Medtronic Public Limited Company
Directors' Report and Financial Statements
Financial Year Ended April 28, 2017

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Directors' Report
For the Financial Year Ended April 28, 2017

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 28, 2017, which are set out on pages 36 to 123, and audited entity financial statements of Medtronic plc (the Company or Medtronic) for the financial year ended April 28, 2017, 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 consolidated and Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Group for the financial year. Under that law, the directors have prepared the consolidated financial statements in accordance with U.S. accounting standards, as defined in Section 279(1) of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of the Companies Act or of any regulations made thereunder and the Company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the consolidated 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. 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 Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland 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 Group's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records are kept at the Group's registered office at 20 On Hatch, Lower Hatch Street, Dublin 2, Ireland.

Directors' Compliance Statement

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

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

A review of those arrangements and structures 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 United States (U.S.) accounting standards (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 year ended April 28, 2017 (fiscal year 2017) was a 52-week year. The financial year ended April 29, 2016 (fiscal year 2016) was a 53 week year, with the additional week occurring in the first quarter.

Principal Activities

Medtronic plc, headquartered in Dublin, Ireland, is among the world's largest medical technology, services and solutions companies - alleviating pain, restoring health, and extending life for millions of people around the world. Medtronic was founded in 1949 and today serves hospitals, physicians, clinicians, and patients in approximately 160 countries worldwide. We remain committed to a mission written by our founder in 1960 that directs us “to contribute to human welfare by the application of biomedical engineering in the research, design, manufacture, and sale of products to alleviate pain, restore health, and extend life.”

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

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

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

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

Minimally Invasive Therapies Group The Minimally Invasive Therapies Group’s products span the entire continuum of care with a focus on diseases of the gastrointestinal tract, lungs, pelvic region, kidneys, obesity, and preventable complications. The products include those for advanced and general surgical care, wound closure, electrosurgery products, hernia mechanical devices, mesh implants, advanced ablation, interventional lung, ventilators, capnography, airway products, sensors, monitors, compression, dialysis, enteral feeding, wound care, and medical surgical products.

Restorative Therapies Group The Restorative Therapies Group's products focus on various areas of the spine, bone graft substitutes, biologic products, trauma, implantable neurostimulation therapies and drug delivery systems for the treatment of chronic pain, movement disorders, obsessive-compulsive disorder (OCD), overactive bladder, urinary retention, fecal incontinence and gastroparesis, as well as products to treat conditions of the ear, nose, and throat, and systems that incorporate advanced energy surgical instruments. The Restorative Therapies Group also manufactures and sells image-guided surgery and intra-operative imaging systems and therapies to treat diseases of the vasculature in and around the brain including coils, neurovascular stents and flow diversion products.

Diabetes Group The Diabetes Group's products include insulin pumps, continuous glucose monitoring (CGM) systems, insulin pump consumables, and therapy management software.

Key Performance Indicators

Consolidated Results of Operations Profit for fiscal year 2017 was $4.1 billion, $2.93 per diluted share, as compared to profit for fiscal year 2016 of $3.5 billion, $2.44 per diluted share, representing an increase of 17 percent and 20 percent, respectively.

The table below illustrates turnover by operating segment for fiscal years 2017 and 2016:

	Fiscal Year		
(in millions)	2017	2016	% Change
Cardiac and Vascular Group	$ 10,498	$ 10,196	3%
Minimally Invasive Therapies Group	9,919	9,563	4
Restorative Therapies Group	7,366	7,210	2
Diabetes Group	1,927	1,864	3
Total Turnover	$ 29,710	$ 28,833	3%

Currency translation had an unfavorable impact of $34 million on turnover for fiscal year 2017, as compared to fiscal year 2016 when using the average exchange rates in effect during fiscal year 2016. Fiscal year 2017 turnover growth was also unfavorably affected by an additional selling week during the first quarter of fiscal year 2016, resulting from our 52/53 week fiscal year calendar. In addition, the fiscal year 2017 acquisitions of HeartWare and Smith & Nephew's gynecology business contributed $200 million to our total turnover growth.

Our performance continues to be fueled by our three growth strategies: therapy innovation, globalization, and economic value. We are creating competitive advantages and capitalizing on the long-term trends in healthcare: namely, the desire to improve clinical outcomes; the growing demand for expanded access to care; and the optimization of cost and efficiency within healthcare systems. In our therapy innovation growth strategy, we continue to see strong adoption of our products across all our operating segments. Further discussion about our products is included within the operating segment sections below. In globalization, turnover in emerging markets and non-U.S. developed markets grew 7 percent and 4 percent, respectively, in fiscal year 2017 compared to fiscal year 2016. In our third growth strategy, economic value, we continue to execute our value-based healthcare signature programs and 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 table below illustrates turnover by market geography for each of our operating segments for fiscal years 2017 and 2016:

	Fiscal Year 2017			Fiscal Year 2016		
(in millions)	U.S.	Non-U.S. Developed Markets	Emerging Markets	U.S.	Non-U.S. Developed Markets	Emerging Markets
Cardiac and Vascular Group	$ 5,454	$ 3,393	$ 1,651	$ 5,347	$ 3,283	$ 1,566
Minimally Invasive Therapies Group	5,049	3,479	1,391	5,014	3,299	1,250
Restorative Therapies Group	5,012	1,588	766	4,921	1,542	747
Diabetes Group	1,148	625	154	1,140	584	140
Total	$ 16,663	$ 9,085	$ 3,962	$ 16,422	$ 8,708	$ 3,703

For fiscal year 2017, turnover for the U.S. increased 1 percent, developed markets outside the U.S. increased 4 percent, and emerging markets increased 7 percent compared to fiscal year 2016. Turnover growth across all markets was driven by meaningful

product launches and introduction of groundbreaking new technologies, partially offset by an unfavorable impact of an additional selling week during the first quarter of fiscal year 2016. Turnover growth in the U.S. was led by strong growth in the Cardiac and Vascular Group and Minimally Invasive Therapies Group and solid growth in the Restorative Therapies Group and Diabetes. In Emerging Markets, turnover growth was also attributable to the expansion of access to our therapies.

U.S. GAAP to U.S. Non-GAAP Reconciliation We have provided U.S. non-GAAP financial measures, because we believe they provide meaningful information regarding our results on a consistent and comparable basis for the periods presented. Management uses these U.S. non-GAAP financial measures to facilitate its review of our operational performance and as a basis for strategic planning. Management believes that U.S. non-GAAP financial measures provide useful information to investors regarding the underlying business trends and performance of our ongoing operations and are useful for period over period comparisons of such operations. Refer to our discussion in the "Costs and Expenses" section of this Directors' Report for more information on the U.S. Non-GAAP Adjustments. Investors should not consider results reflecting U.S. non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with U.S. GAAP, and should be cautioned that we may calculate results reflecting U.S. non-GAAP financial measures in a manner that is different from other companies.

	Fiscal Year 2017			
(in millions)	Profit on Ordinary Activities Before Taxation	Diluted EPS [2]	Taxation on Profit on Ordinary Activities [1]	Effective Tax Rate
U.S. GAAP	$ 4,684	$ 2.93	$ 608	13.0%
U.S. Non-GAAP Adjustments:				
Impact of inventory step-up	38	0.02	14	36.8
Special charge	100	0.05	37	37.0
Restructuring charges, net	373	0.20	101	27.1
Certain litigation charges	218	0.10	80	36.7
Acquisition-related items	230	0.11	74	32.2
Amortization of intangible assets	1,980	1.05	520	26.3
Certain tax adjustments, net	—	0.15	(202)	—
U.S. Non-GAAP	$ 7,623	$ 4.60	$ 1,232	16.2%

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

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

(in millions)	Fiscal Year 2016 Profit on Ordinary Activities Before Taxation	Diluted EPS [2]	Taxation on Profit on Ordinary Activities [1]	Effective Tax Rate
U.S. GAAP	$ 4,254	$ 2.44	$ 768	18.1%
U.S. Non-GAAP Adjustments:				
Impact of inventory step-up	226	0.12	61	27.0
Special charge	70	0.03	26	37.1
Restructuring charges, net	299	0.15	78	26.1
Certain litigation charges	108	0.05	39	36.1
Acquisition-related items	283	0.15	71	25.1
Amortization of intangible assets	1,931	1.03	464	24.0
Loss on previously held forward starting interest rate swaps	45	0.02	16	35.6
Debt tender premium	183	0.08	65	35.5
Certain tax adjustments, net	—	0.29	(417)	—
U.S. Non-GAAP	$ 7,399	$ 4.37	$ 1,171	15.8%

(1) The tax effect of each U.S. Non-GAAP Adjustment is based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.
(2) The data in this schedule has been intentionally rounded to the nearest $0.01 and, therefore, may not sum.

