to protect information.

Our cybersecurity program is constantly adapting and improving in response to technology developments and the threat landscape. Our program is designed to reflect ISO27001 and the National Institute of Standards of Technology standards. To advance security practices, we collaborate with third-party organizations such as the Health Information Sharing and Analysis

Center and AdvaMed. We also contribute to global product and cybersecurity standards in collaboration with the U.S. Food and Drug Administration and other regulatory advocate groups.

Medtronic employees and contractors play a crucial role in safeguarding data. We train all employees and contingent workers on data privacy and security, to ensure they understand their role in identifying, protecting and preserving particular types of data. In fiscal year 2019, we expanded our trainings to raise employee awareness of privacy and security obligations. We provided E.U. General Data Protection Regulation training for global corporate employees and non-corporate E.U. Employees. We also delivered Privacy by Design training to the vast majority of E.U. employees and employees in key global functions, such as Legal and IT. U.S. employees completed additional trainings on U.S. privacy laws. When we acquire a company, we conduct privacy and security due diligence, implement policies and procedures, and deliver employee training. Vendors must also adhere to our data security and privacy standards, and we review privacy and security risks as part of our vendor assessment process.

Our product security efforts align with regulatory standards, protect patients, and ensure the highest levels of product usability. Our robust security program is managed by the Medtronic Global Security Office and embedded in the full product lifecycle by subject-matter experts within each business unit. Our security approach and risk management are informed by internal and external medical device security experts, current security experts, current security practices, as well as rigorous development processes and vulnerability testing.

Clinical Trials Clinical trials are a key component in establishing the effectiveness and safety for our products as well as a critical part of quality control. We are rigorous in ensuring that our clinical trials are conducted to the highest standards required by international and national regulations, regardless of where the trial is conducted. More than 2,000 clinical employees work to ensure that our clinical trials are undertaken ethically and effectively. We are committed to following our Code of Conduct and the Global Business Conduct Standards Policy when conducting clinical trials and adhering to all relevant laws and regulations. This protects patient safety, safeguards patient data, and ensures accurate findings.

We revise our internal guidelines and procedures to meet new and emerging regulatory requirements, including recent updates to take account of The General Data Protection Regulation (GDPR), effective May 2018, as well as The E.U. Medical Device Regulation, effective May 2021. Additionally, we are a member of the working group shaping the next revision of ISO14155:2011, which is a standard for clinical research. We are preparing for the implementation of the revised standard in time for its expected launch in 2020.

Community Investment

Through the first tenet of our mission, we aim to alleviate pain, restore health, and extend life. Our philanthropy extends these benefits to the underserved and their communities who lack access to healthcare. We partner with local stakeholders to determine the resources we can provide to strengthen their health efforts. These include financial contributions (including funding of the Medtronic Foundation), product donations, volunteerism, and charitable third-party medical education.

We have donated more than $1 billion throughout the years to support philanthropic efforts, including our support of the Medtronic Foundation. The table below illustrates the Group's contributions by fiscal year:

	Fiscal Year	
(in millions)	**2020**	**2019**
Contributions to the Medtronic Foundation	$ 80	$ —
Corporate cash donations	56	63
Product donations	10	13

Approved by the Board of Directors and signed on its behalf on September 3, 2020 by:

/s/ Randall J. Hogan, III
Director

/s/ Omar Ishrak
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 24, 2020 and of the group's profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of 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 Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, 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 24, 2020;
- the Company Balance Sheet as at April 24, 2020;
- the Consolidated Profit and Loss Account and Consolidated Statement of Comprehensive Profit for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Reconciliation of Movement in Shareholders' Funds for the year then ended;
- the Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

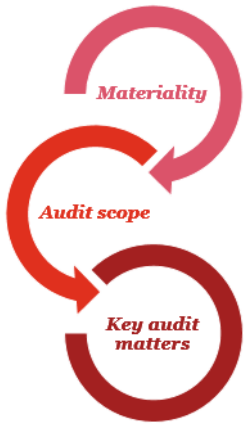
We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe 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 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: $250 million representing circa 0.9% of turnover (2019: $284 million representing circa 5% of profit before taxation adjusted loss on debt extinguishment). • Overall materiality for the company financial statements: $432 million (2019: $450 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 • One component was identified as a significant component and a full scope audit was performed at this component. • Audit procedures were performed on specific account balances or classes of transactions in fifty other components. • Additionally, certain other activities controlled and managed centrally from Corporate such as acquisitions, 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 83% of consolidated turnover and 91% of consolidated total assets.
	Key audit matters • Litigation provisions and contingencies. • Income tax reserves for uncertain tax positions related to Puerto Rico manufacturing

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*
Litigation provisions and contingencies **Refer to Note 1 "Summary of Significant Accounting Policies – "Contingencies", Note 4 "Commitments and Contingencies" and Note 18 "Provisions for Liabilities"** As described in Notes 1, 4 and 18 to the consolidated financial statements, the Group's consolidated provision for accrued certain litigation charges was approximately $0.4 billion at April 24, 2020. The Group is subject to legal actions involving product liability, intellectual property and commercial disputes, and shareholder related matters, which represents a significant portion of the total consolidated provision for accrued certain litigation charges. In some actions, the enforcement agencies or private claimants seek damages, as well as other civil or criminal remedies, that could require significant expenditures, result in lost revenues, or limit the Group's ability to conduct business in the applicable jurisdictions. 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. Determining the estimated loss or range of loss requires the Group to use significant judgement. Contingent liabilities, arising as a result of past events, are not recognized as a liability if it is not probable that the Group will be required to transfer economic benefits in settlement of the obligation, or the amount cannot be reliably measured. We determined that the Group's accounting for and related disclosures in respect of litigation provisions and contingencies is a key audit matter due to the significant judgement exercised by management when assessing whether a loss is probable of being incurred and when determining whether a reasonable estimate of the loss or range of loss for each claim can be made.	We tested the effectiveness of controls relating to management's evaluation of litigation claims, including controls over determining whether a loss is probable of being incurred and whether the amount of loss can be reasonably estimated, as well controls over the completeness and accuracy of the financial statement disclosures. We obtained and evaluated letters of audit inquiry with internal and external legal counsel. We evaluated the reasonableness of management's assessment regarding whether an unfavorable outcome is reasonably possible or probably and reasonably estimable. We tested management's process to determine the estimate of the loss or range of loss by considering relevant supporting documentation, concerning litigation, claims, and assessments including related settlements. We performed updated internal letters of audit inquiry with Group legal counsel for the period from April 25, 2020 through September 3, 2020 (the date of this report). We evaluated the sufficiency of the Group's litigation contingency disclosures.

Income tax reserves for uncertain tax positions related to Puerto Rico manufacturing **Refer to Note 4 "Commitments and Contingencies" and Note 6 "Taxation"** As described in Notes 4 and 6 to the consolidated financial statements, the Group records reserves for uncertain tax positions related to unresolved matters with the Internal Revenue Service (IRS) and other taxing authorities. 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 management judgement. Total reserves relating to uncertain tax positions at April 24, 2020 are $1.9 billion, of which the Puerto Rico manufacturing reserves make up a significant amount. We determined the Group's accounting for income tax reserves for uncertain tax positions related to Puerto Rico manufacturing is a key audit matter due to the significant judgement exercised by management when determining the reserves and the inherent high degree of estimation uncertainty.	We tested the effectiveness of controls relating to the identification and recognition of the Puerto Rico reserve for uncertain tax positions, and controls addressing the completeness of the uncertain tax positions, as well as controls over measurement of the reserve. We evaluated management's process to determine the estimate. We evaluated the reasonableness of the underlying assumptions in management's calculations to support the reserves recorded, including whether the methodology and assumptions used by the Group are consistent with the tax court's ruling as described in Note 4 and examined relevant documents related to the tax court case. We used professionals with specialized skills and knowledge to assist with the above procedures.

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 Therapies 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. One component was identified as a significant component and a full scope audit was performed at this component. Based on our risk assessment, audit procedures were performed on specific account balances or classes of transactions in fifty other components. Additionally, certain other activities controlled and managed centrally from Corporate such as acquisitions, 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 83% of consolidated turnover 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:

	Group financial statements	*Company financial statements*
Overall materiality	$250 million (2019: $284 million).	$432 million (2019: $450 million).
How we determined it	Based on circa 0.9% of total turnover (2019: circa. 5% of profit before taxation adjusted for the loss on debt extinguishment).	0.5% of net assets.
Rationale for benchmark applied	In the current year, given the disproportionate impact of Covid -19 on profitability relative to activity levels, we deemed turnover to be the most appropriate benchmark to calculate materiality. We also considered the reasonableness of the amount of overall materiality calculated by reference to the amount of materiality used in the prior year and to materiality levels calculated via alternative benchmarks.	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.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $25 million (consolidated and company financial statements) (2019: $25 million) 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 Directors' Report and Financial Statements 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 (excluding the information included in the "Non Financial Statement" as defined by that Act on which we are not required to report) 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 (excluding the information included in the "Non Financial Statement" which we are not required to report) for the year ended April 24, 2020 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 (excluding the information included in the "Non Financial Statement" on which we are not required to 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 1, 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA 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.

Other 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.

Prior financial year Non Financial Statement

We are required to report if the company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Anthony Reidy
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
3 September 2020

Medtronic plc
Consolidated Profit and Loss Account

(in millions, except per share data)	Note	Fiscal Year 2020	Fiscal Year 2019
Turnover	2	$ 28,913	$ 30,557
Cost of sales		9,424	9,155
Gross Profit		19,489	21,402
Distribution and administrative expense		11,865	12,182
Research and development expense		2,331	2,330
Restructuring charges, net	3	118	198
Certain litigation charges	4	225	63
Other operating (income) expense, net		(61)	258
Operating profit		5,011	6,371
Other non-operating income, net		(356)	(373)
Interest payable and similar expenses	5	1,092	1,444
Profit before taxation		4,275	5,300
Taxation	6	(701)	557
Profit after taxation		4,976	4,743
Noncontrolling interests		(17)	(19)
Profit for the financial year		$ 4,959	$ 4,724
Basic earnings per ordinary share	7	$ 3.70	$ 3.51
Diluted earnings per ordinary share	7	$ 3.67	$ 3.48

Medtronic plc
Consolidated Statement of Comprehensive Profit

(in millions)	Fiscal Year 2020	2019
Profit after taxation	$ 4,976	$ 4,743
Other comprehensive profit (loss), net of taxation:		
Unrealized gain on investment securities	45	102
Translation adjustment	(829)	(1,375)
Net investment hedge	405	88
Net change in retirement obligations	(544)	(191)
Unrealized gain on cash flow hedges	72	401
Other comprehensive (loss)	(851)	(975)
Comprehensive profit including noncontrolling interests	4,125	3,768
Comprehensive (profit) attributable to noncontrolling interests	(15)	(16)
Comprehensive profit attributable to Medtronic	$ 4,110	$ 3,752

Medtronic plc
Consolidated Balance Sheet

(in millions)	Note	April 24, 2020	April 26, 2019
Fixed assets			
Intangible assets	8	$ 58,904	$ 60,519
Tangible assets	10	4,828	4,675
Right of use assets	11	927	—
Financial assets	12	513	416
Total fixed assets		65,172	65,610
Current assets			
Inventories	13	4,229	3,753
Debtors	14	10,340	10,483
Short-term investments	12	6,808	5,455
Cash at bank and in hand		4,140	4,393
Total current assets		25,517	24,084
Creditors (amounts falling due within one year)	16	8,882	6,987
Net current assets		16,635	17,097
Total assets less current liabilities		81,807	82,707
Creditors (amounts falling due after one year)	16	26,096	27,958
Provisions for liabilities	18	4,669	4,537
Net assets		$ 51,042	$ 50,212
Capital and reserves			
Called-up share capital presented as equity	20	—	—
Share premium account		37,268	36,704
Accumulated other comprehensive loss	22	(3,560)	(2,711)
Profit and loss account		17,199	16,098
Total shareholders' equity		50,907	50,091
Noncontrolling interests		135	121
Total equity		$ 51,042	$ 50,212

Approved by the Board of Directors and signed on its behalf on September 3, 2020 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 27, 2018	1,354	$ —	$ 35,781	$ 16,632	$ (1,786)	$ 50,627	$ 102	$ 50,729
Profit for the financial year	—	—	—	4,724	—	4,724	19	4,743
Other comprehensive loss	—	—	—	—	(972)	(972)	(3)	(975)
Dividends to shareholders ($2.00 per ordinary share)	—	—	—	(2,693)	—	(2,693)	—	(2,693)
Issuance of shares under stock purchase and award plans	18	—	923	—	—	923	—	923
Redemption and cancellation of ordinary shares	(31)	—	—	(2,808)	—	(2,808)	—	(2,808)
Stock-based compensation	—	—	—	290	—	290	—	290
Changes to noncontrolling ownership interests	—	—	—	—	—	—	3	3
Cumulative effect of change in accounting principle[1]	—	—	—	(47)	47	—	—	—
April 26, 2019	1,341	$ —	$ 36,704	$ 16,098	$ (2,711)	$ 50,091	$ 121	$ 50,212
Profit for the financial year	—	—	—	4,959	—	4,959	17	4,976
Other comprehensive loss	—	—	—	—	(849)	(849)	(2)	(851)
Dividends to shareholders ($2.16 per ordinary share)	—	—	—	(2,894)	—	(2,894)	—	(2,894)
Issuance of shares under stock purchase and award plans	12	—	564	—	—	564	—	564
Redemption and cancellation of ordinary shares	(12)	—	—	(1,228)	—	(1,228)	—	(1,228)
Stock-based compensation	—	—	—	297	—	297	—	297
Changes to noncontrolling ownership interests	—	—	—	—	—	—	(1)	(1)
Cumulative effect of change in accounting principle[2]	—	—	—	(33)	—	(33)	—	(33)
April 24, 2020	1,341	$ —	$ 37,268	$ 17,199	$ (3,560)	$ 50,907	$ 135	$ 51,042

(1) The cumulative effect of change in accounting principle in fiscal year 2019 resulted from the adoption of accounting guidance that 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 for the financial year. As a result of the adoption, the Group reclassified $47 million from *accumulated other comprehensive loss* to the opening balance of the *profit and loss account* as of April 28, 2018.

(2) See Note 1 to the consolidated financial statements for discussion regarding the adoption of accounting standards during fiscal year 2020.

Medtronic plc
Consolidated Statement of Cash Flows

(in millions)	Fiscal Year 2020	2019
Operating Activities:		
Profit after taxation	$ 4,976	$ 4,743
Adjustments to reconcile profit for the financial year to net cash provided by operating activities:		
Depreciation and amortization	2,663	2,659
Provision for doubtful debtors	99	78
Deferred taxation	(1,265)	(294)
Stock-based compensation	297	290
Loss on debt extinguishment	406	457
Other, net	217	257
Change in operating assets and liabilities, net of acquisitions and divestitures:		
Trade debtors	1,291	(581)
Inventories	(577)	(274)
Creditors and provisions	(264)	296
Other operating assets and liabilities	(609)	(624)
Net cash provided by operating activities	7,234	7,007
Investing Activities:		
Acquisitions, net of cash acquired	(488)	(1,827)
Additions to tangible assets	(1,213)	(1,134)
Purchases of short-term investments and financial assets	(11,039)	(2,532)
Sales and maturities of short-term investments and financial assets	9,574	4,683
Other investing activities, net	(37)	36
Net cash used in investing activities	(3,203)	(774)
Financing Activities:		
Change in current debt obligations	(17)	(713)
Issuance of long-term debt	5,568	7,794
Payments on long-term debt	(6,110)	(7,948)
Dividends to shareholders	(2,894)	(2,693)
Issuance of ordinary shares	662	992
Redemption of ordinary shares	(1,326)	(2,877)
Other financing activities	(81)	14
Net cash used in financing activities	(4,198)	(5,431)
Effect of exchange rate changes on cash at bank and in hand	(86)	(78)
Net change in cash at bank and in hand	(253)	724
Cash at bank and in hand at beginning of period	4,393	3,669
Cash at bank and in hand at end of period	$ 4,140	$ 4,393
Supplemental Cash Flow Information		
Cash paid for:		
Taxation	$ 878	$ 1,558
Interest	$ 643	$ 973

1. Summary of Significant Accounting Policies

Nature of Operations Medtronic plc and its subsidiaries (the Group) 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. The Group provides innovative products and therapies to serve hospitals, physicians, clinicians, and patients. 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 24, 2020, 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
Interest expense	Interest payable and similar expenses

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 18 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.

Use of Estimates The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S.) (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, intangible asset, and liability valuations. Actual results may or may not differ from those estimates.

COVID-19 is having, and will likely continue to have, an adverse effect on our business, results of operations, financial condition, and cash flows, and its future impacts remain highly uncertain and unpredictable. The Group has considered the disruptions caused by COVID-19, including lower than forecasted turnover and customer demand and macroeconomic factors, that may impact its estimates. The Group has assessed the potential impact of the pandemic on certain accounting matters

including, but not limited to, the allowance for doubtful accounts, inventory reserves, return reserves, the valuation of goodwill, intangible assets, other long-lived assets, investments and contingent consideration, as of April 24, 2020 and through the date of this report. While there was not a material impact to the Group's consolidated financial statements as of and for the fiscal year ended April 24, 2020, changes in the Group's assessment about the length and severity of the pandemic, as well as other factors, could result in actual results differing from estimates.