U.S. GAAP diluted EPS and U.S. Non-GAAP diluted EPS for fiscal year 2017 were $2.93 and $4.60 per diluted share, respectively, as compared to $2.44 and $4.37 per diluted share, respectively, for fiscal year 2016, representing an increase of 20% and 5%, respectively. U.S. GAAP diluted EPS and U.S. Non-GAAP diluted EPS growth key contributors included realization of over $600 million in synergy savings since the acquisition of Covidien, coupled with our turnover growth.

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

(in millions)	Fiscal Year 2017	2016
Net cash provided by operating activities	$ 6,880	$ 5,218
Net cash (used in) provided by investing activities	(1,571)	2,245
Net cash used in financing activities	(3,283)	(9,543)
Net cash provided by operating activities	6,880	5,218
Additions to tangible assets	(1,254)	(1,046)
Free cash flow	$ 5,626	$ 4,172
Dividends to shareholders	$ 2,376	$ 2,139
Repurchase of ordinary shares	3,544	2,830
Issuances of ordinary shares	(428)	(491)
Return to shareholders	$ 5,492	$ 4,478
Return of operating cash flow percentage	80%	86%
Return of free cash flow percentage	98%	107%

Turnover

In the first quarter of fiscal year 2017, we realigned the divisions within the Restorative Therapies Group. The Restorative Therapies Group consists of the following divisions: Spine, Brain Therapies, Pain Therapies, and Specialty Therapies. See Note 25 to the consolidated financial statements for additional discussion related to our segment reporting.

The table below illustrates turnover by operating segment and division for fiscal years 2017 and 2016:

	Turnover		
	Fiscal Year		
(in millions)	2017	2016	% Change
Cardiac Rhythm & Heart Failure	$ 5,649	$ 5,465	3%
Coronary & Structural Heart	3,113	3,093	1
Aortic & Peripheral Vascular	1,736	1,638	6
Cardiac and Vascular Group	10,498	10,196	3
Surgical Solutions	5,511	5,265	5
Patient Monitoring & Recovery	4,408	4,298	3
Minimally Invasive Therapies Group	9,919	9,563	4
Spine	2,641	2,629	—
Brain Therapies	2,098	1,980	6
Specialty Therapies	1,491	1,419	5
Pain Therapies	1,136	1,182	(4)
Restorative Therapies Group	7,366	7,210	2
Diabetes Group	1,927	1,864	3
Total	$ 29,710	$ 28,833	3%

Cardiac and Vascular Group

The Cardiac and Vascular Group's turnover for fiscal year 2017 was $10.5 billion, an increase of 3 percent as compared to fiscal year 2016. Currency translation had an unfavorable impact on turnover of $37 million as a result of the change in exchange rates from the prior year. The Cardiac and Vascular Group’s turnover for fiscal year 2017 was unfavorably affected by an additional selling week during the first quarter of fiscal year 2016. The Cardiac and Vascular Group's turnover for fiscal year 2017, as compared to the same period in fiscal year 2016, benefited from strong turnover in Arrhythmia Management within Cardiac Rhythm & Heart Failure, largely due to growth in AF Solutions and Diagnostics, Coronary & Structural Heart, largely due to transcatheter aortic heart valve in the U.S. and Europe, and in Aortic & Peripheral Vascular, as well as the acquisition of HeartWare in the second quarter of fiscal year 2017. See the more detailed discussion of each division's performance below.

Cardiac Rhythm & Heart Failure turnover for fiscal year 2017 was $5.6 billion, an increase of 3 percent as compared to fiscal year 2016. Cardiac Rhythm & Heart Failure turnover for fiscal year 2017 was driven by strong growth in Arrhythmia Management, largely due to growth in AF Solutions and Diagnostics. The strong growth in AF Solutions was driven by the continued global acceptance of our Arctic Front Advance Cardiac CryoAblation Catheter (Arctic Front) system, including strong growth in Japan. The strong growth in Diagnostics was driven by the continued adoption of the Reveal LINQ insertable cardiac monitor. Cardiac Rhythm & Heart Failure also benefited from the acquisition of HeartWare, which was acquired during the second quarter of fiscal year 2017.

Coronary & Structural Heart turnover for fiscal year 2017 was $3.1 billion, an increase of 1 percent as compared to fiscal year 2016. Coronary & Structural Heart growth for fiscal year 2017 was largely driven by the continued launch of the Evolut R 34mm transcatheter aortic heart valve in the U.S. and Europe. The growth in turnover was partially offset by challenges with drug-eluting stents in both the U.S. and Japan due to competitive pressures related to the anticipated approval of the Resolute Onyx drug-eluting stents in these countries, which received U.S. FDA approval, as well as approval in Japan, during the first quarter of fiscal year 2018. The growth in turnover was also partially offset by continued pricing pressures and competition worldwide in our Coronary business.

Aortic & Peripheral Vascular turnover for fiscal year 2017 was $1.7 billion, an increase of 6 percent as compared to fiscal year 2016. Aortic & Peripheral Vascular growth for fiscal year 2017 was driven by the continued strong worldwide growth of the IN.PACT Admiral drug-coated balloon as well as success of the Heli-FX EndoAnchor System and the Endurant IIs aortic stent

graft. The growth in turnover as compared to fiscal year 2016 was also driven by the launch of the HawkOne 6 French directional atherectomy system in the third quarter of fiscal year 2017.

Minimally Invasive Therapies Group

The Minimally Invasive Therapies Group’s turnover for fiscal year 2017 was $9.9 billion, an increase of 4 percent as compared to fiscal year 2016. Currency translation had a favorable impact on turnover of $17 million as a result of the change in exchange rates from the prior year. The Minimally Invasive Therapies Group's growth in turnover in fiscal year 2017 was unfavorably affected by an additional selling week during the first quarter of fiscal year 2016. The Minimally Invasive Therapies Group's turnover for fiscal year 2017, as compared to the same period in fiscal year 2016, benefited from strong turnover in Surgical Solutions, largely due to growth in Advanced Stapling and Advanced Energy, and Patient Monitoring & Recovery, largely due to Airways and Ventilation Management, as well as the acquisition of Smith & Nephew's gynecology business in the second quarter of fiscal year 2017 and Bellco in the fourth quarter of fiscal year 2016. See the more detailed discussion of each division's performance below.

Surgical Solutions turnover for fiscal year 2017 was $5.5 billion, an increase of 5 percent as compared to fiscal year 2016. Surgical Solutions growth was driven by Advanced Stapling and Advanced Energy. Advanced Stapling growth resulted from strong adoption of endo stapling specialty reloads with Tri-Staple technology, growth in emerging markets and the release of the Signia power stapling system. Advanced Energy growth resulted from the launch of the LigaSure vessel sealing instruments and continued adoption of the Valleylab FT10 energy platform. The launch of new LigaSure vessel sealing instruments along with the Valleylab FT10 energy platform helped mitigate the negative impact of reprocessing. Surgical Solutions also benefited from the acquisition of Smith & Nephew's gynecology business, which was acquired during the second quarter of fiscal year 2017.

Patient Monitoring & Recovery turnover for fiscal year 2017 was $4.4 billion, an increase of 3 percent as compared to fiscal year 2016. Patient Monitoring & Recovery growth was driven by strong Airways and Ventilation Management sales of the Puritan Bennett 980, strength in Patient Monitoring Nellcor pulse oximetry products, and growth in emerging markets. Patient Monitoring & Recovery also benefited from the acquisition of Bellco, which was acquired during the fourth quarter of fiscal year 2016.

Restorative Therapies Group

The Restorative Therapies Group’s turnover for fiscal year 2017 was $7.4 billion, an increase of 2 percent as compared to fiscal year 2016. Currency translation had an unfavorable impact on turnover of approximately $1 million as a result of the change in exchange rates from the prior year. The Restorative Therapies Group's turnover was unfavorably affected by an additional selling week during the first quarter of fiscal year 2016. The Restorative Therapies Group’s performance for fiscal year 2017 was driven by solid growth in Brain and Specialty Therapies, partially offset by declines in Pain Therapies. See the more detailed discussion of each division's performance below.

Spine turnover for fiscal year 2017 was $2.6 billion, flat as compared to fiscal year 2016. Spine turnover was driven by growth in BMP due to strong U.S. sales, offset by declines in Europe due to the InductOs stop shipment due to suspension in the E.U. Core Spine had growth in turnover in the U.S due to new product launches including the Solera Voyager and Elevate expandable cage in conjunction with the "Speed to Scale" initiative, which involves faster innovation cycles and launching a steady cadence of new products at scale with sets immediately available for the entire market, and growth in implants due to the success of our Surgical Synergy strategy, offset by market softness in Europe and the Middle East driven by the macro-economic conditions. InductOs returned to the European market in the first quarter of fiscal year 2018.

Brain Therapies turnover for fiscal year 2017 was $2.1 billion, an increase of 6 percent as compared to fiscal year 2016. The increase in turnover was driven by strong growth in both Neurovascular and Neurosurgery. Neurovascular growth was driven by growth in coils from the Axium Prime Extra Soft detachable coil, growth in flow diversion from the Pipeline Flex embolization device, and growth in stents due to the Solitaire revascularization device, partially offset by declines due to a voluntary recall of certain product lines in the second quarter. Neurosurgery growth was driven by strong sales of navigation capital equipment, disposables, and the O-arm O2 surgical imaging system. Despite competitive pressure, Brain Modulation drove growth in U.S. turnover of the MR Conditional Activa DBS portfolio and through updated Parkinson’s Disease labeling for patients with Recent Onset of Motor Complications.

Specialty Therapies turnover for fiscal year 2017 was $1.5 billion, an increase of 5 percent as compared to fiscal year 2016. The increase in turnover was driven by strong growth in Advanced Energy and Pelvic Health and growth in ear, nose, and throat (ENT). Growth in Advanced Energy was driven by the sales of the Aquamantys Transcollation and PEAK PlasmaBlade products. Growth in Pelvic Health was driven by strong InterStim implant growth in the U.S. Growth in ENT continues to benefit from strong adoption of new products, including NuVent balloons and Fusion Compact navigation.

Pain Therapies turnover for fiscal year 2017 was $1.1 billion, a decrease of 4 percent as compared to fiscal year 2016. The decrease in turnover was driven by declines in sales of spinal cord stimulation products due to competitive pressures in the U.S., partially offset by growth in Interventional from the OsteoCool RF Spinal Tumor ablation system.

Diabetes Group

The Diabetes Group's turnover for fiscal year 2017 was $1.9 billion, an increase of 3 percent as compared to fiscal year 2016, and was unfavorably affected by an additional selling week during the first quarter of fiscal year 2016. Currency translation had an unfavorable impact on turnover for fiscal year 2017 of $13 million as a result of the change in exchange rates from the prior year. The Diabetes Group's turnover for fiscal year 2017 benefited from growth in both the U.S. and international markets due to strong U.S. sales of the MiniMed 630G system and interest in the Priority Access Program for the MiniMed 670G hybrid closed loop system, as well as strong international sales in Europe, Latin America, and Asia Pacific of the MiniMed 640G system with the Enhanced Enlite sensor.

Costs and Expenses

Cost of Sales The following is a summary of cost of sales, gross profit, and gross profit as a percentage of turnover:

	Fiscal Year	
(in millions)	**2017**	**2016**
Turnover	$ 29,710	$ 28,833
Cost of sales	9,291	9,142
Gross profit	$ 20,419	$ 19,691
Gross profit percent	68.7%	68.3%

We continue to focus on reducing our cost of sales, thus increasing gross profit, through supply chain management and changes to our manufacturing network. Gross profit percent was 68.7 percent and 68.3 percent in fiscal years 2017 and 2016, respectively. Gross profit percent increased in fiscal year 2017 as compared to fiscal year 2016 as a result of a $38 million charge during fiscal year 2017 related to the recognition of the fair value step-up of acquired Heartware inventory, as compared to a $226 million charge during fiscal year 2016 related to the recognition of the fair value step-up of acquired Covidien inventory.

Research and Development & Distribution and Administrative Expenses The following is a summary of research and development & distribution and administrative expenses as a percent of turnover:

	Fiscal Year	
	2017	**2016**
Research and development expense	7.4%	7.7%
Distribution and administrative expenses	39.4%	39.5%

Research and Development 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 for both fiscal years 2017 and 2016 was $2.2 billion. Research and development expense decreased slightly as a percentage of turnover over the two-year period due, in part, to the timing of clinical trials and product approvals. During fiscal year 2017, we continued to invest in new technologies to support our mission through continued product growth.

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

Distribution and administrative expense was $11.7 billion and $11.4 billion during fiscal years 2017 and 2016, respectively. Distribution and administrative expense remained fairly flat as a percentage of turnover from fiscal year 2016 to 2017, with a slight decrease due to cost savings associated with distribution and administrative expense initiatives. We continue to execute on our cost synergies from the Covidien acquisition and transition to centers of excellence in our enabling functions.

Distribution and administrative expense includes amortization expense of $2.0 billion and $1.9 billion during fiscal years 2017 and 2016, respectively. Amortization of intangible assets includes the amortization expense of our definite-lived intangible assets, consisting of purchased patents, trademarks, tradenames, customer relationships, and purchased technology. The increase in amortization expense from fiscal year 2016 to fiscal year 2017 is primarily due to the acquisition of amortizable intangible assets as a result of the acquisition of HeartWare.

Other Costs and Expenses The following is a summary of other costs and expenses:

	Fiscal Year	
(in millions)	**2017**	**2016**
Special charge	$ 100	$ 70
Restructuring charges, net	363	290
Certain litigation charges	218	108
Acquisition-related items	220	283
Other expense, net	222	107
Interest payable and similar charges, net	728	955

Special Charge During fiscal year 2017, in continuing our commitment to improve the health of people and communities throughout the world, we made a $100 million charitable cash contribution to meet the multi-year funding needs of the Medtronic Foundation, a related party non-profit organization.

During fiscal year 2016, we recognized a special charge of $70 million in connection with the impairment of a debt investment.

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

We began our restructuring program related to the acquisition of Covidien, the cost synergies initiative, in the fourth quarter of fiscal year 2015. We anticipate approximately $850 million in cost synergies to be achieved as a result of the Covidien acquisition through fiscal year 2018, including administrative office optimization, manufacturing and supply chain infrastructure, and certain general and administrative savings. Restructuring charges are primarily related to employee termination costs and costs related to manufacturing and facility closures. Although costs associated with the cost synergies initiative restructuring program are expected be finalized in fiscal year 2018, this initiative has created a catalyst for potential additional operating margin expansion programs. We are committed to areas of improvement that will deliver sustained productivity, including manufacturing consolidation, supply chain and sourcing, customer-facing operations, and enabling functions, such as human resources, finance, and legal operations.

Our restructuring reserve balances at April 28, 2017 and April 29, 2016 were $291 million and $250 million, respectively. During fiscal years 2017 and 2016, we recognized restructuring charges of $441 million and $332 million, respectively. For fiscal year 2017, the restructuring charges included $73 million of incremental defined benefit pension and post-retirement related expenses for employees that accepted voluntary early retirement packages. For further discussion on the incremental defined benefit pension and post-retirement related expenses, see Note 21 to the consolidated financial statements.

The restructuring charges during fiscal years 2017 and 2016 were partially offset by reversals of excess restructuring reserves of $68 million and $18 million, respectively. Reversals of restructuring reserves relate to certain employees identified for termination finding other positions within the Group, cancellations of employee terminations, and employee termination costs being less than initially estimated. For fiscal years 2017 and 2016, restructuring charges of $10 million and $9 million, respectively, were recognized within *cost of sales* in the consolidated profit and loss account.

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

Certain Litigation Charges We classify litigation charges and gains related to significant legal proceedings as certain litigation charges. During fiscal years 2017 and 2016, we recognized $218 million and $108 million, respectively, of certain litigation charges related to probable and estimable damages.

For additional information, see Note 24 to the consolidated financial statements.

Acquisition-Related Items During fiscal year 2017, we recognized acquisition-related items expense of $230 million, including $10 million recognized within *cost of sales* in the consolidated profit and loss account. Acquisition-related items expenses primarily include integration-related expenses incurred in connection with the Covidien acquisition. The expenses incurred in connection

with the Covidien acquisition include $225 million of professional services and integration expenses and $23 million of accelerated or incremental stock compensation expense. Acquisition-related items expense also includes expenses incurred in connection with the HeartWare acquisition and planned divestiture of a portion of the Patient Monitoring and Recovery business, partially offset by the change in fair value of contingent consideration as a result of revised turnover forecasts and the timing of anticipated regulatory milestones.

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

Other Expense, Net Other expense, net includes royalty income and expense, realized equity security gains and losses, currency transaction and derivative gains and losses, impairment charges on equity securities, Puerto Rico excise tax, and U.S. medical device excise tax. In fiscal year 2017, other expense, net was $222 million as compared to $107 million in fiscal year 2016. The largest contributor to the change in other expense, net was a decrease in net currency gains, partially offset by the decrease in U.S. medical device tax due to the suspension of the U.S. medical device tax beginning January 1, 2016. Total net currency gains recognized in *other expense, net* were $81 million in fiscal year 2017 as compared to gains of $314 million in fiscal year 2016.