Going Concern The Group believes that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least the next twelve month period extending from the time of approving the financial statements. The Group has considered the current and anticipated uncertainties driven by COVID-19 in its going concern assessment. These uncertainties include, but are not limited to, demand for the Group's products, customers' and suppliers' financial condition, levels of liquidity, the availability of credit facilities, and our ongoing compliance with debt covenants. These uncertainties could adversely affect the Group's operations and financial performance through supply chain disruptions, delays in payments received, and the availability and cost of materials. The Group prepared cash flow forecasts covering a period of at least twelve months from the date of these financial statements in assessing the potential impact of these uncertainties on liquidity. This assessment included consideration of the forecasted business performance, the cash and financial facilities available to the Group, and the potential impacts of COVID-19 and potential related global economic downturn on its business. The Group continues to expect that existing cash at bank and in hand, the cash generated by operations, the available credit facility, as well as the Group's expected ability to access the capital and debt markets will be sufficient to fund the Group's operating and capital needs for at least the next twelve months and thereafter for the foreseeable future. To its knowledge, the Group reasonably believes that these uncertainties would not have a material impact on its ability to continue as a going concern as of the financial statements' approval date.

As COVID-19 impacts both the broader economy and the Group's operations, the Group will continue to assess its liquidity needs and its ability to access capital markets. A continued worldwide disruption could materially affect global economies and financial markets, resulting in an economic downturn that could affect product demand, its ability to obtain financing on favorable terms, and otherwise adversely impact our business, financial condition, and results of operations. The Group is currently in a strong financial and liquidity position. In addition, there are certain measures that the Group has, or can put in place which include, but are not limited to, travel restrictions, headcount freezes, delay of discretionary expenditures, and others.

If the need arises, the Group can implement further incremental measures, as appropriate, to remain a going concern. Having regard to the Group's assessment of its ability to fund its expected operating and capital needs and the steps it could take in the event of a more significant broader economic impact arising from COVID-19, the directors are satisfied that it is appropriate that the going concern basis continues to be adopted in the preparation of the Consolidated Financial Statements.

Fiscal Year-End The Group utilizes a 52/53-week fiscal year, ending the last Friday in April, for the presentation of its consolidated financial statements and related notes thereto at April 24, 2020 and April 26, 2019 and for each of the two fiscal years ended April 24, 2020 (fiscal year 2020) and April 26, 2019 (fiscal year 2019). Fiscal years 2020 and 2019 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 The Group invests in marketable debt and equity securities, investments that do not have readily determinable fair values, and investments accounted for under the equity method.

Marketable debt 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 taxation, as a component of *accumulated other comprehensive loss* on the consolidated balance sheet. The Group determines the appropriate classification of its investments in marketable debt securities at the time of purchase and reevaluates such determinations at each balance sheet date. The classification of marketable debt securities as short-term 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 marketable equity securities and other securities are long-term, strategic investments in companies that are in various stages of development and are included in *financial assets* on the consolidated balance sheet. Marketable equity securities are recorded at fair value in the consolidated balance sheet. The change in fair value of marketable equity securities is recognized within *other non-operating income, net* in the consolidated profit and loss account. Investments without readily determinable fair values that do not qualify for the practical expedient to estimate fair value using the net asset value per share or its equivalent are accounted for at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investments of the issuer. This election is made for

each investment separately and is reassessed at each reporting period as to whether the investment continues to qualify for this election. At each reporting period, the Group makes a qualitative assessment considering impairment indicators to evaluate whether the investment is impaired. 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 equity method are reviewed quarterly for changes in circumstance or the occurrence of events that suggest other than temporary impairment has occurred.

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 and depreciated over the useful lives of the assets using the straight-line method. 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 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 following estimated useful lives (in years):

Equipment	Generally 2-7, up to 15
Computer software	Up to 5
Land and land improvements	Up to 20
Buildings and leasehold improvements	Up to 40

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 live intangible assets to be amortized. However, the Group does not believe this gives true and fair view, as not all goodwill and intangible assets decline in value, and goodwill is not amortized under U.S. GAAP. 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 realty. 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. 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 calculates 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 typically 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.

Acquired IPR&D represents the fair value assigned to those research and development projects 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 project and discounting the net cash flows back to their present values. Upon achieving regulatory approval or commercial viability for the related 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. If the project is not completed or is terminated or abandoned, the Group may have an impairment related to the IPR&D which is charged to expense. 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. IPR&D acquired outside of a business combination is expensed immediately.

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 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 *other operating expense, net* 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.

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 liabilities 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 19 for assumptions used in determining pension and post-retirement benefit costs and liabilities.

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 15 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 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.

Turnover The Group sells its products through direct sales representatives and independent distributors. Additionally, a portion of the Group's turnover is generated from consignment inventory maintained at hospitals. The Group recognizes turnover when control is transferred to the 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, control is transferred when the product is used or implanted. Payment terms vary depending on the country of sale, type of customer, and type of product.

If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on relative standalone selling price. Shipping and handling is treated as a fulfillment activity rather than a promised service, and therefore, is not considered a performance obligation. Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific turnover producing transaction and collected by the Group from customers (for example, sales, use, value added, and some excise taxes) are not included in turnover. For contracts that have an original duration of one year or less, the Group uses the practical expedient applicable to such contracts and does not adjust the transaction price for the time value of money.

The amount of turnover recognized reflects turnover 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, the stated rebate rates, and other relevant information. The Group records adjustments to rebates and returns reserves as increases or decreases of turnover.

The Group records a deferred revenue liability if a customer pays consideration before the Group transfers a good or service to the customer. Deferred revenue primarily represents remote monitoring services and equipment maintenance, for which consideration is received at the same time as consideration for the device or equipment. Turnover related to remote monitoring services and equipment maintenance is recognized over the service period as time elapses.

Remaining performance obligations include deferred revenue and amounts the Group expects to receive for goods and services that have not yet been delivered or provided under existing, noncancellable contracts with minimum purchase commitments, primarily related to consumables for previously sold equipment as well as remote monitoring services and equipment maintenance. For contracts that have an original duration of one year or less, the Group has elected the practical expedient applicable to such contracts and does not disclose the transaction price for remaining performance obligations at the end of each reporting period and when the Group expects to recognize this turnover.

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 $347 million and $350 million in fiscal years 2020 and 2019, 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 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.

Taxation The Group has deferred taxation that arises as a result of the different treatment of transactions for U.S. GAAP and taxation accounting, known as temporary differences. The Group records the tax effect of these temporary differences as deferred tax assets and deferred tax provisions. Deferred 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 deferred tax assets when the amount of expected future taxable profit 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 Operating (Income) Expense, Net Other operating (income) expense, net primarily includes royalty income and expense, Transition Service Agreement income, currency remeasurement and derivative gains and losses, contributions to the Medtronic Foundation, Puerto Rico excise taxes, changes in the fair value of contingent consideration, change in amounts accrued for certain contingent liabilities for recent acquisitions, charges associated with business exits, and IPR&D charges.

Other Non-Operating Income, Net Other non-operating income, net includes the non-service component of net periodic pension and post-retirement benefit cost, investment gains and losses, and interest income.

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 operating (income) 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, gains and losses on derivative and non-derivative instruments designated as net investment hedges, 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 investment 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

Leases

In February 2016, the FASB issued guidance which requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet. This guidance also requires additional qualitative and quantitative lease related disclosures in the notes to the consolidated financial statements. The Group adopted this guidance using the modified retrospective method in the first quarter of fiscal year 2020.

During the implementation of this recently adopted accounting standard, the Group elected the package of practical expedients available under the transition guidance that allowed an entity not to reassess whether any expired or existing contracts are or contain leases, the classification for any expired or existing leases or any initial direct costs for existing leases. Further, the Group made accounting policy elections to not apply the recognition requirements to short-term leases and to account for lease and nonlease components as a single lease component.

The adoption of this guidance resulted in the recognition of right-of-use assets and lease liabilities in an amount of approximately $1.0 billion, an immaterial cumulative-effect adjustment to profit and loss account as of April 27, 2019, and expansion of lease related disclosures. The adoption of this guidance did not have a material impact on the Group's consolidated profit and loss account or consolidated statements of cash flows.

Others

In August 2017, the FASB issued guidance to better align an entity's risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The Group adopted this guidance in the first quarter of fiscal year 2020. The adoption of this guidance resulted in expanded disclosures and did not have an impact on the Group's consolidated financial statements.

Not Yet Adopted

In June 2016, the FASB issued guidance which changes the methodology to be used to measure credit losses for certain financial instruments and financial assets, including trade debtors. The new methodology requires the recognition of an allowance that reflects the current estimate of credit losses expected to be incurred over the life of the financial asset. The new standard will be effective for the Group in the first quarter of fiscal year 2021. The Group does not expect the adoption of the guidance to have a material impact on the Group’s consolidated financial statements.

2. Turnover

The Group's turnover is principally derived from device-based medical therapies and services related to cardiac rhythm disorders, cardiovascular disease, renal disease, neurological disorders and diseases, spinal conditions and musculoskeletal trauma, chronic pain, urological and digestive disorders, ear, nose, and throat conditions, and diabetes conditions as well as advanced and general surgical care products, respiratory and monitoring solutions, and neurological surgery technologies. The Group's primary customers include hospitals, clinics, third-party healthcare providers, distributors, and other institutions, including governmental healthcare programs and group purchasing organizations.

The table below illustrates turnover by segment and division for fiscal years 2020 and 2019:

	Turnover by Fiscal Year[1]	
(in millions)	**2020**	**2019**
Cardiac Rhythm & Heart Failure	$ 5,141	$ 5,849
Coronary & Structural Heart	3,541	3,730
Aortic, Peripheral & Venous	1,786	1,926
Cardiac and Vascular Group	10,468	11,505
Surgical Innovations	5,513	5,753
Respiratory, Gastrointestinal, & Renal	2,839	2,725
Minimally Invasive Therapies Group	8,352	8,478
Brain Therapies	2,922	2,938
Spine	2,503	2,654
Specialty Therapies	1,193	1,307
Pain Therapies	1,107	1,284
Restorative Therapies Group	7,725	8,183
Diabetes Group	2,368	2,391
Total	$ 28,913	$ 30,557

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

The table below includes turnover by market geography and segment for fiscal years 2020 and 2019:

	Turnover by Fiscal Year[4]	
(in millions)	**2020**	**2019**
U.S.[1]	$ 5,062	$ 5,750
Non-U.S. Developed Markets[2]	3,519	3,767
Emerging Markets[3]	1,887	1,988
Cardiac and Vascular Group	10,468	11,505
U.S.[1]	3,532	3,630
Non-U.S. Developed Markets[2]	3,169	3,250
Emerging Markets[3]	1,651	1,598
Minimally Invasive Therapies Group	8,352	8,478
U.S.[1]	5,122	5,478
Non-U.S. Developed Markets[2]	1,659	1,759
Emerging Markets[3]	945	946
Restorative Therapies Group	7,725	8,183
U.S.[1]	1,204	1,336
Non-U.S. Developed Markets[2]	940	855
Emerging Markets[3]	224	200
Diabetes Group	2,368	2,391
U.S.[1]	14,919	16,194
Non-U.S. Developed Markets[2]	9,287	9,631
Emerging Markets[3]	4,707	4,732
Total	$ 28,913	$ 30,557

(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 within 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.
(4) The data in this schedule has been intentionally rounded to the nearest million and, therefore, may not sum.

At April 24, 2020, $706 million of rebates were classified as *provision for liabilities* and $321 million of rebates were classified as a reduction of *debtors* in the consolidated balance sheet. At April 26, 2019, $764 million of rebates were classified as *provision for liabilities* and $432 million of rebates were classified as a reduction of *debtors* in the consolidated balance sheet. During fiscal year 2020, adjustments to rebate and return reserves recognized in turnover that were included in the rebate and return reserves at the beginning of the period were not material.

Deferred Revenue and Remaining Performance Obligations

Deferred revenue at April 24, 2020 and April 26, 2019 was $303 million and $315 million, respectively. At April 24, 2020 and April 26, 2019, $213 million and $211 million was included in *creditors (amounts falling due within one year)*, respectively, and $90 million and $104 million was included in *creditors (amounts falling due after one year)*, respectively. During the fiscal year ended April 24, 2020, the Group recognized $220 million of turnover that was included in deferred revenue as of April 26, 2019.

At April 24, 2020, the estimated turnover expected to be recognized in future periods related to performance obligations that are unsatisfied for executed contracts with an original duration of one year or more was approximately $1.1 billion. The Group expects to recognize turnover on the majority of these remaining performance obligations over the next four years.

3. Restructuring Charges

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 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 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.

For fiscal years 2020 and 2019, the Group recognized charges of $462 million and $424 million, respectively. During fiscal year 2020, charges were partially offset by provision adjustments of $21 million related to certain employees identified for termination finding other positions within the Group. For fiscal years 2020 and 2019, charges included $155 million and $91 million, respectively, recognized within *cost of sales* and $168 million and $118 million, respectively, recognized within *distribution and administrative expense* in the consolidated profit and loss account.

The following table summarizes the activity related to the Enterprise Excellence restructuring program for fiscal years 2020 and 2019:

(in millions)	Employee Termination Benefits	Associated Costs[1]	Asset Write-downs[2]	Other Costs	Total
April 27, 2018	$ 27	$ 2	$ —	$ —	$ 29
Charges	192	193	17	22	424
Cash payments	(118)	(186)	—	(10)	(314)
Settled non-cash	—	—	(17)	—	(17)
April 26, 2019	101	9	—	12	122
Charges	129	300	24	9	462
Cash payments	(128)	(290)	—	(9)	(427)
Settled non-cash	—	—	(24)	—	(24)
Provision adjustments	(13)	—	—	(8)	(21)
April 24, 2020	$ 89	$ 19	$ —	$ 4	$ 112

(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.
(2) Recognized within *cost of sales* and *distribution and administrative expense* in the consolidated profit and loss account.

4. 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, tax 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. The Group classifies litigation charges and gains related to significant legal matters as certain litigation charges. During fiscal years 2020 and 2019, the Group recognized $225 million and $63 million, respectively, of certain litigation charges. As of April 24, 2020 and April 26, 2019, accrued litigation was approximately $0.4 billion and $0.5 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

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 16,200 claimants have asserted or may assert claims involving products manufactured by Covidien’s subsidiaries. As of August 5, 2020, the Group had reached agreements to settle approximately 15,900 of these claims. The Group's provisions for this matter are included within accrued litigation as discussed above.

Hernia Mesh Litigation

During fiscal year 2020, plaintiffs filed lawsuits against certain subsidiaries of the Group in U.S. state and federal courts alleging personal injury from hernia mesh products sold by those subsidiaries. The majority of the pending cases are in Massachusetts state court, where they have been consolidated before a single judge. Certain plaintiffs law firms have advised the Group that they may file additional cases in the future. The pending lawsuits relate to hernia mesh products that have not been subject to recalls, withdrawals or other adverse regulatory action. The Group has not recorded an expense related to damages in connection with these matters because any potential loss is not currently probable or reasonably estimable under U.S. GAAP. Additionally, the Group is unable to reasonably estimate the range of loss, if any, that may result from these matters.

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.

Sasso

The Group is involved in litigation in Indiana relating to certain patent and royalty disputes with Dr. Sasso under agreements originally entered into in 1999 and 2001. On November 28, 2018, a jury in Indiana state court returned a verdict against the Group for approximately $112 million. The Group has strong arguments to appeal the verdict and has filed post-trial motions and appeals with the appropriate appellate courts. The Group's provisions for this matter are included within accrued litigation as discussed above.

Shareholder Related Matters

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 March 20, 2015, the District Court issued an 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, and reversed in part. On April 19, 2016, the Minnesota Supreme Court granted the Group's petition to review 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, which are ongoing. In April of 2020, the District Court issued an order and opinion denying the plaintiffs' motion for class certification. 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.

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.

Since the early 2000s, the Group or its predecessors have 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 the Group's predecessor 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.

Following a trial in March 2002, the Court held that conditions in the Penobscot River and Bay may pose an imminent and substantial endangerment and that the Group's predecessor was liable for the cost of performing a study of the River and Bay. Following a second trial in June 2014, the Court ordered that further engineering study and engineering design work was needed to determine the nature and extent of remediation in the Penobscot River and Bay. The Court also appointed an

engineering firm to conduct such studies and issue a report on potential remediation alternatives. In connection with these proceedings, reports have been produced including a variety of cost estimates for a variety of potential remedial options. A third trial to determine the course of remediation to be pursued is scheduled to occur in fiscal year 2021.

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

Government Matters

Since 2017, the Group has been responding to requests from the Department of Justice and U.S. Department of Health and Human Services for information about business practices relating to a neurovascular product developed and first marketed by ev3 and Covidien. The Group provided information in response to these requests and fully cooperated with the inquiry. The Department of Justice recently notified the Group that it does not intend to pursue the matter further. The Group has not recognized an expense in connection with any ongoing investigation, because any such 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 the ongoing information requests.

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. The U.S. Tax Court scheduled for April of 2020 was postponed due to the challenges of COVID-19. The new trial date has not been re-scheduled.

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. The statute of limitations for Covidien's 2016 U.S. federal income tax return lapsed during the third quarter of fiscal year 2020.

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 6 for additional discussion of taxation.

Guarantees

As a result of the acquisition of Covidien, the Group had 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 covered certain income tax liabilities for periods prior to and including the spin-off. The Group's share of the income tax liabilities for these periods was 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 were 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. The parties terminated the Tax Sharing Agreement during the fourth quarter of fiscal year 2020.

As part of the Group's 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.

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 24, 2020 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 24, 2020, primarily related to funding of minority investments, royalty and milestone payments, interest on debt obligations, and inventory purchase commitments.

At April 24, 2020, aggregate obligations for commitments related to the funding of minority investments, estimated milestone payments, and royalty obligations was $325 million, of which $153 million relates to fiscal year 2021. 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 $7.3 billion at April 24, 2020, of which $563 million relates to fiscal year 2021. See Note 17 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 24, 2020, aggregate obligations for these commitments was $892 million, of which $479 million relates to fiscal year 2021. 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 the Group's projected requirements.