Interest Payable and Similar Charges, Net Interest payable and similar charges, net includes interest earned on our cash, cash equivalents and investments, interest incurred on our outstanding borrowings, amortization of debt issuance costs and debt discounts, and ineffectiveness on interest rate derivative instruments. In fiscal year 2017, interest payable and similar charges, net was $728 million as compared to $955 million in fiscal year 2016. The decrease in interest payable and similar charges, net for fiscal year 2017 was the result of a $183 million charge recorded in connection with the cash tender offer and redemption of certain debt securities in fiscal year 2016 and a $45 million loss on interest rate swaps which were entered into in advance of a planned debt issuance that was no longer anticipated in fiscal year 2016.

Certain Tax Adjustments

During fiscal year 2017, we recognized certain tax adjustments of $202 million, which included the following:

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

The $202 million net certain tax adjustment was recognized in *taxation on profit on ordinary activities* in the consolidated profit and loss account for fiscal year 2017.

During fiscal year 2016, we recognized certain tax adjustments of $417 million, which included the following:

- A charge of $442 million primarily related to the U.S. tax provision resulting from our completion of an internal reorganization of the ownership of certain legacy Covidien businesses that reduced the cash and investments held by our U.S.-controlled non-U.S. subsidiaries (the Internal Reorganization). As a result of the Internal Reorganization, approximately $9.7 billion of cash, cash equivalents and investments in marketable debt and equity securities previously held by U.S.-controlled non-U.S. subsidiaries became available for general corporate purposes.
- A $25 million tax benefit associated with the disposition of a wholly owned U.S. subsidiary.

The $417 million net certain tax adjustment was recognized in *taxation on profit on ordinary activities* in the consolidated profit and loss account for fiscal year 2016.

Liquidity and Capital Resources

(in millions)	April 28, 2017	April 29, 2016
Working capital	$ 10,316	$ 16,435
Current ratio[1]	1.7:1.0	3.3:1.0
Cash at bank and in hand and short-term investments	$ 13,708	$ 12,634
Current debt obligations and long-term debt	33,441	31,102

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

We believe our balance sheet and liquidity provide us with flexibility in the future. Approximately $6 billion of our cash, cash equivalents, and investments held by certain U.S.-controlled non-U.S. subsidiaries may not represent available liquidity for general corporate purposes. However, we believe our other existing cash and investments, as well as our $3.5 billion revolving credit facility and related commercial paper program ($901 million outstanding at April 28, 2017), will satisfy our foreseeable operating needs for at least the next 12 months, including repayment of current debt obligations. We regularly review our capital needs and consider various investing and financing alternatives to support our requirements.

In March 2017, Medtronic Global Holdings S.C.A. (Medtronic Luxco) issued two tranches of Senior Notes with an aggregate face value of $1.850 billion, resulting in cash proceeds of approximately $1.850 billion, net of premiums, discounts, and issuance costs. The first tranche consisted of $1.0 billion of 1.700 percent Senior Notes due 2019. The second tranche consisted of $850 million of 3.350 percent Senior Notes due 2027. Concurrent with the offering by Medtronic Luxco, Medtronic, Inc. issued $150 million in principal amount of its 4.625 percent Senior Notes due 2045 (the Reopening Notes). The Reopening Notes were a further issuance of, and formed a single series with, the $4.0 billion principal amount of the previously outstanding 4.625 percent Senior Notes due 2045. We used the net proceeds for general corporate purposes.

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

	Agency Rating [1]	
	April 28, 2017	April 29, 2016
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 may be 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.

Standard & Poor's Ratings Services (S&P) and Moody's Investors Service (Moody's) long-term debt ratings and short-term debt ratings at April 28, 2017 were unchanged as compared to the ratings at April 29, 2016. We do not expect the S&P and Moody's ratings to have a significant impact on our liquidity or future flexibility to access additional liquidity given our balance sheet and our $3.5 billion revolving credit facility and related commercial paper program, discussed above.

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

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

We 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 liabilities are recorded for amounts that we consider to be permanently reinvested. Our current plans do not foresee a need to repatriate funds that are designated as permanently reinvested in order to fund our operations or meet currently anticipated liquidity and capital investment needs. However, we evaluate our legal entity structure supporting our business operations, and to the extent such evaluation results in a change to our overall business structure, we may be required to accrue for additional tax provisions.

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

For fiscal year 2017, 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. However, at April 28, 2017, we have $242 million of gross unrealized losses on our aggregate current and non-current available-for-sale debt securities of $8.7 billion. If market conditions deteriorate, some of these holdings may experience other-than-temporary impairment in the future which could adversely impact our financial results. Management is required to use estimates and assumptions in its valuation of our investments, which requires a high degree of judgment, and therefore, actual results could differ materially from those estimates.

Financial Risk Management

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

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

The gross notional amount of all currency exchange rate derivative instruments outstanding at April 28, 2017 and April 29, 2016 was $10.8 billion. At April 28, 2017, these contracts were in a net unrealized gain position of $118 million. A sensitivity analysis of changes in the fair value of all currency exchange rate derivative contracts at April 28, 2017 indicates that, if the U.S. dollar uniformly strengthened/weakened by 10 percent against all currencies, the fair value of these contracts would increase/decrease by approximately $836 million. Any gains and losses on the fair value of derivative contracts would generally be offset by gains and losses on the underlying transactions. These offsetting gains and losses are not reflected in the above analysis.

Interest Rate Risk We are subject to interest rate risk on our short-term investments and our borrowings. We manage interest rate risk in the aggregate, while focusing on our immediate and intermediate liquidity needs. Our debt portfolio at April 28, 2017 was comprised of debt predominately denominated in U.S. dollars, of which approximately 85% is fixed rate debt and approximately 15% is floating-rate debt. We are also exposed to interest rate changes affecting our investments in interest rate sensitive instruments, which include our marketable debt securities, fixed-to-floating interest rate swap agreements, and forward starting interest rate swap agreements.

A sensitivity analysis of the impact on our investments in interest rate sensitive financial instruments of a hypothetical 10 basis point change in interest rates, as compared to interest rates at April 28, 2017, indicates that the fair value of these instruments would correspondingly change by $67 million.

Credit Risk Financial instruments, which potentially subject the Group to significant concentrations of credit risk, consist principally of interest-bearing investments, forward exchange derivative contracts, and trade debtors. Global concentrations of credit risk with respect to trade debtors are limited due to the large number of customers and their dispersion across many geographic areas. The Group monitors the creditworthiness of its customers to which it grants credit terms in the normal course of business.

Principal Risks and Uncertainties

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

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

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

Competitive factors include:

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

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

Major shifts in industry market share have occurred in connection with product problems, physician advisories, safety alerts, and publications about our products; reflecting the importance of product quality, product efficacy, and quality systems in our industry. In the current environment of managed care, consolidation among health care providers, increased competition, and declining reimbursement rates, we have been increasingly required to compete on the basis of price. In order to continue to compete effectively, we must continue to create, invest in, or acquire advanced technology, incorporate this technology into our proprietary products, obtain regulatory approvals in a timely manner, and manufacture and successfully market our products. Given these factors, we cannot guarantee that we will be able to compete effectively or continue our level of success in our industry.

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

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

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

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

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

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

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

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

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

- take a significant amount of time,
- require the expenditure of substantial resources,
- involve stringent clinical and pre-clinical testing, as well as increased post-market surveillance,
- involve modifications, repairs, or replacements of our products, and
- result in limitations on the proposed uses of our products.

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

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

Pursuant to Dodd-Frank, the SEC promulgated final rules regarding disclosure of the use of certain minerals, known as "conflict minerals" (tantalum, tin, tungsten (or their ores), and gold) which are mined from the Democratic Republic of the Congo and adjoining countries. Under the rules, we are now required to disclose the procedures we employ to determine the sourcing of such minerals and metals produced from those minerals. There are costs associated with complying with these disclosure requirements, including for diligence in regards to the sources of any conflict minerals used in our products, in addition to the cost of remediation and other changes to products, processes, or sources of supply as a consequence of such verification activities. In addition, the implementation of these rules could adversely affect the sourcing, supply, and pricing of materials used in our products. As of the date of our conflict minerals report for the 2016 calendar year, we were unable to obtain the necessary information on conflict minerals from all of our suppliers and were unable to determine that all of our products are conflict free. In addition, we may continue to face difficulties in gathering this information in the future. We may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to sufficiently verify the origins for all conflict minerals used in our products through the procedures we implement.

Governmental regulations outside the U.S. have become increasingly stringent and more common, and we may become subject to more rigorous regulation by governmental authorities in the future. In the European Union, for example, a new Medical Device Regulation was published in 2017 which, when it enters into full force, will impose significant additional premarket and post-market requirements. Penalties for a company's non-compliance with governmental regulation could be severe, including fines and revocation or suspension of a company's business license, mandatory price reductions and criminal sanctions. Any governmental law or regulation imposed in the future may have a material adverse effect on us.