5. Interest Payable and Similar Expenses

Interest payable and similar expenses is comprised of the following:

	Fiscal Year	
(in millions)	**2020**	**2019**
Interest charges related to financing arrangements	$ 679	$ 959
Loss on debt extinguishment and redemption	413	485
Interest payable and similar expenses	$ 1,092	$ 1,444

6. 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)	**2020**	**2019**
U.S.	$ 505	$ 936
International	3,770	4,364
Profit before taxation	$ 4,275	$ 5,300

Taxation consists of the following:

	Fiscal Year	
(in millions)	**2020**	**2019**
Current taxation:		
U.S.	$ 151	$ 579
International	375	406
Total current taxation	526	985
Deferred taxation (benefit):		
U.S.	(126)	(300)
International	(1,101)	(128)
Net deferred taxation benefit	(1,227)	(428)
Taxation	$ (701)	$ 557

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

(in millions)	April 24, 2020	April 26, 2019
Deferred tax assets:		
Net operating loss, capital loss, and credit carryforwards	$ 6,432	$ 6,574
Other accrued liabilities	340	389
Accrued compensation	285	315
Pension and post-retirement benefits	350	300
Stock-based compensation	136	162
Other	338	339
Inventory	191	194
Lease obligations	101	—
Federal and state benefit on uncertain tax positions	96	83
Interest limitation	236	111
Unrealized loss on available-for-sale securities and derivative financial instruments	—	17
Gross deferred tax assets	8,505	8,484
Valuation allowance	(5,482)	(6,300)
Total deferred tax assets	3,023	2,184
Deferred tax provisions:		
Intangible assets	(1,017)	(1,614)
Realized loss on derivative financial instruments	(65)	(70)
Other	(110)	(152)
Right of use leases	(97)	—
Unrealized gain on available-for-sale securities and derivative financial instruments	(12)	—
Accumulated depreciation	(87)	(38)
Outside basis difference of subsidiaries	(77)	(119)
Total deferred tax provisions	(1,465)	(1,993)
Prepaid income taxes	449	363
Income tax receivables	381	335
Tax assets, net	$ 2,388	$ 889
Reported as (after valuation allowance and jurisdictional netting):		
Debtors	$ 3,612	$ 2,167
Provisions for liabilities	(1,224)	(1,278)
Tax assets, net	$ 2,388	$ 889

Deferred taxation activity for fiscal year 2020 was as follows:

	April 24, 2020
April 26, 2019	$ 889
Credit to profit and loss account	1,227
Acquisitions	(9)
Credit to equity	148
Currency translation and other	133
April 24, 2020	$ 2,388

No deferred taxation has been provided on the approximately $69.9 billion and $64.1 billion of undistributed profits of the Group's subsidiaries at April 24, 2020 and April 26, 2019, respectively, since these profits have been, and under current plans will continue to be, permanently reinvested in these subsidiaries. Due to the number of legal entities and jurisdictions involved, 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 24, 2020, the Group had approximately $25.1 billion of net operating loss carryforwards in certain non-U.S. jurisdictions, of which $22.1 billion have no expiration, and the remaining $3.0 billion will expire during fiscal years 2021 through 2040. Included in these net operating loss carryforwards are $17.5 billion of net operating losses related to a subsidiary of the Group, substantially all of which were recorded in fiscal year 2008 as a result of the receipt of a favorable tax ruling from certain non-U.S. taxing authorities. The Group has recorded a full valuation allowance against these net operating losses, as management does not believe that it is more likely than not that these net operating losses will be utilized. Certain of the remaining non-U.S. net operating loss carryforwards of $7.6 billion have a valuation allowance recorded against the carryforwards, as management does not believe that it is more likely than not that these net operating losses will be utilized.

At April 24, 2020, the Group had $524 million of U.S. federal net operating loss carryforwards, of which $102 million have no expiration. The remaining loss carryforwards will expire during fiscal years 2021 through 2038. For U.S. state purposes, the Group had $1.4 billion of net operating loss carryforwards at April 24, 2020, which will expire during fiscal years 2021 through 2040.

At April 24, 2020, the Group also had $200 million of tax credits available to reduce future income taxes payable, of which $96 million have no expiration. The remaining credits will expire during fiscal years 2021 through 2040.

The Group has established valuation allowances of $5.5 billion and $6.3 billion at April 24, 2020 and April 26, 2019, 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 decrease in the valuation allowance during fiscal year 2020 is primarily related to the utilization of certain net operating losses in connection with a planned intercompany sale of intellectual property and 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.

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

	Fiscal Year	
	2020	2019
U.S. federal statutory tax rate	21.0 %	21.0 %
Increase (decrease) in tax rate resulting from:		
U.S. state taxes, net of federal tax benefit	0.5	0.9
Research and development credit	(1.9)	(1.2)
Puerto Rico Excise Tax	(1.5)	(1.6)
International	(9.5)	(10.7)
U.S. Tax Reform	—	0.2
Stock based compensation	(1.5)	(1.0)
Other, net	0.4	(0.6)
Interest on uncertain tax positions	1.2	0.9
Base Erosion Anti-Abuse Tax	2.5	0.1
Foreign Derived Intangible Income Benefit	(1.1)	(0.6)
Certain tax adjustments	(29.2)	(1.0)
U.S. tax on foreign profit	2.7	4.1
Effective tax rate	(16.4)%	10.5 %

During fiscal year 2020, certain tax adjustments of $1.2 billion, recognized in *taxation* in the consolidated profit and loss account, included the following:

- A net benefit of $63 million related to the finalization of certain state taxation impacts from U.S. Tax Reform, and the issuance of certain final U.S. Treasury Regulations associated with U.S. Tax Reform. The primary impact of these regulations resulted in the Group re-establishing its permanently reinvested assertion on certain foreign profit and reversing the previously accrued tax provision. This benefit was partially offset by additional taxation associated with a previously executed internal reorganization of certain foreign subsidiaries.

- A benefit of $252 million related to tax legislative changes in Switzerland which abolished certain preferential tax regimes the Group benefited from and replaced them with a new set of internationally accepted measures. The legislation provided for higher effective tax rates but allowed for a transitional period whereby an amortizable asset was created for Swiss federal income tax purposes which will be amortized and deducted over a 10-year period.

- A benefit of $658 million related to the release of a valuation allowance previously recorded against certain net operating losses. Luxembourg enacted tax legislation during the year which required the Group to reassess the realizability of certain net operating losses. The Group evaluated both the positive and negative evidence and released valuation allowance equal to the expected benefit from the utilization of certain net operating losses in connection with a planned intercompany sale of intellectual property.

- A benefit of $269 million associated with the intercompany sale of intellectual property and the establishment of a deferred tax asset.

During fiscal year 2019, certain tax adjustments of $40 million, recognized in *taxation* in the consolidated profit and loss account, included the following:

- A net benefit of $30 million associated with the finalization of the transition tax provision and the Tax Act impact to deferred tax assets, deferred tax provisions, and valuation allowances.

- A charge of $42 million related to the recognition of a prepaid tax expense resulting from the reduction in the U.S. statutory taxation rate under the Tax Act and the current year sale of U.S. manufactured inventory held as of April 27, 2018.

- A benefit of $32 million related to intercompany legal entity restructuring.

- A net benefit of $20 million with the finalization of certain taxation aspects of the divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses.

Currently, the Group's operations in Puerto Rico, Singapore, Dominican Republic, Costa Rica, China, and Israel have various tax holidays and tax incentive grants. The tax reductions as compared to the local statutory rate favorably impacted profits by $231 million and $437 million in fiscal years 2020 and 2019, respectively, and diluted earnings per share by $0.17, and $0.32, in fiscal years 2020 and 2019, respectively. The tax holidays are conditional upon the Group meeting certain thresholds required under statutory law. The tax incentive grants, unless extended, will expire between fiscal years 2021 and 2030. 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 2020 did not have a material impact on the Group's consolidated financial statements.

The Group had $1.9 billion and $1.8 billion of gross unrecognized tax benefits at April 24, 2020 and April 26, 2019, respectively. A reconciliation of the beginning and ending amount of unrecognized tax benefits for fiscal years 2020 and 2019 is as follows:

	Fiscal Year	
(in millions)	**2020**	**2019**
Gross unrecognized tax benefits at beginning of fiscal year	$ 1,836	$ 1,727
Gross increases:		
Prior year tax positions	12	34
Current year tax positions	55	109
Gross decreases:		
Prior year tax positions	(9)	(14)
Settlements	(5)	—
Statute of limitation lapses	(27)	(20)
Gross unrecognized tax benefits at end of fiscal year	1,862	1,836
Cash advance paid to taxing authorities	(859)	(859)
Gross unrecognized tax benefits at end of fiscal year, net of cash advance	$ 1,003	$ 977

If all of the Group's unrecognized tax benefits at April 24, 2020 and April 26, 2019 were recognized, $1.8 billion would impact the Group's effective tax rate. Although the Group believes that it has adequately provided for liabilities resulting from tax assessments by taxing authorities, positions taken by these tax authorities could have a material impact on the Group's effective tax rate in future periods. The Group has recorded gross unrecognized tax benefits, net of cash advance, of $911 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 $115 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 $225 million and $172 million of accrued gross interest and penalties at April 24, 2020 and April 26, 2019, respectively. During fiscal years 2020 and 2019 the Group recognized gross interest payable and similar expenses of approximately $53 million and $48 million, respectively, in *taxation* in the consolidated profit and loss account.

The Group's reserves for uncertain tax positions related 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	2005
Australia	2016
Brazil	2015
Canada	2012
China	2009
Costa Rica	2016
Dominican Republic	2017
Germany	2014
India	2002
Ireland	2012
Israel	2010
Italy	2005
Japan	2017
Korea	2017
Luxembourg	2014
Mexico	2007
Puerto Rico	2011
Singapore	2013
Switzerland	2012
United Kingdom	2016

See Note 4 for additional information regarding the status of current tax audits and proceedings.

7. Earnings Per Share

Earnings per share is calculated 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 with the proceeds from issuance of the potentially dilutive shares. Potentially dilutive ordinary shares include stock-based awards granted under stock-based compensation plans and shares committed to be purchased under the employee stock purchase plan.

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

	Fiscal Year	
(in millions, except per share data)	**2020**	**2019**
Numerator:		
Profit for the financial year attributable to ordinary shareholders	$ 4,959	$ 4,724
Denominator:		
Basic – weighted average shares outstanding	1,340.7	1,346.4
Effect of dilutive securities:		
Employee stock options	7.2	7.6
Employee restricted stock units	2.8	3.2
Other	0.4	0.3
Diluted – weighted average shares outstanding	1,351.1	1,357.5
Basic earnings per share	$ 3.70	$ 3.51
Diluted earnings per share	$ 3.67	$ 3.48

The calculation of weighted average diluted shares outstanding excludes options to purchase approximately 4 million and 7 million ordinary shares in fiscal years 2020 and 2019, respectively, because their effect would have been anti-dilutive on the Group's earnings per share.

8. Intangible Assets

Indefinite-lived intangible asset activity for fiscal year 2020 was as follows:

(in millions)	**Goodwill**	**Acquired IPR&D**	**Total**
April 26, 2019	$ 39,959	$ 604	$ 40,563
Additions as a result of acquisitions	333	—	333
Transfers	—	(45)	(45)
Impairments	—	(35)	(35)
Purchase accounting adjustments	124	—	124
Currency translation	(575)	(1)	(576)
April 24, 2020	$ 39,841	$ 523	$ 40,364

During fiscal year 2020, the Group recognized $35 million of indefinite-lived intangible asset charges, including $25 million relating to a partial impairment of an IPR&D project within the Restorative Therapies Group and $10 million in connection with the discontinuation of an IPR&D project within the Cardiac and Vascular Group. During fiscal year 2019, the Group recognized $30 million of indefinite-lived intangible asset charges, including $11 million in connection with a business exit in the Restorative Therapies Group, and $10 million and $9 million in connection with the discontinuation of certain IPR&D projects within the Minimally Invasive Therapies Group and Cardiac and Vascular Group, respectively. Indefinite-lived intangible asset charges are recognized in *other operating (income) expense, net* in the consolidated profit and loss account. Due to the nature of IPR&D projects, the Group may experience future delays or failures to obtain regulatory approvals to conduct clinical trials, failures of such clinical trials, delays or failures to obtain required market clearances, 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 2020 or 2019.

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 26, 2019	$ 6,854	$ 20,381	$ 10,821	$ 1,903	$ 39,959
Goodwill as a result of acquisitions	19	227	71	16	333
Purchase accounting adjustments	7	2	120	(5)	124
Currency translation and other	(49)	(434)	(92)	—	(575)
April 24, 2020	$ 6,831	$ 20,176	$ 10,920	$ 1,914	$ 39,841

Definite-Lived Intangible Asset Carrying Value The following table presents the changes in 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 26, 2019	$ 16,944	$ 11,405	$ 570	$ 85	$ 29,004
Additions as a result of acquisitions	35	350	3	10	398
Transfers	—	45	—	—	45
Retired intangible assets	—	(696)	(109)	(15)	(820)
Impairments	—	(37)	—	—	(37)
Currency translation and other	(16)	(325)	—	(5)	(346)
April 24, 2020	$ 16,963	$ 10,742	$ 464	$ 75	$ 28,244
Accumulated Amortization:					
April 26, 2019	$ (4,095)	$ (4,570)	$ (324)	$ (59)	$ (9,048)
Amortization expense	(974)	(754)	(17)	(11)	(1,756)
Retired intangible assets	—	696	109	15	820
Currency translation and other	4	274	—	2	280
April 24, 2020	$ (5,065)	$ (4,354)	$ (232)	$ (53)	$ (9,704)
Net book value:					
April 26, 2019	$ 12,849	$ 6,835	$ 246	$ 26	$ 19,956
April 24, 2020	$ 11,898	$ 6,388	$ 232	$ 22	$ 18,540

During fiscal year 2020, the Group recognized $37 million of definite-lived intangible asset charges, including $33 million and $4 million recognized in connection with business exits in the Restorative Therapies Group and Cardiac and Vascular Group, respectively. During fiscal year 2019, the Group recognized $87 million of definite-lived intangible asset charges, including $61 million and $26 million recognized in connection with business exits in the Cardiac and Vascular Group and Restorative Therapies Group, respectively. Definite-lived intangible asset charges are recognized in *other operating (income) expense, net* in the consolidated profit and loss account.

Definite-Lived Intangible Asset Amortization Intangible asset amortization expense was $1.8 billion for fiscal years 2020 and 2019.

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 24, 2020, excluding any possible future amortization associated with acquired IPR&D which has not met technological feasibility, is as follows:

(in millions)	Amortization Expense
2021	$ 1,748
2022	1,706
2023	1,644
2024	1,615
2025	1,588

9. Acquisitions

The Group had acquisitions during fiscal years 2020 and 2019 that were accounted for as business combinations. The assets and liabilities of businesses acquired were 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 these businesses. The pro forma impact of acquisitions during fiscal years 2020 and 2019 was not significant, either individually or in the aggregate, to the consolidated 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.

Fiscal Year 2020

The acquisition date fair value of net assets acquired during fiscal year 2020 was $612 million, consisting of $679 million of assets acquired and $67 million of liabilities assumed. Based upon preliminary valuations, assets acquired were primarily comprised of $236 million of technology-based intangible assets and $26 million of customer-related intangible assets with estimated useful lives ranging from 8 to 16 years, $333 million of goodwill, and $40 million of inventory. The goodwill is not deductible for tax purposes. The Group recognized $80 million of contingent consideration liabilities in connection with business combinations during fiscal year 2020, which are comprised of turnover and regulatory milestone-based payments. Purchase price allocation adjustments for fiscal year 2020 business combinations were not significant.

Fiscal Year 2019

Mazor Robotics

On December 18, 2018, the Group's Restorative Therapies Group acquired Mazor Robotics (Mazor), a pioneer in the field of robotic guidance systems. The acquisition of Mazor strengthened the Group's position as a global leader in enabling technologies for spine surgery. The Group offers a fully-integrated procedural solution for surgical planning, execution, and confirmation by combining the Group's spine implants, navigation, and intra-operative imaging technology with Mazor's robotic-assisted surgery systems. Total consideration for the transaction, net of cash acquired, was $1.6 billion, consisting of $1.3 billion of cash and $246 million of a previously-held equity investment in Mazor. Net assets acquired includes $383 million of technology-based intangible assets and $16 million of tradenames with estimated useful lives of 10 years. Goodwill was primarily attributable to pull-through turnover, future yet to be defined technologies, and an assembled workforce and was not deductible for tax purposes. The registered address of Mazor at the time of acquisition was 5 Shacham Street, Industrial Park North, Caesarea, Israel 3079567.

During fiscal year 2019, the Group recognized $51 million of costs incurred in connection with the acquisition of Mazor, including payouts for unvested stock options and investment banker and other transaction fees, which were recognized in *distribution and administrative expense* in the consolidated profit and loss account.

The Group made certain adjustments to the allocation of purchase price for the Mazor acquisition during the measurement period which closed in the third quarter of fiscal year 2020, primarily related to estimates for certain contingent liabilities and deferred taxation, which resulted in a net increase to goodwill of $105 million.