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

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

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

cleanup and timing of future cash outflows is difficult to predict, given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods.

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

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

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

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

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

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

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

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

In addition, the laws of certain countries in which we market some of our products do not protect our intellectual property rights to the same extent as the laws of the U.S., which could make it easier for competitors to capture market position in such countries by utilizing technologies that are similar to those developed or licensed by us. Competitors also may harm our 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, financial condition or results of operations.

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

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

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

Further, we have elected to self-insure with respect to product liability risks and any product liability claim brought against us, with or without merit, could be costly to defend and resolve. See "Our insurance program may not be adequate to cover future losses." Any of the foregoing problems, including product liability claims or product recalls in the future, regardless of their ultimate outcome, could harm our reputation and have a material adverse effect on our business, results of operations, financial condition, and cash flows.

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

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

The Patient Protection and Affordable Care Act (the “ACA”) and the Health Care and Education Affordability Reconciliation Act of 2010 (together "the law" or "the legislation") provide for a number of healthcare policy changes that are or will be applicable to us. However, there are many programs and requirements under the law for which the consequences are not fully understood, and it is unclear what the full impacts will ultimately be from the law. The legislation provides for significant new taxes on medical device makers in the form of a 2.3 percent excise tax on all U.S. medical device turnover that commenced in January 2013.

Although the excise tax has been suspended by Congress until the end of 2017, its status is unclear for 2018 and subsequent years. Under the legislation, the total cost to the medical device industry is expected to be approximately $20 billion over 10 years. The law also focuses on a number of Medicare provisions aimed at improving quality and decreasing costs. It is uncertain at this point what negative unintended consequences these provisions will have on patient access to new technologies. The Medicare provisions include value-based payment programs, increased funding of comparative effectiveness research, reduced hospital payments for avoidable readmissions and hospital acquired conditions, and pilot programs to evaluate alternative payment methodologies that promote care coordination (such as bundled physician and hospital payments). Additionally, the law includes a reduction in the annual rate of inflation for Medicare payments to hospitals that began in 2011 and the establishment of an independent payment advisory board to recommend ways of reducing the rate of growth in Medicare spending.

Currently, the U.S. Congress is considering legislation to repeal and replace the ACA. We cannot predict whether the ACA will be repealed, replaced, or modified or how such repeal, replacement or modification may be timed or structured. As a result, we cannot quantify or predict the effect of such repeal, replacement, or modification might have on our business and results of operations. However, any changes that lower reimbursement for our products or reduce medical procedure volumes could adversely affect our business and results of operations.

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

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

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

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

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

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

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

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

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

Although our stock is traded on the New York Stock Exchange, we are a global company. Operations in countries outside of the U.S., which account for approximately 44 percent of our turnover for fiscal year 2017, are accompanied by certain financial and other risks that would not be faced by a group operating purely within the U.S. We intend to continue to pursue growth opportunities in turnover outside the U.S., especially in emerging markets, which could expose us to greater risks associated with international turnover and operations. Our profitability and international operations are, and will continue to be, subject to a number of risks and potential costs, including:

- fluctuations in currency exchange rates,
- healthcare reform legislation,
- multiple non-U.S. regulatory requirements that are subject to change and that could restrict our ability to manufacture and sell our products,
- local product preferences and product requirements,
- longer-term debtors 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 instability,
- the potential payment of U.S. taxation on profit of certain controlled foreign subsidiaries subject to U.S. taxation upon repatriation,
- the expiration and non-renewal of foreign tax rulings and/or grants,
- potentially negative consequences from changes in or interpretations of tax laws, and
- economic instability and inflation, recession or interest rate fluctuations.

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

On June 23, 2016, the United Kingdom (U.K.) held a referendum in which voters approved an exit from the E.U., commonly referred to as “Brexit”. As a result of the referendum, it is expected that the British government will begin negotiating the terms of the U.K.’s future relationship with the E.U. Although it is unknown what those terms will be, it is possible that there will be greater restrictions on imports and exports between the U.K. and E.U. countries and increased regulatory complexities. Similarly, from time to time proposals are made in the U.S. to significantly change existing trade agreements and relationships between the U.S. and other countries, although we cannot currently predict whether or how these changes will be implemented. Changes to trade policy may adversely affect our operations and financial results.

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

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

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

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

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

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

From time to time, certain of our subsidiaries have limited business dealings in countries subject to comprehensive sanctions, including Iran, Sudan, Syria, Cuba and those in the region of Crimea. Certain of our subsidiaries sell medical devices and surgical tools, and may provide related services, to distributors and other purchasing bodies in such countries. These business dealings represent an insignificant amount of our consolidated 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 effectively prevent us from violating these regulations in every transaction in which we may engage, and such a violation could adversely affect our reputation, business, financial condition, results of operations and cash flows.

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

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

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

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

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

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

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

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

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

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

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

Cyber-attacks or other disruptions to our information technology systems could lead to reduced turnover, increased costs, liability claims, or harm to our competitive position.

We are increasingly dependent on sophisticated information technology systems to operate our business, and many of our products and services include integrated software and information technology. We rely on information technology systems to collect and process customer orders, manage product manufacturing and shipping, and support regulatory compliance, and we routinely process, store, and transmit large amounts of data, including sensitive personal information, protected health information, and business information. Many of our products and services incorporate software and information technology that allow patients and physicians to be connected and collect data regarding a patient and the therapy he or she is receiving, or that otherwise allow the products or services to operate as intended. 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. We could also experience attempted or actual interference with the integrity of our products and data. These incidents could materially harm our business and our reputation.

As is the case with other large enterprises, the size and complexity of our products, services, and information technology systems can make them vulnerable to cyber-attacks, breakdown, interruptions, destruction, loss or compromise of data, obsolescence or incompatibility among systems, or other significant disruptions. Unauthorized persons may attempt to inappropriately access our products or systems in order to disrupt, disable or degrade such products or services, or to obtain proprietary or confidential information. Such unauthorized access or interference with our products or services could create issues with product functionality which could pose a risk to patient safety, and a risk of product recall or field activity.

We have programs, processes and technologies in place to prevent, detect, contain, respond to and mitigate security related threats and potential incidents. We undertake considerable ongoing improvements to our systems, connected devices and information-sharing products in order to minimize vulnerabilities, in accordance with industry and regulatory standards. Because the techniques

used to obtain unauthorized access change frequently and can be difficult to detect, anticipating, identifying or preventing these intrusions or mitigating them if and when they occur, may be challenging.

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

In addition, we continue to grow in part through new business acquisitions. As a result of acquisitions, we may face risks due to implementation, modification, or remediation of controls, procedures, and policies relating to data privacy and cybersecurity at the acquired company. We continue to consolidate and integrate the number of systems we operate, and to upgrade and expand our information system capabilities for stable and secure business operations.

If we are unable to maintain reliable information technology systems and prevent disruptions, outages, or data breaches, we may suffer regulatory consequences in addition to business consequences. Our worldwide operations mean that we are subject to laws and regulations, including data protection and cyber security laws and regulations, in many jurisdictions. We have programs to ensure compliance with such laws and regulations. However, there is no guarantee that we will avoid enforcement actions by governmental bodies. Enforcement actions may be costly and interrupt regular operations of our business. In addition, there has been a developing trend of civil lawsuits and class actions relating to breaches of consumer data held by large companies or incidents arising from other cyber attacks. While Medtronic has not been named in any such suits, if a substantial breach or loss of data were to occur, we could become a target of such litigation.

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, 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. Any significant breakdown, intrusion, interruption, corruption, or destruction of these systems, as well as any data breaches, could have a material adverse effect on our business. If our information technology systems, products or services or sensitive data are compromised, patients or employees could be exposed to financial or medical identity theft or suffer a loss of product functionality, and we could lose existing customers, have difficulty attracting new customers, have difficulty preventing, detecting, and controlling fraud, be exposed to the loss or misuse of confidential information, have disputes with customers, physicians, and other health care professionals, suffer regulatory sanctions or penalties under federal laws, state laws, or the laws of other jurisdictions, experience increases in operating expenses or an impairment in our ability to conduct our operations, incur expenses or lose turnover as a result of a data privacy breach, product failure, information technology outages or disruptions, or suffer other adverse consequences including lawsuits or other legal action and damage to our reputation.

Negative conditions in global credit markets may impair our ability to issue debt securities and impact the liquidity and/or market value of investments in marketable debt securities, which may cause us losses and liquidity issues.

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

Negative market conditions may also impair our ability to access the capital markets through the issuance of commercial paper or other debt securities or may negatively impact our ability to borrow from financial institutions.

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

As a part of the regulatory process of obtaining marketing clearance for new products and new indications for existing products, we conduct and participate in numerous clinical trials with a variety of study designs, patient populations, and trial endpoints.