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

(in millions)	Mazor Robotics
Cash and cash equivalents	$ 109
Investments	52
Accounts receivable	9
Inventory	5
Other current assets	1
Tangible assets	3
Goodwill	1,318
Other intangible assets	399
Tax assets	9
Total assets acquired	1,905
Current liabilities	210
Deferred tax liabilities	21
Total liabilities assumed	231
Net assets acquired	$ 1,674

Other Fiscal Year 2019 Acquisitions

The remaining acquisition date fair value of net assets acquired during fiscal year 2019 was $698 million, consisting of $763 million of assets acquired and $65 million of liabilities assumed. Assets acquired were primarily comprised of $313 million of goodwill, $171 million of in-process research and development, $161 million of technology-based intangible assets with estimated useful lives ranging from 4 to 15 years, and $40 million of customer-related intangible assets with estimated useful lives ranging from 10 to 13 years. The Group recognized $151 million of contingent consideration liabilities in connection with business combinations during fiscal year 2019. For fiscal year 2019, purchase price allocation adjustments were not significant.

Acquired In-Process Research & Development

IPR&D acquired outside of a business combination is expensed immediately. The Group did not acquire any IPR&D in connection with asset acquisitions during fiscal year 2020. During fiscal year 2019, the Group acquired $38 million of IPR&D in connection with asset acquisitions, which was recognized in *other operating (income) expense, net* in the consolidated profit and loss account.

Contingent Consideration

The fair value of contingent consideration at April 24, 2020 and April 26, 2019 was $280 million and $222 million, respectively. At April 24, 2020, $112 million was recorded in *creditors (amounts falling due within one year)* and $168 million was recorded in *creditors (amounts falling due after one year)* on the consolidated balance sheet. At April 26, 2019, $73 million was reflected in *creditors (amounts falling due within one year)* and $149 million was reflected in *creditors (amounts falling due after one year)* on the consolidated balance sheet.

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

	Fiscal Year	
(in millions)	2020	2019
Beginning Balance	$ 222	$ 173
Purchase price contingent consideration	125	151
Contingent consideration payments	(34)	(36)
Change in fair value of contingent consideration	(33)	(66)
Ending Balance	$ 280	$ 222

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

(in millions)	Fair Value at April 24, 2020	Valuation Technique	Unobservable Input	Range
			Discount rate	11.5% - 32.4%
Turnover-based payments	$ 101	Discounted cash flow	Probability of payment	40% - 100%
			Projected fiscal year of payment	2021 - 2027
			Discount rate	5.5%
Product development-based payments	$ 179	Discounted cash flow	Probability of payment	50% - 100%
			Projected fiscal year of payment	2021 - 2027

10. Tangible Assets

Tangible assets activity for fiscal year 2020 was as follows:

(in millions)	Land and Land Improvements	Buildings and Leasehold Improvements	Equipment	Computer Software	Construction in Progress	Total Tangible Assets
Cost:						
April 26, 2019	$ 181	$ 2,267	$ 5,519	$ 1,842	$ 1,111	$ 10,920
Additions	—	36	320	12	832	1,200
Disposals	(9)	(115)	(308)	(29)	(1)	(462)
Acquisitions	—	—	11	—	—	11
Transfers	2	79	336	300	(717)	—
Currency translation and other	1	10	(19)	6	(23)	(25)
April 24, 2020	$ 175	$ 2,277	$ 5,859	$ 2,131	$ 1,202	$ 11,644
Accumulated depreciation:						
April 26, 2019	$ (30)	$ (1,090)	$ (3,916)	$ (1,209)	$ —	$ (6,245)
Depreciation expense	(2)	(115)	(594)	(196)	—	(907)
Disposals	1	71	214	21	—	307
Currency translation and other	1	(1)	29	—	—	29
April 24, 2020	$ (30)	$ (1,135)	$ (4,267)	$ (1,384)	$ —	$ (6,816)
Net book value:						
April 26, 2019	$ 151	$ 1,177	$ 1,603	$ 633	$ 1,111	$ 4,675
April 24, 2020	$ 145	$ 1,142	$ 1,592	$ 747	$ 1,202	$ 4,828

Capital expenditures are expected to be approximately $1.2 billion in fiscal year 2021.

11. Leases

The Group leases office, manufacturing, and research facilities and warehouses, as well as transportation, data processing, and other equipment. The Group determines whether a contract is a lease or contains a lease at inception date. Upon commencement, the Group recognizes a right-of-use asset and lease liability. Right-of-use assets represent the Group's right to use the underlying asset for the lease term. Lease liabilities are the Group's obligation to make the lease payments arising from a lease. As the Group’s leases typically do not provide an implicit rate, the Group’s lease liabilities are measured on a discounted basis using the Group's incremental borrowing rate. Lease terms used in the recognition of right-of-use assets and lease liabilities include only options to extend the lease that are reasonably certain to be exercised. Additionally, lease terms underlying the right-of-use assets and lease liabilities consider terminations that are reasonably certain to be executed.

The Group's lease agreements include leases that have both lease and associated nonlease components. The Group has elected to account for lease components and the associated nonlease components as a single lease component. The consolidated balance sheet does not include recognized assets or liabilities for leases that, at the commencement date, have a term of twelve months or less and do not include an option to purchase the underlying asset that is reasonably certain to be exercised. The Group

recognizes such leases in the consolidated profit and loss account on a straight-line basis over the lease term. Additionally, the Group recognizes variable lease payments not included in its lease liabilities in the period in which the obligation for those payments is incurred. Variable lease payments for fiscal year 2020 were not material.

The Group's lease agreements include leases accounted for as operating leases and those accounted for as finance leases. The right-of-use assets, lease liabilities, lease costs, cash flows, and lease maturities associated with the Group's finance leases were not material to the consolidated financial statements at April 24, 2020 or for fiscal year 2020. Finance lease right-of-use assets are included in *tangible assets*, and finance lease liabilities are included in *creditors (amounts falling due within one year)* and *creditors (amounts falling due after one year)* on the consolidated balance sheet.

The following table summarizes the balance sheet classification of the Group's operating leases and amounts of the right-of-use assets and lease liabilities at April 24, 2020:

(in millions)	Balance Sheet Classification	April 24, 2020
Right-of-use assets	Right of use assets	$ 927
Current liability	Creditors (amounts falling due within one year)	171
Non-current liability	Creditors (amounts falling due after one year)	774

The following table summarizes the weighted-average remaining lease term and weighted-average discount rate for the Group's operating leases at April 24, 2020:

	April 24, 2020
Weighted-average remaining lease term	7.2 years
Weighted-average discount rate	3.0%

The following table summarizes the components of total operating lease cost for fiscal year 2020:

(in millions)	Fiscal Year 2020
Operating lease cost	$ 223
Short-term lease cost	46
Total operating lease cost	$ 269

Right of use asset activity for fiscal year 2020 was as follows:

(in millions)	Fiscal Year 2020
April 27, 2019	954
Additions	174
Amortization	(200)
Currency translation and other	(1)
April 24, 2020	$ 927

The following table summarizes the cash paid for amounts included in the measurement of operating lease liabilities and right-of-use assets obtained in exchange for operating lease liabilities for fiscal year 2020:

(in millions)	Fiscal Year 2020
Cash paid for amounts included in the measurement of operating lease liabilities	$ 221
Right-of-use assets obtained in exchange for operating lease liabilities	174

The following table summarizes the maturities of the Group's operating leases at April 24, 2020:

(in millions) Fiscal Year	Operating Leases
2021	$ 218
2022	175
2023	144
2024	118
2025	102
Thereafter	277
Total expected lease payments	1,034
Less: Imputed interest	(89)
Total lease liability	$ 945

The Group makes certain products available to customers under lease arrangements, including arrangements whereby equipment is placed with customers who then purchase consumable products to accompany the use of the equipment. Profit arising from arrangements where the Group is the lessor is recognized within *turnover* in the consolidated profit and loss account and the Group's net investments in sales-type leases are included in *debtors* in the consolidated balance sheet. Lessor profit and the related assets and lease maturities were not material to the consolidated financial statements at April 24, 2020 or for fiscal year 2020.

As disclosed in the Group’s Irish Report for the fiscal year ended April 26, 2019, minimum payments under non-cancelable operating leases at April 26, 2019 were:

(in millions) Fiscal Year	Operating Leases
2020	$ 216
2021	157
2022	103
2023	61
2024	34
Thereafter	81
Total minimum lease payments	$ 652

Rent expense for all operating leases was $305 million in fiscal year 2019.

12. Financial Assets/Fair Value Measurement

Debt Securities

The Group holds investments in marketable debt securities that are classified and accounted for as available-for-sale and are remeasured on a recurring basis.

The following tables summarize the Group's investments in available-for-sale debt securities by significant investment category and the related consolidated balance sheet classification at April 24, 2020 and April 26, 2019:

	April 24, 2020					
	Valuation				Balance Sheet Classification	
(in millions)	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Short-term Investments	Financial Assets
Level 1:						
U.S. government and agency securities	$ 542	$ 47	$ —	$ 589	$ 589	$ —
Level 2:						
Corporate debt securities	4,285	66	(90)	4,261	4,261	—
U.S. government and agency securities	746	1	—	747	747	—
Mortgage-backed securities	705	20	(28)	697	697	—
Non-U.S. government and agency securities	34	—	—	34	34	—
Other asset-backed securities	499	1	(20)	480	480	—
Total Level 2	6,269	88	(138)	6,219	6,219	—
Level 3:						
Auction rate securities	36	—	(3)	33	—	33
Total available-for-sale debt securities	$ 6,847	$ 135	$ (141)	$ 6,841	$ 6,808	$ 33

	April 26, 2019					
	Valuation				Balance Sheet Classification	
(in millions)	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Short-term Investments	Financial Assets
Level 1:						
U.S. government and agency securities	$ 529	$ 1	$ (7)	$ 523	$ 523	$ —
Level 2:						
Corporate debt securities	3,500	14	(21)	3,493	3,493	—
U.S. government and agency securities	387	1	(7)	381	381	—
Mortgage-backed securities	537	3	(20)	520	520	—
Non-U.S. government and agency securities	11	—	—	11	11	—
Other asset-backed securities	529	1	(3)	527	527	—
Total Level 2	4,964	19	(51)	4,932	4,932	—
Level 3:						
Auction rate securities	47	—	(3)	44	—	44
Total available-for-sale debt securities	$ 5,540	$ 20	$ (61)	$ 5,499	$ 5,455	$ 44

The following tables present the gross unrealized losses and fair values of the Group’s available-for-sale debt securities that have been in a continuous unrealized loss position deemed to be temporary, aggregated by investment category, at April 24, 2020 and April 26, 2019:

	April 24, 2020			
	Less than 12 months		More than 12 months	
(in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate debt securities	$ 1,368	$ (2)	$ 2,893	$ (88)
Mortgage-backed securities	35	(1)	663	(27)
Other asset-backed securities	17	—	463	(20)
Auction rate securities	33	(3)	—	—
Total	$ 1,453	$ (6)	$ 4,019	$ (135)

	April 26, 2019			
	Less than 12 months		More than 12 months	
(in millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government and agency securities	$ 130	$ (1)	$ 649	$ (13)
Corporate debt securities	582	(5)	1,153	(16)
Mortgage-backed securities	73	(1)	250	(19)
Other asset-backed securities	290	(2)	85	(1)
Auction rate securities	—	—	44	(3)
Total	$ 1,075	$ (9)	$ 2,181	$ (52)

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 2020 or 2019. 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.

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

(in millions)	April 24, 2020	April 26, 2019
Proceeds from sales	$ 9,559	$ 3,718
Gross realized gains	25	18
Gross realized losses	(22)	(62)

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 24, 2020 and April 26, 2019, the credit loss portion of other-than temporary impairments on debt securities was not significant. No available-for-sale securities were sold for significantly less than carrying value during the fiscal years 2020 or 2019.

The April 24, 2020 balance of available-for-sale debt securities 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 24, 2020
Due in one year or less	$ 2,190
Due after one year through five years	2,854
Due after five years through ten years	1,733
Due after ten years	64
Total debt securities	$ 6,841

Equity Securities, Equity Method Investments, and Other Investments

The Group commonly holds investments in equity securities with readily determinable fair values, equity investments without readily determinable fair values, investments accounted for under the equity method, and other investments. Equity securities with readily determinable fair values are included within Level 1 of the fair value hierarchy, as they are measured using quoted market prices. Equity method investments and investments without readily determinable fair values 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.

The following table summarizes the Group's equity and other investments at April 24, 2020 and April 26, 2019, which are classified as *financial assets* in the consolidated balance sheet:

(in millions)	April 24, 2020	April 26, 2019
Investments with readily determinable fair values (marketable equity securities)	$ 18	$ —
Investments without readily determinable fair values	391	308
Equity method and other investments	71	64
Total equity and other investments	$ 480	$ 372

The table below includes activity related to the Group's portfolio of equity and other investments. Gains and losses on equity and other investments are recognized in *other non-operating income, net* in the consolidated profit and loss account.

(in millions)	April 24, 2020	April 26, 2019
Proceeds from sales	$ 15	$ 964
Gross gains	17	134
Gross losses	(30)	(30)
Recognized impairment losses	(4)	(45)

Net losses recognized during fiscal year 2020 were $13 million, comprised of $15 million unrealized gains and losses on equity securities and other investments still held at April 24, 2020, and $2 million realized gains recognized on equity securities and other investments sold during the fiscal year. Net gains recognized during fiscal year 2019 were $104 million, comprised of $94 million net realized gains on equity and other investments sold during the period and $10 million of unrealized gains on equity and other investments still held at April 26, 2019.

Financial assets and short-term investments activity for fiscal year 2020 was as follows:

(in millions)	Debt	Equity	Total
April 26, 2019	$ 5,499	$ 372	$ 5,871
Purchases	10,871	168	11,039
Proceeds from sales	(9,559)	(15)	(9,574)
Realized (loss)/gain, net	3	(13)	(10)
Impairments	—	(4)	(4)
Unrealized (loss)/gain, net	35	(2)	33
Other	(8)	(28)	(36)
April 24, 2020	$ 6,841	$ 480	$ 7,321

13. Inventories

Inventory balances were as follows:

(in millions)	April 24, 2020	April 26, 2019
Finished goods	$ 2,874	$ 2,476
Work-in-process	608	572
Raw materials	747	705
Total	$ 4,229	$ 3,753

14. Debtors

Debtors consisted of the following:

(in millions)	April 24, 2020	April 26, 2019
Amounts falling due within one year:		
Trade debtors, less allowances of $208 and $190, respectively	$ 4,645	$ 6,222
Tax assets (note 6)	780	648
Derivative contracts receivable (note 15)	299	278
Interest receivable	35	36
Other debtors and prepayments	1,095	1,185
Total amounts falling due within one year	6,854	8,369
Amounts falling due after one year:		
Long-term tax assets (note 6)	2,832	1,519
Derivative contracts receivable (note 15)	103	87
Other debtors	551	508
Total amounts falling due after one year	3,486	2,114
Total debtors	$ 10,340	$ 10,483

15. Derivatives and Currency Exchange Risk Management

The Group uses operational and economic hedges, including 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. Currencies of our derivative instruments include the Euro, Japanese Yen, Chinese Yuan, and others. 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 $11.9 billion and $11.1 billion at April 24, 2020 and April 26, 2019, respectively.

The Group also uses derivative and non-derivative instruments to manage the impact of currency exchange rate changes on net investments in foreign currency-denominated operations. The information that follows 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 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 freestanding currency exchange rate contracts outstanding at April 24, 2020 and April 26, 2019 was $4.9 billion and $4.3 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 uses total return swaps to hedge the liability of a non-qualified, deferred compensation plan. The gross notional amount of the Group's total return swaps outstanding at April 24, 2020 and April 26, 2019 was $181 million and $191 million, respectively. 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 cash flows related to the Group's freestanding derivative contracts are reported as operating activities in the consolidated statements of cash flows.

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 2020 and 2019 were as follows:

		Fiscal Year	
(in millions)	Classification	2020	2019
Currency exchange rate contracts	Other operating (income) expense, net	$ (133)	$ (218)
Total return swaps	Other operating (income) expense, net	7	(18)
Total		$ (126)	$ (236)

Cash Flow Hedges

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. The gross notional amount of these contracts, designated as cash flow hedges outstanding at April 24, 2020 and April 26, 2019 was $7.0 billion and $6.8 billion, respectively, and will mature within the subsequent three-year period. For derivative instruments that are designated and qualify as a cash flow hedge, the gain or loss on the derivative instrument is reported as a component of *accumulated other comprehensive loss*. The gain or loss on the derivative instrument is reclassified into profit and is included in *other operating (income) expense, net* in the consolidated profit and loss account in the same period or periods during which the hedged transaction affects profit. Amounts excluded from the measurement of hedge effectiveness are recognized in profit in the current period. The cash flows related to all of the Group's derivative instruments designated as cash flow hedges are reported as operating activities in the consolidated statements of cash flows. No components of the hedge contracts were excluded in the measurement of hedge effectiveness, and no forward contracts designated as cash flow hedges were derecognized or discontinued during fiscal years 2020 or 2019.

The amount of the (gains) losses recognized in AOCI related to currency exchange rate contract derivative instruments designated as cash flow hedges for fiscal years 2020 and 2019 were as follows:

	Fiscal Year	
(in millions)	2020	2019
Currency exchange rate contracts	$ (397)	$ (615)

The amount of the (gains) losses recognized in the consolidated profit and loss account related to derivative instruments designated as cash flow hedges for fiscal years 2020 and 2019 were as follows:

	Fiscal Year	
	2020	2019
(in millions)	Other operating (income) expense, net	Other operating (income) expense, net
Total amounts of profit and expense line items presented in the consolidated profit and loss account in which the effects of cash flow hedges are recorded	$ (61)	$ 258
Currency exchange rate contracts designated as cash flow hedges:		
Amount of (gain) loss reclassified from AOCI into profit	(335)	(108)

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 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 gains or losses are then reclassified into *interest payable and similar expenses* over the term of the related debt. For fiscal years 2020 and 2019, the reclassifications of net (gains) losses on forward starting interest rate derivative instruments from *accumulated other comprehensive loss* to *interest payable and similar expenses* were not significant.