Unfavorable or inconsistent clinical data from existing or future clinical trials conducted by us, by our competitors, or by third parties, or the market's or U.S. FDA's perception of this clinical data, may adversely impact our ability to obtain product approvals, our position in, and share of, the markets in which we participate, and our business, financial condition, and results of operations.

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

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

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

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

We may not achieve the benefits we anticipate from the disposition of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses within the Patient Monitoring & Recovery division of our Minimally Invasive Therapies Group.

In July 2017 we completed the previously announced sale of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses within the Patient Monitoring & Recovery division of our Minimally Invasive Therapies Group to Cardinal Health, Inc. for $6.1 billion in cash. In connection with the transaction, we announced that we anticipate a number of benefits from the disposition, including improvements in our turnover growth rate and operating margin, a lower debt leverage ratio, and an increased ability to fund potential investments in higher growth and higher margin opportunities.

We may not achieve some or all of the anticipated benefits of the disposition, including the financial and operational benefits described above, and our future investments and other business opportunities that we anticipate will be facilitated by the disposition may not be successful and may prove not to be superior alternatives to the continued operation of our current Patient Monitoring & Recovery division. Further, execution of the proposed disposition will require significant time and attention from management and other employees, including following the closing of the disposition transaction, which may divert the attention of our management and other employees from the execution of our other initiatives and could affect our financial condition, results of operations, or cash flows.

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

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

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

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

We are subject to rigorous regulation by the U.S. FDA and numerous other federal, state, and non-U.S. governmental authorities. These authorities have been increasing their scrutiny of our industry. We occasionally receive subpoenas or other requests for information from state and federal governmental agencies, including, among others, the U.S. Department of Justice and the Office of Inspector General of HHS. These investigations typically relate primarily to financial arrangements with health care providers, regulatory compliance, and product promotional practices.

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

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

At April 28, 2017, our total consolidated external debt was approximately $33.4 billion. We may also incur additional indebtedness in the future. Our substantial indebtedness could have adverse consequences, including:

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

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

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

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

Medtronic, Inc. tax court proceeding outcome could have 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. On December 23, 2010, the IRS issued a statutory notice of deficiency with respect to the remaining issues. Medtronic, Inc. filed a petition with the U.S. Tax Court on March 21, 2011 objecting to the deficiency. During October and November 2012, Medtronic, Inc. reached a resolution with the IRS on various matters, including the deductibility of a settlement payment. Medtronic, Inc. and the IRS agreed to hold one issue, the calculation of amounts eligible for the one-time repatriation holiday, because that issue was being addressed by other taxpayers in litigation with the IRS. The remaining unresolved issue for fiscal years 2005 and 2006 relates to the allocation of profit between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico, which is one of the Group's key manufacturing sites. The U.S. Tax Court proceeding with respect to this issue began on February 3, 2015 and ended on March 12, 2015. On June 9, 2016, the U.S. Tax court issued its opinion with respect to the allocation of profit between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico for fiscal years 2005 and 2006. The U.S. Tax Court generally rejected the IRS's position, but also made certain modifications to the Medtronic, Inc. tax returns as filed. During November 2016, Medtronic and the IRS entered into a Stipulation of Settled Issues with the Tax Court which resolved the one-time repatriation holiday as an outstanding issue unless either party decided to appeal the Tax Court Opinion and a final decision is inconsistent with the U.S. Tax Court Opinion. The U.S. Tax Court entered their final decision on January 25, 2017. 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. A hearing date for the Appeal has not been set. A decision by the 8th Circuit Court of Appeals overturning the Tax Court Opinion could have a material adverse impact on our financial condition.

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

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

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

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

The private letter rulings and the opinions relied on certain facts and assumptions, and certain representations and undertakings in the case of the 2013 separation, from Covidien and Mallinckrodt, regarding the past and future conduct of their respective businesses and other matters. Notwithstanding the private letter rulings and the tax opinions, the IRS could determine on audit that the 2013 distribution or the related internal transactions should be treated as taxable transactions if it determines that any of the respective facts, assumptions, representations or undertakings is not correct or has been violated, or that the distributions should

be taxable for other reasons, including as a result of significant changes in stock or asset ownership after the distributions, or if the IRS were to disagree with the conclusions of the tax opinions that are not covered by the IRS rulings.

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

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

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

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

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

Risks Relating to Our Jurisdiction of Incorporation

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

It may not be possible to enforce court judgments obtained in the U.S. against us in Ireland based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against us or those persons based on those laws. We have been advised that the U.S. currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

As an Irish company, we are governed by the Irish Companies 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 a jurisdiction of the U.S.

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

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

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

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

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

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

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

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

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

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

Risks Relating to the Covidien Acquisition (the Transaction)

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

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

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

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

Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in the amount of expected turnover and diversion of management's time and energy, which could materially impact our business, financial

condition and results of operations. In addition, even if the operations of the businesses of Medtronic, Inc. and Covidien are integrated successfully, we may not realize the full benefits of the Transaction, including the synergies, cost savings or turnover or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. Furthermore, additional unanticipated costs may be incurred in the integration of the businesses of Medtronic, Inc. and Covidien. All of these factors could negatively impact our earnings per share, decrease or delay the expected accretive effect of the transaction, and negatively impact the price of our ordinary shares. As a result, we cannot assure you that the combination of the Medtronic, Inc. and Covidien businesses will result in the realization of the full benefits anticipated from the transaction.

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

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

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

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

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

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

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

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

The U.S. Treasury Department could make changes in the regulatory rules affecting companies that move their tax domicile outside the U.S. In the event the U.S. Treasury Department and the IRS were to change the applicable regulatory rules, we could face potentially substantial tax costs as a result of the Transaction. We cannot assess the potential impact of any such possible changes, if adopted, until they are announced.

On April 4, 2016, the U.S. Treasury Department and the IRS issued proposed and temporary regulations interpreting multiple sections of the Code, including Section 7874, to address inversion transactions and transactions that Treasury and the IRS characterize as "post-inversion tax avoidance transactions." Such regulations generally apply to transactions completed on or after September 22, 2014, although in some cases they have a later effective date of April 4, 2016. The regulations expand the set of circumstances under which Section 7874 applies to cause the foreign acquirer of a U.S. corporation to be treated as a U.S. corporation for U.S. federal taxation purposes. Such regulations also impose additional U.S. taxes on certain transactions involving the acquired U.S. corporation's CFC's. The regulations do not cause us to be treated as a U.S. corporation for U.S. federal tax purposes. However, if ultimately upheld by a reviewing court, the regulations limit our ability to engage in various intercompany transactions involving non-U.S. subsidiaries. In addition, the U.S. Treasury Department and the IRS issued final and temporary regulations on October 1, 2016, which might limit our ability to deduct interest expense on certain intercompany debt for U.S federal taxation purposes.

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

While we believe that being incorporated in Ireland should help us maintain a competitive worldwide effective corporate tax rate and provide flexible global cash management, we are unable to give any assurance as to what our effective tax rate nor global cash accessibility will be, however, because of, among other things, uncertainty regarding the tax policies of the jurisdictions where we will operate. Additionally, the tax laws of Ireland and other jurisdictions could change in the future, and such changes could cause a material change in our effective tax rate or global cash accessibility.

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

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

Directors

Richard H. Anderson, Craig Arnold, Scott C. Donnelly, Randall J. Hogan, III, Omar Ishrak, Shirley Ann Jackson, Michael O. Leavitt, James T. Lenehan, Elizabeth Nabel, Denise M. O'Leary, Kendall J. Powell, and Robert C. Pozen served as directors of the Group during fiscal year 2017 and each of their terms expire at the 2017 annual general meeting of shareholders. Preetha Reddy served as a director of the Group during fiscal year 2017, and notified the Group she would not stand for reelection to the Board of Directors at the Company's 2016 annual general meeting on December 9, 2016. There were no other changes in directors holding office in fiscal year 2017.

Directors' and Corporate Secretary's Interests in Shares

The interests of the directors and corporate secretary holding office at April 28, 2017 in the ordinary shares of the Group were as follows:

	April 28, 2017				April 29, 2016			
	Ordinary Shares	Options	Deferred Share Units	Restricted Share Units	Ordinary Shares	Options	Deferred Share Units	Restricted Share Units
Directors:								
Richard H. Anderson	42,215	—	27,706	2,254	33,613	8,577	27,128	—
Craig Arnold	23,691	—	—	2,254	15,563	15,109	—	—
Scott C. Donnelly	2,070	—	2,078	2,254	2,070	—	2,034	—
Randall J. Hogan, III	15,395	—	—	2,254	15,394	15,109	—	—
Omar Ishrak	114,277	1,086,806	270,596	168,400	165,485	1,129,847	264,950	172,448
Shirley Ann Jackson	3,913	—	28,541	2,254	3,342	2,600	27,945	—
Michael O. Leavitt	1,991	—	7,358	2,254	1,991	—	7,204	—
James T. Lenehan	20,250	7,084	21,397	2,254	14,863	10,471	20,950	—
Elizabeth Nabel	1,090	—	—	2,254	1,090	—	—	—
Denise M. O'Leary	20,836	7,084	29,849	2,254	19,343	8,577	29,226	—
Kendall J. Powell	6,979	—	20,509	2,254	4,825	10,061	20,080	—
Robert C. Pozen	40,185	4,484	25,087	2,254	26,525	4,484	24,563	—
Corporate Secretary:								
Bradley E. Lerman	18,385	187,911	—	34,460	9,136	180,256	—	38,906

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 be 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 2017 or 2016.

Dividends

Ordinary cash dividends declared and paid during fiscal years 2017 and 2016 were $2.4 billion and $2.1 billion, respectively. On a per share basis, ordinary cash dividends declared and paid totaled 43.0 cents per share for each quarter of fiscal year 2017 and 38.0 cents per share for each quarter of fiscal year 2016. The timing, declaration and payment of future dividends to holders of our ordinary and A Preferred shares falls within the discretion of the Board of Directors and depends upon many factors, including the statutory requirements of Irish law, the Group's profit and financial condition, the capital requirements of our businesses, industry practice and any other factors the Board of Directors deems relevant.

Ordinary Share Redemptions

In January 2015, the Board of Directors authorized, subject to the ongoing existence of sufficient distributable reserves, the adoption of the existing Medtronic, Inc. share redemption program. At April 29, 2016, we had used all of the 80 million shares authorized under the January 2015 share redemption program. In June 2015, the Board of Directors authorized, subject to the ongoing existence of sufficient distributable reserves, the redemption of an additional 80 million of our ordinary shares. At April 29, 2016, we had used 8 million of the 80 million shares authorized under the June 2015 share redemption program. At April 28, 2017, we had approximately 29 million shares remaining under share repurchase programs authorized by our Board of Directors. Upon redemption, shares are canceled by us, therefore, we did not hold any treasury shares at April 28, 2017 or April 29, 2016.

In June 2017, the Board of Directors replaced the existing June 2015 authorization to redeem up to an aggregate number of ordinary shares with an authorization to expend up to an aggregate amount of $5 billion, beginning June 26, 2017, to redeem the Group's ordinary shares. The following redemptions were made under the share redemption plan during fiscal year 2017:

Fiscal 2017 Period	Total Number of Ordinary Shares Purchased	Nominal Value (in millions)	Average Price Paid per Share	Total Consideration Paid (in millions)	Maximum Number of Shares that may yet be Purchased Under the Program
Quarter 1	20,727,827	$ —	$ 85.06	$ 1,763	51,150,914
Quarter 2	12,005,281	—	85.84	1,031	39,145,633
Quarter 3	8,258,123	—	74.47	615	30,887,510
Quarter 4	1,690,479	—	79.86	135	29,197,031
Total	42,681,710	$ —		$ 3,544	

Future Developments

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

Significant Events Since Year End

Early in the week of June 19, 2017, we experienced an information technology system disruption that affected our customer ordering, distribution, and manufacturing processes globally. Our system has been fully restored. While the system disruption had some impact on our overall performance, we have concluded that the impact is not material to our turnover or earnings per share for fiscal year 2018.

Subsequent events have been evaluated through September 1, 2017, the date this report was approved by the Audit Committee of the Board of Directors and the Board of Directors.

Subsequent to April 28, 2017, purchase accounting adjustments were made to the HeartWare opening balance sheet to finalize the allocation of purchase price related to other assets, goodwill, and contingent liabilities. The following purchase accounting adjustments were made to previously reported balances on Form 10-K related to the opening balance sheet of HeartWare:

(in millions)	As Reported in Form 10-K	Purchase Accounting Adjustments	Adjusted Balance
Other current assets	$ 351	$ —	$ 351
Property, plant and equipment	14	—	14
Other intangible assets	625	—	625
Goodwill	427	54	481
Other assets	55	29	84
Total assets acquired	1,472	83	1,555
Current liabilities	143	—	143
Deferred tax liabilities	6	—	6
Long-term debt	245	—	245
Other liabilities	6	83	89
Total liabilities assumed	400	83	483
Net assets acquired	$ 1,072	$ —	$ 1,072

On July 29, 2017, the Group's Minimally Invasive Therapies Group sold the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses within the Patient Monitoring and Recovery division to Cardinal Health, Inc. (Cardinal) for total consideration of $6.1 billion. Among the product lines included in the divestiture are the dental/animal health, chart paper, wound care, incontinence, electrodes, SharpSafety, thermometry, perinatal protection, blood collection, compression, and enteral feeding offerings. The divestiture also included 17 dedicated manufacturing sites. The after-tax proceeds are estimated to be approximately $5.6 billion to $5.8 billion. In connection with the transaction, the Group has entered into Transition Service Agreements (TSAs) and Transition Manufacturing Agreements (TMAs) with Cardinal designed to ensure and facilitate an orderly transfer of business operations. The TSAs are primarily related to administrative services for terms generally between 6 and 12 months, with an ability to extend upon mutual agreement of both parties. Under the TMAs, both the Group and Cardinal will manufacture and supply certain products to each other for a transition period of up to 5 years. On August 3, 2017, the Group used a portion of the proceeds received from Cardinal to repay its senior unsecured term loan, including accrued interest, for $3.0 billion.

On August 10, 2017 the Group received a tax ruling confirming the treatment of various intercompany transactions which have the effect of utilizing the $12 billion of non-U.S. special deductions previously disclosed in the Group's Annual Report on Form 10-K for the fiscal year ended April 28, 2017. The ruling will allow the Group to offset some of the gain on the sale of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses as well as recognize an income tax benefit associated with an intercompany sale of intellectual property. The Group is still assessing the financial statement impact of these events.

Subsidiary Companies and Branches

Information regarding subsidiary undertakings, including information regarding branches, is provided in Note 29 to the consolidated financial statements.

Auditors

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

Approved by the Board of Directors and signed on its behalf on September 1, 2017 by:

/s/ Shirley Ann Jackson, Ph.D
Director

/s/ Omar Ishrak
Director

Independent auditors' report to the members of Medtronic plc

Report on the financial statements

Our opinion

In our opinion:

- Medtronic plc's consolidated and company financial statements (the "financial statements") give a true and fair view of the group's and parent company's assets, liabilities and financial position as at April 28, 2017 and of the group's profit and cash flows for the year then ended;
- the consolidated financial statements have been properly prepared, in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the consolidated financial statements does not contravene any provision of the Companies Act 2014 or of any regulations made thereunder;
- the company balance sheet has been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

What we have audited

The financial statements comprise:

- the consolidated and company balance sheets as at April 28, 2017;
- the consolidated profit and loss account for the year then ended;
- the consolidated statements of comprehensive profit for the year then ended;
- the consolidated statements of cash flows for the year then ended;
- the consolidated reconciliation of movement in shareholders' funds for the year then ended;
- the company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

Matter on which we are required to report by exception

Directors' remuneration and transactions

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

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

What an audit of financial statements involves

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

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

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

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

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

/s/ Enda McDonagh
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
September 1, 2017

Medtronic plc
Consolidated Profit and Loss Account

(in millions, except per share data)	Note	Fiscal Year 2017	2016
Turnover	25	$ 29,710	$ 28,833
Cost of sales		9,291	9,142
Gross profit		20,419	19,691
Distribution and administrative expense		11,691	11,400
Research and development expense		2,193	2,224
Special charge	5	100	70
Restructuring charges, net	4	363	290
Certain litigation charges	24	218	108
Acquisition-related items	2	220	283
Other expense, net		222	107
Operating profit		5,412	5,209
Interest receivable and similar income		(366)	(431)
Interest payable and similar charges	16	1,094	1,386
Interest payable and similar charges, net		728	955
Profit on ordinary activities before taxation		4,684	4,254
Taxation on profit on ordinary activities	19	608	768
Profit after taxation		4,076	3,486
Noncontrolling interests		4	—
Profit for the financial year		$ 4,080	$ 3,486
Basic earnings per ordinary share	20	$ 2.96	$ 2.47
Diluted earnings per ordinary share	20	$ 2.93	$ 2.44
Cash dividends declared per ordinary share		$ 1.72	$ 1.52

Medtronic plc
Consolidated Statements of Comprehensive Profit

(in millions)	Fiscal Year 2017	2016
Profit for the financial year	$ 4,076	$ 3,486
Other comprehensive loss, net of taxation:		
Unrealized gain (loss) on available-for-sale securities	38	(121)
Translation adjustment	(977)	(197)
Net change in retirement obligations	68	(66)
Unrealized gain (loss) on derivatives	127	(300)
Other comprehensive loss	(744)	(684)
Comprehensive profit including noncontrolling interests	3,332	2,802
Comprehensive loss attributable to noncontrolling interests	3	—
Comprehensive profit attributable to Medtronic plc	$ 3,335	$ 2,802