At April 24, 2020 and April 26, 2019, the Group had $266 million and $194 million, respectively, in after-tax net unrealized gains associated with cash flow hedging instruments recorded in *accumulated other comprehensive loss*. The Group expects

that $225 million of after-tax net unrealized gains at April 24, 2020 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* and are offset by changes in the fair value of the underlying debt instrument. The gains from terminated interest rate swap agreements are recognized in *creditors (amounts falling due after more than one year)*, increasing the outstanding balances of the debt, and amortized as a reduction of *interest payable and similar expenses* over the remaining life of the related debt. The cash flows related to the Group's interest rate derivative instruments designated as fair value hedges are reported as operating activities in the consolidated statements of cash flows.

At April 24, 2020, the Group had no interest rate swaps outstanding designated as fair value hedges, as the Group terminated previously held swaps in connection with the tender and early redemption of the underlying senior notes during the first quarter of fiscal year 2020. At April 26, 2019, the Group had interest rate swaps in 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.

The gain recognized upon termination of interest rate swaps was not significant for fiscal year 2020. At April 26, 2019, the market value of outstanding interest rate swap agreements was an unrealized gain of $9 million which was recorded in *debtors*, with the offset recorded in *creditors (amounts falling due after more than one year)* on the consolidated balance sheet. The Group did not recognize any gains or losses during fiscal years 2020 and 2019 on firm commitments that no longer qualify as fair value hedges.

The following amounts were recorded on the consolidated balance sheet related to the cumulative basis adjustments for fair value hedges:

(in millions)	Carrying Amount of Hedged Assets/ (Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets/(Liabilities)	
Location on the Consolidated Balance Sheet	April 24, 2020	April 26, 2019	April 24, 2020	April 26, 2019
Creditors (amounts falling due after more than one year)	$ —	$ (1,175)	$ —	$ 9

Net Investment Hedges

The Group has designated Euro-denominated debt as a net investment hedge of certain of its European operations to manage the exposure to currency and exchange rate movements for foreign currency-denominated net investments in foreign operations. At April 24, 2020, the Group had €12.0 billion, or $13.0 billion, of outstanding Euro-denominated debt designated as a hedge of its net investment in certain of its European operations, which will mature in fiscal years 2021 through fiscal year 2050.

Additionally, during the first quarter of fiscal year 2020, the Group entered into and settled forward currency exchange rate contracts to manage the exposure to exchange rate movements in anticipation of the issuance of Euro-denominated senior notes. Certain of these forward currency exchange rate contracts were designated as a net investment hedge of certain of the Group's European operations. These contracts matured in conjunction with the issuance of the Euro-denominated debt in the first quarter of fiscal year 2020.

For instruments that are designated and qualify as net investment hedges, the gains or losses are reported as a component of *accumulated other comprehensive loss*. The gains or losses are reclassified into profit upon a liquidation event or deconsolidation of the foreign subsidiary. Amounts excluded from the assessment of effectiveness are recognized in *other operating (income) expense, net*. The cash flows related to the Group's derivative instruments designated as net investment hedges are reported as investing activities in the consolidated statements of cash flows.

At April 24, 2020 and April 26, 2019, the Group had $236 million in after-tax unrealized gains and $169 million in after-tax unrealized losses associated with net investment hedges recorded in *accumulated other comprehensive loss*. The Group does not expect any of the after-tax unrealized losses at April 24, 2020 to be recognized in the consolidated profit and loss account over the next 12 months.

The Group did not recognize any gains or losses during fiscal years 2020 and 2019 on instruments that no longer qualify as net investment hedges.

The amount and classifications of the (gains) losses recognized in the consolidated profit and loss account for the portion of the net investment hedges excluded from the measurement of hedge effectiveness were as follows:

		Fiscal Year	
(in millions)	**Classification**	**2020**	**2019**
Net investment hedges	expense, net	$ (9)	$ (12)

The amount of the (gains) losses recognized in AOCI related to instruments designated as net investment hedges for fiscal year 2020 and 2019 were as follows:

	Fiscal Year	
(in millions)	**2020**	**2019**
Net investment hedges	$ (405)	$ (88)

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 24, 2020 and April 26, 2019. 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 24, 2020			
	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	$ 271	Creditors (amounts falling due within one year)	$ 2
Currency exchange rate contracts	Debtors	103	Creditors (amounts falling due after more than one year)	2
Total derivatives designated as hedging instruments		374		4
Derivatives not designated as hedging instruments				
Currency exchange rate contracts	Debtors	25	Creditors (amounts falling due within one year)	13
Total return swaps	Debtors	—	Creditors (amounts falling due within one year)	25
Cross-currency interest rate contracts	Debtors	3	Creditors (amounts falling due within one year)	—
Total derivatives not designated as hedging instruments		28		38
Total derivatives		$ 402		$ 42

	April 26, 2019			
	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	$ 234	Creditors (amounts falling due within one year)	$ 1
Interest rate contracts	Debtors	9	Creditors (amounts falling due after more than one year)	—
Currency exchange rate contracts	Debtors	78	Creditors (amounts falling due after more than one year)	1
Total derivatives designated as hedging instruments		321		2
Derivatives not designated as hedging instruments				
Currency exchange rate contracts	Debtors	23	Creditors (amounts falling due within one year)	17
Total return swaps	Debtors	15	Creditors (amounts falling due within one year)	—
Cross-currency interest rate contracts	Debtors	6	Creditors (amounts falling due within one year)	—
Total derivatives not designated as hedging instruments		44		17
Total derivatives		$ 365		$ 19

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

(in millions)	April 24, 2020		April 26, 2019	
	Level 1	Level 2	Level 1	Level 2
Derivative assets	$ 399	$ 3	$ 335	$ 30
Derivative liabilities	17	25	19	—

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 cash flows related to collateral posted and received are reported gross as investing and financing activities, respectively, in the consolidated statements of cash flows.

The following tables provide 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.

(in millions)	April 24, 2020			
	Gross Amount of Recognized Assets (Liabilities)	Gross Amount Not Offset on the Balance Sheet		Net Amount
		Financial Instruments	Cash Collateral (Received) Posted	
Derivative assets:				
Currency exchange rate contracts	$ 399	$ (17)	$ (48)	$ 334
Cross-currency interest rate contracts	3	—	—	3
	402	(17)	(48)	337
Derivative liabilities:				
Currency exchange rate contracts	(17)	17	—	—
Total return swaps	(25)	—	—	(25)
	(42)	17	—	(25)
Total	$ 360	$ —	$ (48)	$ 312

(in millions)	April 26, 2019			
	Gross Amount of Recognized Assets (Liabilities)	Gross Amount Not Offset on the Balance Sheet		Net Amount
		Financial Instruments	Cash Collateral (Received) Posted	
Derivative assets:				
Currency exchange rate contracts	$ 335	$ (9)	$ (43)	$ 283
Interest rate contracts	9	—	(1)	8
Total return swaps	15	—	—	15
Cross-currency interest rate contracts	6	—	—	6
	365	(9)	(44)	312
Derivative liabilities:				
Currency exchange rate contracts	(19)	9	—	(10)
	(19)	9	—	(10)
Total	$ 346	$ —	$ (44)	$ 302

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 24, 2020 and April 26, 2019, the Group received net cash collateral of $48 million and $44 million, respectively, 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.

16. Creditors

Creditors consisted of the following:

(in millions)	April 24, 2020	April 26, 2019
Amounts falling due within one year:		
Financing arrangements (note 17)	$ 2,776	$ 838
Trade creditors	1,996	1,953
Accrued payroll and employee benefits	1,957	2,050
Income taxes payable (note 6)	502	567
Deferred revenue (note 2)	213	211
Operating lease liabilities (note 11)	171	—
Accrued interest	101	87
Payables on derivatives and hedges (note 15)	40	18
Other creditors including tax and social insurance [(1)]	1,126	1,263
Total amounts falling due within one year	$ 8,882	$ 6,987
Amounts falling due after one year:		
Financing arrangements (note 17)	$ 22,021	$ 24,486
Income taxes payable (note 6)	2,682	2,838
Operating lease liabilities (note 11)	774	—
Accrued employee benefits	450	453
Deferred revenue (note 2)	90	104
Accruals and other creditors	79	77
Total amounts falling due after one year	$ 26,096	$ 27,958

[(1)] Includes amounts for value added and other non-income related taxes of approximately $222 million and $235 million as well as social insurance of approximately $54 million and $52 million for fiscal years 2020 and 2019, respectively.

17. Financing Arrangements

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

(in millions)	April 24, 2020	April 26, 2019
Bank borrowings	$ 325	$ 332
0.000 percent two-year 2019 senior notes	1,631	—
Floating rate two-year 2019 senior notes	815	—
Floating rate five-year 2015 senior notes	—	500
Finance lease obligations	5	6
Current debt obligations	$ 2,776	$ 838

Bank Borrowings Outstanding bank borrowings at April 24, 2020 were short-term advances primarily to non-U.S. subsidiaries under credit agreements with various banks. Bank borrowings consist primarily of borrowings in Japanese Yen at an interest rate of 0.21%, and these borrowings are 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 United States Dollar-denominated unsecured commercial paper notes (the 2015 CP Program) on a private placement basis, and on January 31, 2020 Medtronic Luxco entered into various agreements pursuant to which Medtronic Luxco may issue Euro-denominated unsecured commercial paper notes (the 2020 CP Program) on a private placement basis. The maximum aggregate amount outstanding at any time under the 2015 CP Program and the 2020 CP Program together may not exceed the equivalent of $3.5 billion. The Group and Medtronic, Inc. have guaranteed the obligations of Medtronic Luxco under the 2015 CP Program and the 2020 CP Program.

There was no commercial paper outstanding at April 24, 2020 and April 26, 2019. During fiscal years 2020 and 2019, the weighted average original maturity of the commercial paper outstanding was approximately 7 days and 27 days, respectively, and the weighted average interest rate was 2.31 percent and 2.12 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 On December 12, 2019, Medtronic Luxco, as borrower, entered into an amendment to its amended and restated credit agreement (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, extending the maturity date of the Credit Facility to December 2024.

The Credit Facility provides for a $3.5 billion five-year unsecured revolving credit facility. 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. The Credit Facility provides the Group with the ability to increase its borrowing capacity by an additional $1.0 billion at any time during the term of the agreement. The Group and Medtronic, Inc. have guaranteed the obligations of the borrowers under the Credit Facility, and Medtronic Luxco will also guarantee the obligations of any designated borrower. The Credit Facility includes a multi-currency borrowing feature for certain specified foreign currencies. At April 24, 2020 and April 26, 2019, no amounts were outstanding under the Credit Facility.

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 Credit Facility also contains customary covenants, all of which the Group remained in compliance with at April 24, 2020.

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

(in millions, except interest rates)	Maturity by Fiscal Year	April 24, 2020 Amount	April 24, 2020 Effective Interest Rate	April 26, 2019 Amount	April 26, 2019 Effective Interest Rate
0.000 percent two-year 2019 senior notes	2021	$ —	— %	$ 1,681	0.22 %
Floating rate two-year 2019 senior notes	2021	—	—	560	0.05
4.125 percent ten-year 2011 senior notes	2021	—	—	500	4.21
3.150 percent seven-year 2015 senior notes	2022	1,534	3.29	2,500	3.29
3.125 percent ten-year 2012 senior notes	2022	—	—	675	3.21
3.200 percent ten-year 2012 CIFSA senior notes	2023	650	2.72	650	2.72
0.375 percent four-year 2019 senior notes	2023	1,631	0.56	1,681	0.56
2.750 percent ten-year 2013 senior notes	2023	530	3.25	530	3.25
0.000 percent four-year 2019 senior notes	2023	815	0.09	—	—
2.950 percent ten-year 2013 CIFSA senior notes	2024	310	2.71	310	2.71
3.625 percent ten-year 2014 senior notes	2024	432	3.61	850	3.61
3.500 percent ten-year 2015 senior notes	2025	2,700	3.74	4,000	3.74
0.250 percent seven-year 2019 senior notes	2026	1,087	0.44	—	—
1.125 percent eight-year 2019 senior notes	2027	1,631	1.25	1,681	1.25
3.350 percent ten-year 2017 senior notes	2027	368	3.53	850	3.53
1.625 percent twelve-year 2019 senior notes	2031	1,087	1.75	1,121	1.75
1.000 percent thirteen-year 2019 senior notes	2032	1,087	1.06	—	—
4.375 percent twenty-year 2015 senior notes	2035	1,932	4.47	2,382	4.47
6.550 percent thirty-year 2007 CIFSA senior notes	2038	253	4.68	284	4.68
2.250 percent twenty-year 2019 senior notes	2039	1,087	2.34	1,121	2.34
6.500 percent thirty-year 2009 senior notes	2039	158	6.56	183	6.56
5.550 percent thirty-year 2010 senior notes	2040	224	5.58	306	5.58
1.500 percent twenty-year 2019 senior notes	2040	1,087	1.58	—	—
4.500 percent thirty-year 2012 senior notes	2042	105	4.54	129	4.54
4.000 percent thirty-year 2013 senior notes	2043	305	4.10	325	4.10
4.625 percent thirty-year 2014 senior notes	2044	127	4.67	177	4.67
4.625 percent thirty-year 2015 senior notes	2045	1,813	4.67	1,963	4.69
1.750 percent thirty-year 2019 senior notes	2050	1,087	1.87	—	—
Bank borrowings	2021 - 2022	55	2.11	83	1.94
Debt (discount) premium, net	2021 - 2050	(15)	—	29	—
Finance lease obligations	2021 - 2035	45	8.93	10	6.39
Interest rate swaps	N/A	—	—	9	—
Deferred financing costs	2021 - 2050	(104)	—	(104)	—
Long-term debt		$ 22,021		$ 24,486	

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 24, 2020. 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 March 2019, Medtronic Luxco issued six tranches of Euro-denominated Senior Notes with an aggregate principal of €7.0 billion, with maturities ranging from fiscal year 2021 to fiscal year 2039, resulting in cash proceeds of approximately $7.8 billion, net of discounts and issuance costs. The issuance included €500 million of floating rate Senior Notes due in fiscal

year 2021, €1.5 billion of 0.000 percent Senior Notes due in fiscal year 2021, €1.5 billion of 0.375 percent Senior Notes due in fiscal year 2023, €1.5 billion of 1.125 percent Senior Notes due in fiscal year 2027, €1.0 billion of 1.625 percent Senior Notes due in fiscal year 2031, and €1.0 billion of 2.250 percent Senior Notes due in fiscal year 2039. The Group used a portion of the net proceeds of the offering to fund the cash tender offer and early redemption of $6.4 billion of Medtronic Inc. and CIFSA senior notes for $6.9 billion of total consideration in March 2019. The Group recognized a loss on debt extinguishment of $485 million, which primarily included cash premiums and accelerated amortization of deferred financing costs and debt discounts and premiums. The loss on debt extinguishment was recognized in *interest payable and similar expenses* in the consolidated profit and loss account.

In June 2019, Medtronic Luxco issued six tranches of Euro-denominated Senior Notes with an aggregate principal of €5.0 billion, with maturities ranging from fiscal year 2021 to fiscal year 2050, resulting in cash proceeds of approximately $5.6 billion, net of discounts and issuance costs. The issuance included €250 million of floating rate Senior Notes due in fiscal year 2021, €750 million of 0.000 percent Senior Notes due in fiscal year 2023, €1.0 billion of 0.250 percent Senior Notes due in fiscal year 2026, €1.0 billion of 1.000 percent Senior Notes due in fiscal year 2032, €1.0 billion of 1.500 percent Senior Notes due in fiscal year 2040, and €1.0 billion of 1.750 percent Senior Notes due in fiscal year 2050. The Group used the net proceeds of the offering to fund the cash tender offer and early redemption of $4.6 billion of Medtronic Inc., CIFSA, and Medtronic Luxco Senior Notes for $5.0 billion of total consideration in July 2019. The Group recognized a loss on debt extinguishment of $413 million, which primarily included cash premiums and accelerated amortization of deferred financing costs and debt discounts and premiums. The loss on debt extinguishment also includes a $16 million charge for the early redemption premium for $533 million of senior notes which were redeemed in August 2019. The loss on debt extinguishment was recognized in *interest payable and similar expenses* in the consolidated profit and loss account. Also in March 2020, the Group redeemed its floating rate five-year 2015 senior notes at maturity for $500 million.

At April 26, 2019, 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 15 for additional information regarding the interest rate swap agreements. At April 24, 2020, the Group had no interest rate swaps outstanding designated as fair value hedges, as the Group terminated previously held swaps in connection with the tender and early redemption of the underlying senior notes during the first quarter of fiscal year 2020.

Contractual maturities of debt for the next five fiscal years and thereafter, excluding deferred financing costs and debt discount, net, are as follows:

(in millions)		
2021	$	2,776
2022		1,594
2023		3,630
2024		746
2025		2,704
Thereafter		13,466
Total debt		24,916
Less: Current portion of debt		2,776
Long-term portion of debt	$	22,140

Subsequent to fiscal year 2020, on May 12, 2020, Medtronic Luxco entered into a Term Loan Agreement by and among Medtronic Luxco, Medtronic plc, Medtronic, Inc., and Mizuho Bank, Ltd. as administrative agent and as lender. The Loan Agreement provides an unsecured term loan in an aggregate principal amount of up to ¥300 billion, or approximately $2.8 billion, with a term of six months, which may be extended for an additional six months at Medtronic Luxco's option. Borrowings under the Loan Agreement will bear interest at the TIBOR Rate (as defined in the Loan Agreement) plus a margin of 0.50% per annum. Medtronic plc and Medtronic, Inc. have guaranteed the obligations of Medtronic Luxco under the Loan Agreement. On May 13, 2020, Medtronic Luxco borrowed the entire amount of the term loan under the Loan Agreement.

Financial Instruments Not Measured at Fair Value

At April 24, 2020, the estimated fair value of the Group's Senior Notes was $27.1 billion compared to a principal value of $24.5 billion. At April 26, 2019, the estimated fair value was $26.2 billion compared to a principal value of $25.0 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.

18. Provisions for Liabilities

Provisions for liabilities were as follows:

(in millions)	April 24, 2020	April 26, 2019
Retirement benefit obligations (note 19)	$ 1,438	$ 1,174
Deferred taxes, as adjusted (note 6)	1,224	1,278
Accrued certain litigation charges	382	461
Contingent consideration liabilities (note 9)	280	222
Restructuring reserves (note 3)	112	186
Warranty obligations	153	88
Rebates	706	764
Right of return	136	134
Other provisions	238	230
Total provision for liabilities	$ 4,669	$ 4,537

Provisions activity for fiscal year 2020 was as follows:

(in millions)	Accrued Certain Litigation Charges	Warranty Obligations	Rebates	Right of Return	Other
April 26, 2019	$ 461	$ 88	$ 764	$ 134	$ 230
Provisions	341	158	1,603	245	608
Utilization and payments	(301)	(93)	(1,662)	(246)	(577)
Currency translation and other	(119)	—	1	3	(23)
April 24, 2020	$ 382	$ 153	$ 706	$ 136	$ 238

19. Retirement Benefit Obligations

Pension and similar obligations were as follows:

(in millions)	April 24, 2020	April 26, 2019
U.S. defined benefit pension plans	$ 741	$ 676
Non-U.S. defined benefit pension plans	620	423
Post-retirement benefit obligations	43	26
Total pension and post-retirement obligations	1,404	1,125
Other	34	49
Total retirement benefit obligations	$ 1,438	$ 1,174

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 $467 million and $539 million in fiscal years 2020 and 2019, 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 24, 2020 and April 26, 2019, the net underfunded status of the Group’s benefit plans was $1.4 billion and $1.1 billion, respectively.

As of April 24, 2020, the Group announced the freezing of U.S. pension benefits beginning in 2027. Employees will continue to earn benefits as required by the plan until April 30, 2027, after which date benefits will no longer be earned and employees will earn benefits under a new defined contribution structure. The Group recognized curtailment benefits of $94 million in fiscal year 2020 as a result of this change.

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)	2020	2019	2020	2019
Accumulated benefit obligation at end of year:	$ 3,440	$ 3,121	$ 1,785	$ 1,621
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	$ 3,404	$ 3,202	$ 1,832	$ 1,791
Service cost	106	109	59	59
Interest cost	126	129	28	30
Employee contributions	—	—	11	12
Plan curtailments and settlements	(94)	—	(2)	(5)
Actuarial loss	300	54	180	119
Benefits paid	(111)	(100)	(55)	(49)
Currency exchange rate changes and other	(8)	10	(29)	(125)
Projected benefit obligation at end of year	$ 3,723	$ 3,404	$ 2,024	$ 1,832
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 2,728	$ 2,661	$ 1,409	$ 1,404
Actual return on plan assets	(72)	64	2	62
Employer contributions	444	93	54	78
Employee contributions	—	—	11	12
Plan settlements	—	—	(2)	(3)
Benefits paid	(111)	(100)	(55)	(49)
Currency exchange rate changes and other	(7)	10	(15)	(95)
Fair value of plan assets at end of year	$ 2,982	$ 2,728	$ 1,404	$ 1,409
Funded status at end of year:				
Fair value of plan assets	$ 2,982	$ 2,728	$ 1,404	$ 1,409
Benefit obligations	3,723	3,404	2,024	1,832
Underfunded status of the plans	(741)	(676)	(620)	(423)
Recognized liability	$ (741)	$ (676)	$ (620)	$ (423)
Amounts recognized on the consolidated balance sheet consist of:				
Debtors falling due after one year	$ —	$ —	$ 7	$ 31
Provisions falling due within one year	(17)	(18)	(6)	(8)
Provisions falling due after one year	(724)	(658)	(621)	(446)
Recognized liability	$ (741)	$ (676)	$ (620)	$ (423)
Amounts recognized in accumulated other comprehensive loss:				
Prior service cost (benefit)	$ 1	$ 2	$ 7	$ (7)
Net actuarial loss	1,662	1,216	663	452
Ending balance	$ 1,663	$ 1,218	$ 670	$ 445

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 24, 2020 and April 26, 2019. U.S. and non-U.S. plans with accumulated benefit obligations in excess of plan assets consist of the following:

	Fiscal Year	
(in millions)	**2020**	**2019**
Accumulated benefit obligation	$ 5,105	$ 4,683
Projected benefit obligation	5,252	4,822
Plan assets at fair value	4,074	3,829

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

	Fiscal Year	
(in millions)	**2020**	**2019**
Projected benefit obligation	$ 5,700	$ 4,963
Plan assets at fair value	4,331	3,833

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)	**2020**	**2019**	**2020**	**2019**
Service cost	$ 106	$ 109	$ 59	$ 59
Interest cost	126	129	28	30
Expected return on plan assets	(225)	(215)	(58)	(57)
Amortization of prior service cost	1	1	(1)	(1)
Amortization of net actuarial loss	56	76	14	12
Settlement loss (gain)	—	—	—	(2)
Net periodic benefit cost	$ 64	$ 100	$ 42	$ 41

The other changes in plan assets and projected benefit obligations recognized in *accumulated other comprehensive loss* for fiscal year 2020 are as follows:

(in millions)	**U.S. Pension Benefits**	**Non-U.S. Pension Benefits**
Net actuarial gain	$ 596	$ 236
Prior service credit	(94)	—
Amortization of prior service cost	(1)	1
Amortization of net actuarial loss	(56)	(14)
Effect of exchange rates	—	(11)
Total recognized in accumulated other comprehensive loss	$ 445	$ 212
Total recognized in net periodic benefit cost and accumulated other comprehensive loss	$ 509	$ 254

The estimated net actuarial loss that will be amortized from *accumulated other comprehensive loss* into net periodic benefit cost, before tax, in fiscal year 2021 for U.S. and non-U.S. pension benefits is expected to be $70 million and $23 million, respectively.

The actuarial assumptions are as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	Fiscal Year		Fiscal Year	
	2020	2019	2020	2019
Critical assumptions – projected benefit obligation:				
Discount rate	3.10% - 3.70%	3.90% - 4.20%	0.30% - 13.30%	0.40% - 13.90%
Rate of compensation increase	3.90%	3.90%	2.91%	2.87%
Critical assumptions – net periodic benefit cost:				
Discount rate – benefit obligation	3.90% - 4.30%	4.20% - 4.30%	0.40% - 13.90%	0.50% - 11.00%
Discount rate – service cost	3.70% - 4.00%	4.10% - 4.40%	0.40% - 13.90%	0.50% - 11.00%
Discount rate – interest cost	3.50% - 4.30%	4.00% - 4.10%	0.40% - 13.90%	0.50% - 11.00%
Expected return on plan assets	7.90%	7.90%	4.19%	4.23%
Rate of compensation increase	3.90%	3.90%	2.87%	2.88%

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. The current yield curves represent high quality, long-term fixed income instruments.

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, and active and passive management.

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 24, 2020 for the plans are 37% equity securities, 30% debt securities, and 33% other.

The plans did not hold any investments in the Group's ordinary shares at April 24, 2020 or April 26, 2019.

The Group's U.S. plans target asset allocations at April 24, 2020, compared to the U.S. plans actual asset allocations at April 24, 2020 and April 26, 2019 by asset category, are as follows:

U.S. Plans

	Target Allocation	Actual Allocation	
	April 24, 2020	April 24, 2020	April 26, 2019
Asset Category:			
Equity securities	49 %	39 %	50 %
Debt securities	32	27	34
Other	19	34	16
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 24, 2020, 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 24, 2020 is $194 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 24, 2020, there are no real estate investments in the process of liquidation. 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 2020 or 2019.

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. 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 24, 2020 and April 26, 2019.

U.S. Pension Benefits

(in millions)	Fair Value at April 24, 2020	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3	Investments Measured at Net Asset Value
Short-term investments	$ 548	$ 548	$ —	$ —	$ —
Equity commingled trusts	1,204	—	—	—	1,204
Fixed income commingled trusts	605	—	—	—	605
Partnership units	625	—	—	625	—
	$ 2,982	$ 548	$ —	$ 625	$ 1,809

(in millions)	Fair Value at April 26, 2019	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3	Investments Measured at Net Asset Value
Short-term investments	$ 61	$ 61	$ —	$ —	$ —
U.S. government securities	228	228	—	—	—
Corporate debt securities	144	—	144	—	—
Equity commingled trusts	1,365	—	—	—	1,365
Fixed income commingled trusts	301	—	—	—	301
Partnership units	629	—	—	629	—
	$ 2,728	$ 289	$ 144	$ 629	$ 1,666

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 26, 2019	$ 629
Total unrealized gains	(45)
Purchases and sales, net	41
April 24, 2020	$ 625

(in millions)	Partnership Units
April 27, 2018	$ 537
Total realized losses	(1)
Total unrealized gains	52
Purchases and sales, net	41
April 26, 2019	$ 629

Non-U.S. Pension Benefits

(in millions)	Fair Value at April 24, 2020	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3	Investments Measured at Net Asset Value
Registered investment companies	$ 1,361	$ —	$ —	$ —	$ 1,361
Insurance contracts	43	—	—	43	—
	$ 1,404	$ —	$ —	$ 43	$ 1,361

(in millions)	Fair Value at April 26, 2019	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3	Investments Measured at Net Asset Value
Registered investment companies	$ 1,368	$ —	$ —	$ —	$ 1,368
Insurance contracts	41	—	—	41	—
	$ 1,409	$ —	$ —	$ 41	$ 1,368

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 26, 2019	$ 41
Total unrealized gains	2
Purchases and sales, net	1
Currency exchange rate changes	(1)
April 24, 2020	$ 43

(in millions)	Insurance Contracts
April 27, 2018	$ 42
Total unrealized gains	1
Purchases and sales, net	1
Currency exchange rate changes	(3)
April 26, 2019	$ 41

Retirement Benefit Plan Funding It is the Group's policy to fund retirement costs within the limits of allowable tax deductions. During fiscal year 2020, the Group made discretionary contributions of approximately $444 million to the U.S. pension plan. Internationally, the Group contributed approximately $54 million for pension benefits during fiscal year 2020. The Group anticipates that it will make contributions of $17 million and $63 million to its U.S. pension benefit plans and non-U.S. pension benefit plans, respectively, in fiscal year 2021. 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 2021 contributions will be discretionary. The Group believes that pension assets, returns on invested pension assets, and Group contributions will be able to meet its pension and other post-retirement obligations in the future.

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

(in millions)	Gross Payments	
Fiscal Year	U.S. Pension Benefits	Non-U.S. Pension Benefits
2021	$ 122	$ 51
2022	132	50
2023	143	56
2024	153	56
2025	165	60
2026 – 2030	999	340
Total	$ 1,714	$ 613

Post-retirement Benefit Plans The net periodic benefit cost associated with the Group's post-retirement benefit plans was profit of $15 million and $17 million in fiscal years 2020 and 2019, respectively. The Group's projected benefit obligation for all post-retirement benefit plans was $339 million and $323 million at April 24, 2020 and April 26, 2019, respectively. The Group's fair value of plan assets for all post-retirement benefit plans was $296 million and $297 million at April 24, 2020 and April 26, 2019, respectively. The post-retirement benefit plan assets at both April 24, 2020 and April 26, 2019 primarily comprised of equity commingled trusts, consistent with the U.S. retirement benefit plan assets outlined in the fair value leveling tables above.

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 $376 million and $415 million in fiscal years 2020 and 2019, 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 $52 million and $54 million in fiscal years 2020 and 2019 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 $66 million and $58 million and in fiscal years 2020 and 2019 respectively.

20. Shareholders' Equity

Authorized and allotted shares were as follows:

(in millions, except share data)	April 24, 2020	
Authorized:	**Number**	**Amount**
Ordinary Shares, $0.0001 par value	2,600,000,00	$ —
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	1,341,074,724	$ —
A Preferred Shares, $1.00 par value	1,872	—
Total allotted, called up and fully paid		$ —

The holder of A Preferred Shares are entitled to payment of dividends prior to any 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 the Group's 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 Redemptions Shares are redeemed from time to time to support the Group's stock-based compensation programs and to return capital to shareholders. During fiscal years 2020 and 2019, the Group redeemed approximately 12 million and 31 million shares, respectively, at an average price of $106.22 and $91.43, respectively.

In June 2017, the Group's Board of Directors authorized the redemption of $5.0 billion of the Group's ordinary shares. In March 2019, the Group's Board of Directors authorized an incremental $6.0 billion for redemption of the Group's ordinary shares. There is no specific time-period associated with these authorizations. At April 24, 2020, the Group had used approximately $5.0 billion of the $11.0 billion authorized under the program, leaving approximately $6.0 billion available for future redemptions. The Group accounts for redemptions of ordinary shares using the par value method and shares redeemed are cancelled. The par value of the shares redeemed, cancelled, and transferred to the other undenominated capital reserve was insignificant at April 24, 2020 and April 26, 2019.

Profit and Loss Account The profit and loss account refers to the portion of net income which is retained by the Group rather than being distributed to shareholders as dividends, which is recorded in retained earnings within the consolidated statement of financial position.

Share Premium The share premium account reflects the fair value of consideration received in excess of the par value of shares issued for stock option exercises, vesting of restricted stock units and other issuances of shares and is recorded in capital in excess of par value within the consolidated statement of financial position.

21. 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 2020, 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 24, 2020, there were approximately 41 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 shares on the grant date. The majority of the Group's options are non-qualified options with a 10-year life and a 4-year ratable vesting term.

Restricted Stock Restricted stock awards and restricted stock units (collectively referred to as restricted stock) are granted to officers and key employees. At April 24, 2020, 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.

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 $86.34 per share in fiscal year 2020. At April 24, 2020, plan participants had approximately $14 million withheld to purchase the Group's ordinary shares at 85 percent of its market value on June 30, 2020, the last trading day before the end of the calendar quarter purchase period. At April 24, 2020, approximately 11 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	
	2020	2019
Weighted average fair value of options granted	$ 15.49	$ 14.77
Assumptions used:		
Expected life (years)[1]	6.1	6.1
Risk-free interest rate[2]	1.88 %	2.90 %
Volatility[3]	17.97 %	17.77 %
Dividend yield[4]	2.09 %	2.25 %

(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 2020 and 2019:

	Fiscal Year	
(in millions)	2020	2019
Stock options	$ 61	$ 72
Restricted stock	205	189
Employee stock purchase plan	31	29
Total stock-based compensation expense	$ 297	$ 290
Cost of sales	$ 28	$ 30
Research and development expense	36	36
Distribution and administrative expense	233	224
Total stock-based compensation expense	297	290
Taxation	(51)	(54)
Total stock-based compensation expense, net of tax	$ 246	$ 236

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 2020:

	Options (in thousands)	Wtd. Avg. Exercise Price	Wtd. Avg. Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at April 26, 2019	31,677	$ 71.52		
Granted	4,349	103.26		
Exercised	(8,165)	62.49		
Expired/Forfeited	(793)	90.74		
Outstanding at April 24, 2020	27,068	78.70	5.9	$ 574
Expected to vest at April 24, 2020	8,742	94.12	8.4	60
Exercisable at April 24, 2020	17,878	70.70	4.5	512

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 2020 and 2019:

	Fiscal Year	
(in millions)	2020	2019
Cash proceeds from options exercised	$ 484	$ 825
Intrinsic value of options exercised	349	383
Tax benefit related to options exercised	75	78

Unrecognized compensation expense related to outstanding stock options at April 24, 2020 was $61 million and is expected to be recognized over a weighted average period of 2.5 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 2020:

	Units (in thousands)	Wtd. Avg. Grant Price
Nonvested at April 26, 2019	7,996	$ 84.78
Granted	3,205	103.52
Vested	(2,910)	83.30
Forfeited	(666)	89.75
Nonvested at April 24, 2020	7,625	92.52

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 2020 and 2019:

	Fiscal Year	
(in millions, except per share data)	2020	2019
Weighted-average grant-date fair value per restricted stock	$ 103.52	$ 88.78
Fair value of restricted stock vested	242	174
Tax benefit related to restricted stock vested	62	45

Unrecognized compensation expense related to restricted stock as of April 24, 2020 was $353 million and is expected to be recognized over a weighted average period of 2.5 years.

22. Accumulated Other Comprehensive Loss

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

(in millions)	Unrealized (Loss) Gain on Investment Securities	Cumulative Translation Adjustments	Net Investment Hedges	Net Change in Retirement Obligations	Unrealized (Loss) Gain on Cash Flow Hedges	Total Accumulated Other Comprehensive (Loss) Profit
April 27, 2018	$ (194)	$ (11)	$ (257)	$ (1,117)	$ (207)	$ (1,786)
Other comprehensive profit (loss) before reclassifications	67	(1,372)	88	(266)	457	(1,026)
Reclassifications	35	—	—	75	(56)	54
Other comprehensive profit (loss)	102	(1,372)	88	(191)	401	(972)
Cumulative effect of change in accounting principle[1]	47	—	—	—	—	47
April 26, 2019	(45)	(1,383)	(169)	(1,308)	194	(2,711)
Other comprehensive profit (loss) before reclassifications	43	(827)	405	(596)	309	(666)
Reclassifications	2	—	—	52	(237)	(183)
Other comprehensive profit (loss)	45	(827)	405	(544)	72	(849)
April 24, 2020	$ —	$ (2,210)	$ 236	$ (1,852)	$ 266	$ (3,560)

(1) The cumulative effect of change in accounting principle in fiscal year 2019 resulted from the adoption of accounting guidance that 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 for the financial year.

The taxation on gains and losses on investment securities in other comprehensive profit before reclassifications during fiscal years 2020 and 2019 was a benefit of $13 million and $5 million, respectively. During fiscal years 2020 and 2019, realized gains and losses on investment securities reclassified from AOCI were reduced by taxation of $3 million. When realized, gains and losses on investment securities reclassified from AOCI are recognized within *other non-operating income, net*. Refer to Note 12 for additional information.

During fiscal years 2020 and 2019, there was a $9 million and $7 million taxation benefit on cumulative translation adjustments, respectively.

There was no taxation on net investment hedges during fiscal years 2020 and 2019. Refer to Note 15 for additional information.

The net change in retirement obligations in other comprehensive profit includes amortization of net 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 2020 and 2019 was a benefit of $159 million and $63 million, respectively. During fiscal years 2020 and 2019, the gains and losses on defined benefit and pension items reclassified from AOCI were reduced by taxation of $12 million and $19 million, respectively. When realized, net gains and losses on defined benefit and pension items reclassified from AOCI are recognized within *other non-operating income, net*. Refer to Note 19 for additional information.

The taxation on unrealized gains and losses on cash flow hedges in other comprehensive profit before reclassifications during fiscal years 2020 and 2019 was an expense of $88 million and $158 million, respectively. During fiscal years 2020 and 2019, gains and losses on cash flow hedges reclassified from AOCI were reduced by taxation of $80 million and $24 million, respectively. When realized, gains and losses on currency exchange rate contracts reclassified from AOCI are recognized within

other operating (income) expense, net and gains and losses on forward starting interest rate derivatives reclassified from AOCI are recognized within *interest payable and similar expenses*. Refer to Note 15 for additional information.

23. 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 provided by each segment. 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, and insulin pump consumables.

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 operating profit. Segment operating profit represents profit before taxation, excluding interest payable and similar expenses, amortization of intangible assets, centralized distribution costs, non-operating income or expense items, certain corporate charges, and other items not allocated to the segments. The financial information that is regularly reviewed by the Group's chief operating decision maker to assess performance and allocate resources changed during the first quarter of fiscal year 2020 to remove the impact of non-service pension and post-retirement benefit costs from segment results. This change did not have a material impact on the segment results reviewed. As a result of the change, the Group has revised the disclosures for the prior periods to align with the current presentation.

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.

Segment Operating Profit

	Fiscal Year	
(in millions)	2020	2019
Cardiac and Vascular Group	$ 3,719	$ 4,532
Minimally Invasive Therapies Group	3,044	3,262
Restorative Therapies Group	2,915	3,319
Diabetes Group	546	739
Segment operating profit	10,224	11,852
Interest payable and similar expenses	(1,092)	(1,444)
Other non-operating income, net	356	373
Amortization of intangible assets	(1,756)	(1,764)
Corporate	(1,239)	(1,291)
Centralized distribution costs	(1,420)	(1,689)
Restructuring and associated costs	(441)	(407)
Acquisition-related items	66	(88)
Certain litigation charges, net	(225)	(63)
IPR&D charges	(25)	(58)
Exit of businesses	(52)	(149)
Debt tender premium and other charges	7	28
Medical device regulations	(48)	—
Contribution to Medtronic Foundation	(80)	—
Profit before taxation	$ 4,275	$ 5,300

Total Assets and Depreciation Expense

	Total Assets		Depreciation Expense	
(in millions)	April 24, 2020	April 26, 2019	2020	2019
Cardiac and Vascular Group	$ 14,844	$ 15,453	$ 210	$ 194
Minimally Invasive Therapies Group	39,666	41,186	194	206
Restorative Therapies Group	16,850	16,825	233	217
Diabetes Group	3,165	3,095	38	34
Segments	74,525	76,559	675	651
Corporate	16,164	13,135	232	244
Total	$ 90,689	$ 89,694	$ 907	$ 895

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 2020 and 2019 and tangible assets at April 24, 2020 and April 26, 2019 for the Group's country of domicile, countries with significant concentrations, and all other countries:

	Turnover		Tangible Assets	
(in millions)	2020	2019	April 24, 2020	April 26, 2019
Ireland	$ 85	$ 91	$ 164	$ 156
United States	14,919	16,194	3,459	3,122
Rest of world	13,909	14,272	1,205	1,397
Total other countries, excluding Ireland	28,828	30,466	4,664	4,519
Total	$ 28,913	$ 30,557	$ 4,828	$ 4,675

No single customer represented over 10 percent of the Group’s consolidated turnover in fiscal years 2020 or 2019.

Employee Information

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

	Fiscal Year	
	2020	2019
Cardiac and Vascular Group	33,057	33,092
Minimally Invasive Therapies Group	30,925	30,187
Restorative Therapies Group	19,597	18,581
Diabetes Group	8,116	7,663
Corporate	10,927	9,970
Total	102,622	99,493

Total employee costs consisted of the following:

	Fiscal Year	
(in millions)	2020	2019
Wages and salaries	$ 7,732	$ 7,681
Social insurance	683	703
Stock-based compensation	297	290
Retirement benefit obligations	467	539
Other	647	549
Total	$ 9,826	$ 9,762

Employee costs capitalized, and subsequently not expensed, during fiscal years 2020 and 2019 were $1.0 billion and $963 million, respectively.

24. Directors' Remuneration

Directors' remuneration is set forth in the table below. The amounts below include compensation for Mr. Ishrak's service as Chief Executive Officer, Mr. Martha's service as President, and compensation to all non-employee directors in their capacities as such. Mr. Martha's service as President became effective November 1, 2019. Mr. Ishrak and Mr. Martha were not provided additional compensation for their service as directors. 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)	2020	2019
Aggregate emolument paid to or receivable by directors in respect of qualifying services	$ 6	$ 9
Money or value of other assets, including shares but excluding share options, paid to or receivable by the directors under long-term incentive schemes	10	8
Aggregate amount of gains by the directors on the exercise of share options	—	—
Contributions to defined contribution retirement benefit plans[1]	—	—
Contributions to defined benefit retirement benefit plans[2]	—	—
Total remuneration	$ 16	$ 17

(1) Includes contributions to the CEO and President; no contributions were made to non-executive directors in the periods presented. Contributions to the CEO were $11 thousand for fiscal years 2020 and 2019. Contributions to the President were $47 thousand for fiscal year 2020.

(2) Includes contributions to the CEO; no contributions were made to non-executive directors in the periods presented. Contributions to the CEO were $286 thousand and $256 thousand for fiscal years 2020 and 2019, respectively. There were no contributions to the President during fiscal year 2020.

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.

25. Auditors' Remuneration

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

	Fiscal Year	
(in millions)	2020	2019
Audit of the Group financial statements	$ 17	$ 16
Other assurance services	—	—
Tax advisory services	1	1
Total remuneration	$ 18	$ 17

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

	Fiscal Year	
(in millions)	2020	2019
Audit of the Group financial statements	$ 1	$ 1
Other assurance services	—	—
Total remuneration	$ 1	$ 1

26. 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
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
AI Biomed Corp	Healthcare	100	710 Medtronic Parkway, Minneapolis, MN 55432
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
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 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
AV Medical Technologies Ltd.	Healthcare	100	20 Hamagshimim St., Petah Tikva, IL 4934829
AV Medical Technologies, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432
Beacon Endoscopic LLC	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
Bellco Do Brasil	Healthcare	100	Rue Sampaio Viana no, 277, conuncto 91, Paraiso, CEP.04.004-000, Sao Paulo, Brazil
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

Bo Yao (Shanghai) Medical Device Co. Ltd.	Healthcare	100	Part A, 4th Floor, No. 180 Ri Jing Road, Pilot Free Trade Zone, Shanghai
Boryung Bellco Korea Ltd.	Healthcare	100	Yeoksamdong, Sungil Building) #506 , 139, Yeoksam-ro, Gangnam-gu, Seoul, Oman
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 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
Clearum GmBH	Healthcare	100	Werkstrasse 2, Broderstorf, DE 18184, Germany
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 (CH) Holding AG	Holding Company	100	c/o Dr. Manuel Meyer, Baker McKenzie Zurich Holbeinstrasse 30 Zurich, CH 8008
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) 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 (Shanghai) Management Consulting Co., Ltd.	Healthcare	100	3rd & 4th Floor Tyco Plaza Caohejing Hi-Tech Park, 99 Tian Zhou Road Shanghai 200233 China
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 Canada Holdings LLC	Holding Company	100	15 Hampshire Street Mansfield, MA 02048 United States
Covidien Caribbean, Inc.	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States

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 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 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 Manufacturing Grenoble	Healthcare	100	16 avenue du Général de Gaulle BP117F38 800 Le Pont de Claix France
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
Crospon Limited	Healthcare	100	Arthur Cox Building 10 Earlsfort Terrace Dublin 2, IE DO2 T380
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
Digital Surgery Limited	Healthcare	100	4th Floor 226-236 City Road London, GB EC1V 2QY
Epix Therapeutics, Inc.	Healthcare	100	710 Medtronic Parkway, Minneapolis, MN 55432
ev3 Australia Pty Limited	Healthcare	100	TMF Corporate Services (Aust) Pty Ltd Level 16, 201 Elizabeth Street, Sydney NSW 2000
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
Flip Technologies Limited	Healthcare	100	Arthur Cox Building 10 Earlsfort Terrace Dublin 2, IE DO2 T380
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 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
HeartWare International, Inc.	Healthcare	100	205 Newbury Street Suite 101 Framingham, MA 01701 United States
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 Lebanon Sarl	Healthcare	100	Achrafieh-29 Moumne Street-2nd Floor, section 4 of plot #/1214/ Achrafieh, Beirut, Lebanon
IHS Health Services Pakistan (Private) Limited	Healthcare	100	Office No. 1301, 13th Floor, Dilkusha Forum, Tariq Road, Karachi, Pakistan
IHS LLC	Healthcare	100	Building 5, 53 Dubininskaya Street, Moscow, RU 115054, Russian Federation
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
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
Klue, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432
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 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
Laser Associated Sciences LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432
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
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 US LLC	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
Mazor Robotics Ltd	Holding Company	100	45 Shaham Street, Caesarea, IL 3079567, Israel
MDT Turkey Finansal Danışmanlık Limited Şirketi	Healthcare	100	Saray Mah. Esnaf Cad. Akkom Ofis Prk., Laodik Plz. Sit. B Bl. Apt. No.2/8 Ümraniye, Istanbul, TR , Turkey
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	60	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.	Healthcare	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 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 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 Ltd	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 Canada ULC	Healthcare	100	National Headquarters, 99 Hereford Street, Brampton, ON L6Y OR3, Canada
Medtronic Care Management Services, LLC	Healthcare	100	7980 Century Blvd Chanhassen, MN 55317 United States
Medtronic Cash Pool LLC	Holding Company	100	15 Hampshire Street Mansfield, MA 02048
Medtronic China Kanghui Holdings	Holding Company	100	Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman
Medtronic China Venture Fund (Cayman), L.P.	Healthcare	67	P.O. Box 309, Ugland House, South Church Street, George Town, Cayman Islands
Medtronic China, LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Colombia S.A.	Healthcare	100	Avenida Calle 116 N° 7 15, Piso 11 Oficina 1101, Bogota D.C., CO , Colombia
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 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 Finance Hungary Kft.	Healthcare	100	Bocskai ut 134-146, Budapest, HU 1113, Hungary
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 B.V.	Holding Company	100	Earl Bakkenstraat 10, Heerlen, NL 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 Hungary Kft.	Holding Company	100	Bocskai ut 134-146, Budapest, HU 1113, Hungary
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 Sarl	Holding Company	100	Route du Molliau 31 Tolochenaz, CH 1131
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 Innovation Center (Israel) Ltd	Healthcare	100	2 Hacarmel St Yokneam, IL 2066724
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	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International Technology, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International Trading Pte. Ltd.	Healthcare	100	#49, Changi South Avenue 2, NASACO TECH CENTRE, Singapore 486056, Singapore
Medtronic International Trading Sàrl	Healthcare	100	Route du Molliau 31, Tolochenaz CH-1131, Switzerland
Medtronic International Trading, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International, Ltd.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Interventional Vascular, Inc.	Healthcare	100	35a Cherry Hill Drive Danvers, MA 01923 United States
Medtronic Invatec LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic IP Holding International Luxembourg S.a.r.l.	Holding Company	100	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 Lateral, Inc.	Healthcare	100	710 Medtronic Parkway NE, Minneapolis, MN 55432
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 CR S de RL	Healthcare	100	Building G, Unit B "Zeta" Industrial Park, Santo Domingo Santa Rosa Heredia, CR
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 Gebze Subesi	Healthcare	100	Saray Mah. Dr. Adnan Buyukdeniz Cad., Akkom Ofis Park 2. Blok No: 4 Kat:18, Umraniye, Istanbul 34768, Turkey
Medtronic Mediterranean Offshore SAL	Healthcare	99.97	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.	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 Mlab Management Co., Ltd	Healthcare	100	Room 402-3 Building 3, No.2388 Chen Hang Road Min Hang Area Shanghai, CN 200000
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 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 Finance Sp.z.o.o.	Healthcare	100	ul. Polna, 11, Warszawa, PL 00-633, Poland
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.	Healthcare	100	Insurgentes Sur 863 Piso 15 y 16 Col. Nápoles, Del. Benito Juárez Ciudad de México, MX 03810

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 Americas, S.A.S.	Healthcare	100	Calle 116 No-7-15, Office 1101, Bogota D.C., CO 110111, Colombia
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 Sweden Finance AB	Healthcare	100	Box 1034, Kista, SE 164 21, Sweden
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 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 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 LLC	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
M-Smart Electronic Equipment Trading (Shanghai) Co. Ltd.	Healthcare	100	Room 5v-5393, Building 2 Floor No. 753 Yuyuan Road, Chang Ning District Shanghai, CN 200000
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
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
Nederlandse Obesitas kliniek Zeeland B.V.	Healthcare	100	Amersfoortseweg 43 Huis ter Heide, NL 3712 BA
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 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
Nurtino Health Ltd.	Holding Company	100	58 Harakevet, Tel Aviv-Jaffa, IL 6777016, Israel
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
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
PT Medtronic Indonesia	Healthcare	100	Gandaria 8 Office Tower 36th Floor, Unit A, Jalan Sultan Iskandar Muda, Kebayoran Lama, Jakarta Selatan 12240,
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 Marketing Management LLC	Healthcare	100	PO BOX 54045 Parcel ID 375-6402 , AE
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
Sanatis GmbH	Healthcare	100	Kirchstrasse 9, Rosbach 61190, Germany
Sapheon LLC	Healthcare	100	15 Hampshire Street Mansfield, MA 02048 United States
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
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
Tissue Science Laboratories Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Titan Spine Europe GmbH	Healthcare	100	Gottlieb-Daimler-Strasse 43 Laichingen, DE 89150
Titan Spine, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432
Touch Surgery (Canada), Inc.	Healthcare	100	226-236 City Road Fourth Floor London, GB EC1V 2QY
Touch Surgery, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432
Trigate (Pty.) Ltd.	Healthcare	100	379 Roan Crescent Corporate Park North PO Box 8108 1685 South Africa
Twelve Australia Pty Ltd	Healthcare	100	5 Alma Road, Macquarie Park, NSW 2113, Australia
Twelve Medical Limited	Healthcare	100	Carrick House, Lypiatt Road, Cheltenham, GB GL50 20J, United Kingdom
Twelve, 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
Verdana Holdings Limited	Holding Company	100	57/63 Line Wall Road Gibraltar
Visionsense Corp.	Healthcare	100	710 Medtronic Parkway, Minneapolis, MN 55432
Visionsense Ltd	Healthcare	100	20 Hamagshimim St. Petah Tikva, IL 4934829
Visualase, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
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 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	100	4F, No. 407, RueiGuang Road, NeiHu District Taipei 114 Taiwan
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	99.95	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
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 24, 2020, the Group had the following branches outside of Ireland:

Branch	Location
Bellco Belgium Branch of Bellco S.r.l.	Belgium

Bellco S.r.l. Sucursal en Espana	Spain
Branch of Covidien International Sarl (Dubai Science Park)	Dubai
Branch of Medtronic Saudi Arabia Company	Saudi Arabia
Changzhou Kanghui Medical Innovation Co., Ltd. 1st Branch	China
Changzhou Kanghui Medical Innovation Co., Ltd. Shanghai Branch	China
Commercial Representative Office of Medtronic AG in Ethiopia	Ethiopia
Covidien AG (Kenya)	Kenya
Covidien AG Bureau of Representation Morocco	Morocco
Covidien AG Representation Office Ukraine	Ukraine
Covidien AG Representative Office Jordan	Jordan
Covidien AG Representative Office Lebanon	Lebanon
Covidien AG Representative Office Saudi Arabia	Saudi Arabia
Covidien AG Scientific Office - Egypt	Egypt
Covidien AG succursale de Tolochenaz	Switzerland
Covidien AG, organizacni slozka	Czechia
Covidien AG, Representative office in Kurdistan, Iraq	Iraq
Covidien Caribbean, Inc. (Puerto Rico Branch)	Puerto Rico
Covidien Group S.à.r.l., Luxembourg (LU)(Neuhausen am Rheinfall Branch)	Switzerland
Covidien Healthcare International Trading (Shanghai) Co., Ltd., Beijing Branch	China
Covidien Healthcare International Trading (Shanghai) Co., Ltd., Chengdu Branch	China
Covidien Healthcare International Trading (Shanghai) Co., Ltd., Guangzhou Branch	China
Covidien Healthcare International Trading (Shanghai) Co., Ltd., Hangzhou Branch	China
Covidien Healthcare International Trading (Shanghai) Co., Ltd., Jinan Branch	China
Covidien Healthcare International Trading (Shanghai) Co., Ltd., Nanjing Branch	China
Covidien Healthcare International Trading (Shanghai) Co., Ltd., Shenyang Branch	China
Covidien Healthcare International Trading (Shanghai) Co., Ltd., Wuhan Branch	China
Covidien Healthcare International Trading (Shanghai) Co., Ltd., Xi'an Branch	China
Covidien Healthcare International Trading (Shanghai) Co.,Ltd. 1st Branch	China
Covidien Healthcare International Trading (Shanghai) Co.,Ltd. 2nd Branch	China
Covidien Private Limited (Myanmar Office)	Myanmar
Covidien Private Limited, Bangladesh Liaison Office	Bangladesh
Covidien Private Limited, Philippine Representative office	Philippines
Covidien Private Limited, Sri Lanka Liaison Office	Sri Lanka
Davis & Geck Caribe Limited (Dominican Republic Branch)	Dominican Republic
HeartWare International, Inc. (Australia Branch)	Australia
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 AG Branch in Tanzania	Tanzania
Medtronic AG -Branch of Ghana	Ghana
Medtronic AG Liaison Office in Pakistan	Pakistan
Medtronic AG Representative Office in Ivory Coast	Ivory Coast
Medtronic China, LLC. Beijing Representative Office	China
Medtronic financial management office (DIFC), branch of Medtronic Finance Hungary Kft	United Arab Emirates
Medtronic Holding Switzerland G.m.b.H. (Cayman Islands Branch)	Cayman Islands
Medtronic International, Ltd. - Hong Kong Branch	Hong Kong
Medtronic International, Ltd. (Singapore Branch)	Singapore

Medtronic Latin America Inc. (Argentina Branch)	Argentina
Medtronic Latin America Inc. Sucursal Colombia - En Liquidación	Colombia
Medtronic Poland Spolka Z Organiczona Opdowiedzialnoscia -Oddzial SSC W Warszawie	Poland
Medtronic Saudi Arabia Company - Jeddah Branch	Saudi Arabia
Medtronic Vietnam Company Limited - Branch in Hanoi City	Vietnam
Medtronic World Trade Corporation (Israel Branch)	Israel
Representative Office of Medtronic AG (Swiss Confederation) in the Republic of Belarus	Republic of Belarus
Representative Office of Medtronic AG in Senegal	Senegal
Representative Office of Medtronic Marketing AG in Angola	Angola
Retail Group de Mexico S.A. de C.V.	Mexico
Rheinstone Kuwait Representative Office	Kuwait
The Representative Office of Covidien Private Limited in Hanoi	Vietnam
The Representative Office of Covidien Private Limited in Ho Chi Minh City	Vietnam
The Representative Office of Medtronic B.V. in Ho Chi Minh City	Vietnam
U.S.S.C. Puerto Rico (NY), Inc. (Puerto Rico Branch)	Puerto Rico
U.S.S.C. Puerto Rico, Inc. (Cayman Islands) (Puerto Rico Branch)	Puerto Rico

27. Post-Balance Sheet Events

Subsequent events have been evaluated through September 3, 2020, the date this report was approved by the Board of Directors. Subsequent to April 24, 2020, adjustments were made to certain litigation provisions and creditors for matters which existed at April 24, 2020. Refer to Note 4 for information on commitments and contingencies. Also refer to Note 17 for information on financing arrangements entered into subsequent to April 24, 2020.

28. Approval of Financial Statements

The Board of Directors approved the financial statements on September 3, 2020.

Medtronic Public Limited Company
Company Financial Statements
Financial Year Ended April 24, 2020

Medtronic plc
Company Balance Sheet

(in millions)	Note	April 24, 2020	April 26, 2019
Fixed assets			
Financial assets	3	$ 94,865	$ 104,468
Current assets			
Debtors	4	61	3,064
Total current assets		61	3,064
Creditors (amounts falling due within one year)	5	55	44
Net current assets		6	3,020
Total assets less current liabilities		94,871	107,488
Creditors (amounts falling due after more than one year)	5	7,784	17,278
Net assets		$ 87,087	$ 90,210
Capital and reserves			
Called-up share capital presented as equity	6	$ —	$ —
Share premium account	6	53,913	52,660
Profit and loss account	6	33,174	37,550
Equity shareholders' funds		$ 87,087	$ 90,210

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 2020 and financial year 2019, as determined in accordance with Irish GAAP (FRS 102), was $461 million and $541 million, respectively.

Approved by the Board of Directors and signed on its behalf on September 3, 2020 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 27, 2018	1,354	$ —	$ 51,670	$ 43,369	$ 95,039
Issuance of shares under stock purchase and award plans	18	—	990	(67)	923
Total comprehensive loss for the financial year	—	—	—	(541)	(541)
Dividends paid ($2.00 per ordinary share)	—	—	—	(2,693)	(2,693)
Share-based compensation	—	—	—	290	290
Redemption and cancellation of shares	(31)	—	—	(2,808)	(2,808)
April 26, 2019	1,341	$ —	$ 52,660	$ 37,550	$ 90,210
Issuance of shares under stock purchase and award plans	12	—	1,253	(90)	1,163
Total comprehensive loss for the financial year	—	—	—	(461)	(461)
Dividends paid ($2.16 per ordinary share)	—	—	—	(2,894)	(2,894)
Share-based compensation	—	—	—	297	297
Redemption and cancellation of shares	(12)	—	—	(1,228)	(1,228)
April 24, 2020	1,341	$ —	$ 53,913	$ 33,174	$ 87,087

1. Basis of Presentation and Summary of Significant Accounting Policies

Medtronic plc (the Company), headquartered in 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. 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 U.S. 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, D02 XH02, Ireland.

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

Significant Accounting Policies The significant accounting policies used in the preparation of the entity financial statements are set out below. These policies have been consistently applied to all financial years presented.

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 Section 7 of FRS 102 and FRS 102 paragraph 3.17(d) to present a statement of cash flows,
2. Exemption from the financial instrument disclosure requirements of Section 11 paragraphs 11.41 to 11.48A and Section 12 paragraphs 12.26 to 12.29A of FRS 102 providing the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
3. Exemption from certain disclosure requirements of Section 26 of FRS 102 (paragraphs 26.18(b), 26.19 to 26.21 and 26.23), in respect of share-based payments; and
4. Exemption from the requirement of FRS 102 paragraph 33.7 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 primarily relate to the carrying value of the investment in subsidiary undertakings. See Note 2 for further information on critical accounting estimates for the Company.

Going Concern As the Company's operational existence relies on the activities of the Company and its subsidiaries as a group (collectively, the "Group"), a going concern assessment performed at the Group level was deemed relevant to support the Company's ability to continue as a going concern. The Company's board of directors formed a judgment at the time of approving these financial statements that there was a reasonable expectation that the Company has adequate resources to continue in operational existence for the next twelve months. In arriving at this conclusion, the Company's board of directors took account of current and anticipated uncertainties driven by the COVID-19 pandemic (as described in greater detail under the heading "Going Concern" on page 30 of the Directors' Report and in the accounting policies in note 1 of the consolidated financial statements) in its going concern assessment and believed that these uncertainties would not have a material impact on

the Company's ability to continue as a going concern. For this reason, the going concern basis continues to be adopted in the preparation of the Company's financial statements.

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 operating expense in the statement of comprehensive profit.

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 profit. All other currency exchange gains and losses are recognized in other operating expense in the statement of comprehensive profit.

Investment in Subsidiary Undertakings Investment in subsidiary undertakings 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 subsidiary undertakings. The investment is tested for impairment if circumstances or indicators suggest that an impairment may exist. There were no circumstances or indicators suggesting impairment of the Company's investment in subsidiary undertakings in either the current or prior financial years.

Impairments of Long-Lived Assets The Company periodically evaluates whether current facts or circumstances indicate that the carrying values of its investment in subsidiary undertakings 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, receivables from fellow group companies 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 profit. 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. Any impairment reversal is recognized in statement of comprehensive profit.

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 Taxation for the financial year comprises current and deferred tax recognized in the financial year. Current or deferred tax assets and provisions 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 provisions 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. Critical accounting estimates and judgments

Estimates and judgments 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. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Estimated impairment of investments in subsidiary undertakings

The Company assesses whether investments in subsidiary undertakings have suffered any impairment in line with the accounting policies stated. The determination of recoverable amounts requires the use of estimates. The Company's judgements in relation to the impairment of investments in subsidiary undertakings are included in Note 3.

3. Financial Assets

The principal activity of the Company is investment holding.

(in millions)	
April 26, 2019	$ 104,468
Return of capital from subsidiary undertaking	(10,000)
Investment in subsidiary undertakings	397
April 24, 2020	$ 94,865

During the financial year, as part of an internal reorganization, the following transactions were executed: 1) On November 20, 2019, Medtronic Irish Finco Unlimited Company, a direct subsidiary of the Company, returned $10.0 billion of capital to the Company and 2) On March 3, 2020, the Company made a capital contribution to its direct subsidiary, Medtronic Global Holdings GP S.a.r.l. of $100 million, and this transaction is included in the "Investment in subsidiary undertakings" caption above.

The directors consider the recoverable amount of the investments in subsidiary undertakings to be in excess of the carrying value of the investments having considered the market capitalization of the Group.

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	40 Avenue Monterey, L-2163, 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	Burgemeester Etienne Demunterlaan 5, (Avenue du Bourgmestre Etienne Demunter 5), Jette, Brussels, BE 1090, Belgium
Integrated Health Solutions International S.a.r.l	Healthcare	100	Route du Molliau, 1131 Tolochenaz, Switzerland

4. Debtors

Debtors consisted of the following:

(in millions)	April 24, 2020	April 26, 2019
Amounts falling due within one year:		
Due from subsidiary undertakings	$ 47	$ 3,054
Other debtors and prepayments	14	10
Total amounts falling due within one year	$ 61	$ 3,064

Amounts owed to the Company from subsidiary undertakings are unsecured, non-interest bearing, and payable on demand. During the financial year, the Company received $3.0 billion, from a subsidiary undertaking, Medtronic Luxembourg Global Holdings S.a.r.l. in full and final settlement of the interest free loan note due to the Company.

5. Creditors

Creditors consisted of the following:

(in millions)	April 24, 2020	April 26, 2019
Amounts falling due within one year:		
Income taxes payable	$ 25	$ 18
Accruals and other creditors	30	26
Total amounts falling due within one year	$ 55	$ 44
Amounts falling due after one year:		
Due to subsidiary undertakings	$ 7,784	$ 17,278
Total amounts falling due after one year	$ 7,784	$ 17,278

At the balance sheet date, the amounts falling due after one year relate to two revolving loans the Company has with subsidiary undertakings. During the financial year, Medtronic Plc applied $13.0 billion of cash proceeds, following the receipt of intercompany loans due to the Company, to partially repay the outstanding principal on one of the revolving loans it has with a subsidiary undertaking. The total interest expense arising from the intercompany loans for financial years 2020 and 2019 was $395 million and $478 million, respectively. Both loans are 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.

6. Shareholders' Funds

Authorized and allotted shares were as follows:

(in millions, except share data)	April 24, 2020	
Authorized:	**Number**	**Amount**
Ordinary Shares, $0.0001 par value	2,600,000,00	$ —
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	1,341,074,724	$ —
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. There are no Euro Deferred Shares issued or outstanding in either the current or prior financial years.

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 The authorized share capital of the Company includes 500 thousand A Preferred Shares, with a par value of $1.00 per share. At April 24, 2020, 1,872 A Preferred Shares were outstanding. 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 received, greater than the par value on issuances of the Company’s ordinary share capital.

Profit and Loss Account The profit and loss account refers to the portion of accumulated comprehensive profits and losses which are retained by the Company rather than being distributed to shareholders as dividends. Amounts related to the granting of shares under the stock compensation plan are also accounted for in this account.

7. 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 Senior Notes (as defined below) and of Covidien International Finance S.A., a Luxembourg company ("CIFSA") under the CIFSA Senior Notes (as defined below). The Company also provides a full and unconditional guarantee of the obligations of Medtronic Global Holdings S.C.A under the Luxco Senior Notes (as defined below).

Of the $24.5 billion, Medtronic, Inc. has $9.9 billion aggregate principal amount issued and outstanding consisting of the following; $1.5 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, $432 million aggregate principal amount of 3.625 percent senior notes due 2024, $2.7 billion aggregate principal amount of 3.500 percent senior notes due 2025, $1.9 billion aggregate principal amount of 4.375 percent senior notes due 2035, $158 million aggregate principal amount of 6.500 percent senior notes due 2039, $224 million aggregate principal amount of 5.550 percent senior notes due 2040, $105 million aggregate principal amount of 4.500 percent senior notes due 2042, $305 million aggregate principal amount of 4.000 percent senior notes due 2043, $127 million aggregate principal amount of 4.625 percent senior notes due 2044, and $1.8 billion aggregate principal amount of 4.625 percent senior notes due 2045 (collectively, the "Medtronic Senior Notes").

CIFSA has $1.2 billion aggregate principal amount issued and outstanding, consisting of $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 $253 million aggregate principal amount of 6.550 percent senior notes due 2037 (collectively, the "CIFSA Senior Notes").

Medtronic Luxco has one tranche of Senior Notes (issued in March 2017) outstanding consisting of $368 million of 3.350 percent Senior Notes due 2027.

In March 2019, Medtronic Luxco issued six tranches of Euro-denominated Senior Notes with an aggregate principal of €7.0 billion, with maturities ranging from fiscal year 2021 to fiscal year 2039, resulting in cash proceeds of approximately $7.8 billion, net of discounts and issuance costs (collectively, the 2019 Senior Notes). The issuance included €500 million of floating rate Senior Notes due in fiscal year 2021, €1.5 billion of 0.000 percent Senior Notes due in fiscal year 2021, €1.5 billion of 0.375 percent Senior Notes due in fiscal year 2023, €1.5 billion of 1.125 percent Senior Notes due in fiscal year 2027, €1.0 billion of 1.625 percent Senior Notes due in fiscal year 2031, and €1.0 billion of 2.250 percent Senior Notes due in fiscal year 2039. The Company is a party to a guarantee for the obligations of Medtronic Luxco for these issuances.

In June 2019, Medtronic Luxco issued six tranches of Euro-denominated Senior Notes with an aggregate principal of €5.0 billion, with maturities ranging from fiscal year 2021 to fiscal year 2050, resulting in cash proceeds of approximately $5.6 billion, net of discounts and issuance costs. The issuance included €250 million of floating rate Senior Notes due in fiscal year 2021, €750 million of 0.000 percent Senior Notes due in fiscal year 2023, €1.0 billion of 0.250 percent Senior Notes due in fiscal year 2026, €1.0 billion of 1.000 percent Senior Notes due in fiscal year 2032, €1.0 billion of 1.500 percent Senior Notes due in fiscal year 2040, and €1.0 billion of 1.750 percent Senior Notes due in fiscal year 2050. The Company is a party to a guarantee for the obligations of Medtronic Luxco for these issuances.

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 24, 2020 and at April 26, 2019, the Company had no commercial paper outstanding.

On December 12, 2019, Medtronic Luxco, as borrower, entered into an amendment of its amended and restated credit agreement (Credit Facility), by and among the Company, Medtronic, Inc., Medtronic Luxco, the lenders from time to time party thereto, and Bank of America, N.A., as administrative agent and issuing bank, extending the maturity date of the Credit Facility to December 2024.

The Credit Facility provides for a $3.5 billion five-year unsecured revolving credit facility (Credit Facility). At each anniversary date of the Credit Facility, but not more than twice prior to the maturity date, the Company could also request a one-year extension of the maturity date. The Credit Facility provides the Company with the ability to increase its borrowing capacity by

an additional $1.0 billion at any time during the term of the agreement. The Company and Medtronic, Inc. have guaranteed the obligations of the borrowers under the Credit Facility, and Medtronic Luxco will also guarantee the obligations of any designated borrower. The Credit Facility includes a multi-currency borrowing feature for certain specified foreign currencies. At April 24, 2020 and April 26, 2019, no amounts were outstanding under the original or amended credit facilities.

Subsequent to fiscal year 2020, on May 12, 2020, Medtronic Luxco entered into a Term Loan Agreement by and among Medtronic Luxco, Medtronic plc, Medtronic, Inc., and Mizuho Bank, Ltd. as administrative agent and as lender. The Agreement provides an unsecured term loan in an aggregate principal amount of up to ¥300 billion, or approximately $2.8 billion, with a term of six months, which may be extended for an additional six months at Medtronic Luxco's option. Borrowings under the Loan Agreement will bear interest at the TIBOR Rate (as defined in the Loan Agreement) plus a margin of 0.50% per annum. Medtronic plc and Medtronic, Inc. have guaranteed the obligations of Medtronic Luxco under the Loan Agreement. On May 13, 2020, Medtronic Luxco borrowed the entire amount of the term loan under the Loan Agreement.

The Company provides a guarantee for intercompany liabilities totaling $28.0 billion, in relation to intercompany financing activities for a number of subsidiary entities.

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 4.

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)	**2020**	**2019**
Audit of Company financial statements	$ 27	$ 27

The Company paid no other amounts to the auditor for financial years 2020 and 2019. Note 25 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 September 3, 2020, 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 27 of the consolidated financial statements.

11. Approval of Financial Statements

The Board of Directors approved the financial statements on September 3, 2020.