Medtronic plc
Consolidated Balance Sheet

(in millions)	Note	April 28, 2017	April 29, 2016
Fixed assets			
Intangible assets	7	$ 61,976	$ 68,399
Tangible assets	8	4,361	4,841
Financial assets	6	736	636
Fixed assets held for sale	3	5,919	—
Total fixed assets		$ 72,992	$ 73,876
Current assets			
Inventories	14	$ 3,338	$ 3,473
Debtors	9	9,498	9,691
Current assets held for sale	3	371	—
Short-term investments	6	8,741	9,758
Cash at bank and in hand		4,967	2,876
Total current assets		$ 26,915	$ 25,798
Creditors (amounts falling due within one year)	10	12,999	6,176
Net current assets		$ 13,916	$ 19,622
Total assets less current liabilities		$ 86,908	$ 93,498
Creditors (amounts falling due after one year)	10	28,901	33,523
Provisions for liabilities	12	6,837	7,964
Provisions for liabilities held for sale	3	754	—
Net assets		$ 50,416	$ 52,011
Capital and reserves			
Called-up share capital presented as equity	17	$ —	$ —
Share premium account		35,452	35,024
Accumulated other comprehensive loss	23	(2,613)	(1,868)
Profit and loss account		17,455	18,855
Total shareholders' equity		$ 50,294	$ 52,011
Noncontrolling interests		122	—
Total equity		$ 50,416	$ 52,011

Approved by the Board of Directors and signed on its behalf on September 1, 2017 by:

/s/ Shirley Ann Jackson, Ph.D
Director

/s/ Omar Ishrak
Director

Medtronic plc
Consolidated Reconciliation of Movement in Shareholders' Funds

(in millions)	Ordinary Share Number	Called-up Share Capital Presented as Equity	Share Premium Account	Profit and Loss Account	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
April 24, 2015	1,422	$ —	$ 34,533	$ 19,881	$ (1,184)	$ 53,230	$ —	$ 53,230
Profit for the financial year	—	—	—	3,486	—	3,486	—	3,486
Other comprehensive loss	—	—	—	—	(684)	(684)	—	(684)
Dividends to shareholders	—	—	—	(2,139)	—	(2,139)	—	(2,139)
Issuance of shares under stock purchase and award plans	15	—	491	—	—	491	—	491
Repurchase and cancellation of ordinary shares	(38)	—	—	(2,830)	—	(2,830)	—	(2,830)
Tax benefit from exercise of share-based awards	—	—	—	82	—	82	—	82
Share-based compensation	—	—	—	375	—	375	—	375
April 29, 2016	1,399	$ —	$ 35,024	$ 18,855	$ (1,868)	$ 52,011	$ —	$ 52,011
Profit (loss) for the financial year	—	—	—	4,080	—	4,080	(4)	4,076
Other comprehensive (loss) income	—	—	—	—	(745)	(745)	1	(744)
Dividends to shareholders	—	—	—	(2,376)	—	(2,376)	—	(2,376)
Issuance of shares under stock purchase and award plans	13	—	428	—	—	428	—	428
Repurchase and cancellation of ordinary shares	(43)	—	—	(3,544)	—	(3,544)	—	(3,544)
Tax benefit from exercise of share-based awards	—	—	—	92	—	92	—	92
Share-based compensation	—	—	—	348	—	348	—	348
Additions of noncontrolling interests	—	—	—	—	—	—	125	125
April 28, 2017	1,369	$ —	$ 35,452	$ 17,455	$ (2,613)	$ 50,294	$ 122	$ 50,416

Medtronic plc
Consolidated Statements of Cash Flows

(in millions)	Fiscal Year 2017	2016
Operating Activities:		
Profit for the financial year	$ 4,076	$ 3,486
Adjustments to reconcile profit for the financial year to net cash provided by operating activities:		
Depreciation and amortization	2,917	2,820
Amortization of debt discount and issuance costs	11	29
Acquisition-related items	(46)	218
Provision for doubtful debtors	39	49
Deferred taxation	(429)	(490)
Stock-based compensation	348	375
Loss on debt extinguishment	—	163
Other, net	(93)	(111)
Change in operating assets and liabilities, net of acquisitions:		
Trade debtors	(75)	(435)
Inventories	(227)	(186)
Creditors and provisions	274	(297)
Other operating assets and liabilities	85	(403)
Net cash provided by operating activities	6,880	5,218
Investing Activities:		
Acquisitions, net of cash acquired	(1,324)	(1,213)
Additions to tangible assets	(1,254)	(1,046)
Purchases of short-term investments and financial assets	(4,371)	(5,406)
Sales and maturities of short-term investments and financial assets	5,356	9,924
Other investing activities, net	22	(14)
Net cash (used in) provided by investing activities	(1,571)	2,245
Financing Activities:		
Acquisition-related contingent consideration	(69)	(22)
Change in current debt obligations	906	7
Repayment of short-term borrowings (maturities greater than 90 days)	(2)	(139)
Proceeds from short-term borrowings (maturities greater than 90 days)	12	139
Issuance of long-term debt	2,140	—
Payments on long-term debt	(863)	(5,132)
Dividends to shareholders	(2,376)	(2,139)
Issuance of ordinary shares	428	491
Repurchase of ordinary shares	(3,544)	(2,830)
Other financing activities	85	82
Net cash used in financing activities	(3,283)	(9,543)
Effect of exchange rate changes on cash at bank and in hand	65	113
Net change in cash at bank and in hand	2,091	(1,967)
Cash at bank and in hand at beginning of period	2,876	4,843
Cash at bank and in hand at end of period	$ 4,967	$ 2,876
Supplemental Cash Flow Information		
Cash paid for:		
Taxation	$ 1,029	$ 1,379
Interest	1,134	1,266

Medtronic plc
Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

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

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 28, 2017, 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
Provision for income taxes	Taxation

Irish Company Law contains specific requirements for the classification of any liability uncertain as to the amount at which it will be settled or as to the date on which it will be settled. These liabilities are classified as provisions. Refer to Note 12 for those liabilities which meet the provision classification requirements under Irish Company Law.

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

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

Financial Year-End The Group utilizes a 52/53-week financial year, ending the last Friday in April, for the presentation of its consolidated financial statements and related notes thereto at April 28, 2017 and April 29, 2016 and for each of the two financial years ended April 28, 2017 (fiscal year 2017) and April 29, 2016 (fiscal year 2016). Fiscal year 2017 was a 52-week year and fiscal year 2016 was a 53-week year, with the additional week occurring in the first quarter.

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

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

Investments in securities that are classified and accounted for as trading securities primarily include exchange-traded funds and are recorded at fair value on the consolidated balance sheet. Management has used trading securities when seeking to offset changes in liabilities related to equity and other market risks of certain deferred compensation arrangements.

Certain of the Group's investments in equity and other securities are long-term, strategic investments in companies that are in varied stages of development. These investments are included in *financial assets* on the consolidated balance sheet. If an investment has no quoted market price, the Group accounts for these investments under the cost or the equity method of accounting, as appropriate. Certain of these investments are publicly traded companies and are therefore accounted for as available-for-sale. The valuation of equity and other securities accounted for under the cost method considers all available financial information related to the investee, including valuations based on recent third-party equity investments in the investee. If an unrealized loss for any investment is considered to be other-than-temporary, the loss is recognized in the consolidated profit and loss account in the period the determination is made. Equity securities accounted for under the equity method are initially recorded at the amount of the Group's investment and are adjusted each period for the Group's share of the investee's profit or loss and dividends paid. Equity securities accounted for under both the cost and equity methods are reviewed quarterly for changes in circumstance or the occurrence of events that suggest the Group's investment may not be recoverable. See Note 6 for discussion of the gains and losses recognized on equity and other securities.

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

Tangible Assets Tangible assets are stated at cost. Additions and improvements that extend the lives of the assets are capitalized, while expenditures for repairs and maintenance are expensed as incurred. The cost of interest that is incurred in connection with ongoing construction projects is capitalized using a weighted average interest rate. These costs are included in tangible assets and amortized over the useful life of the related asset. The Group utilizes the straight-line method of depreciation over the following estimated useful lives:

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

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

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

Acquired IPR&D represents the fair value assigned to those research and development (R&D) projects in development that were acquired in a business combination for which the related products have not received regulatory approval and have no alternative future use.

IPR&D is capitalized at its fair value as an indefinite-lived intangible asset, and any development costs incurred after the acquisition are expensed as incurred. The fair value of IPR&D is determined by estimating the future cash flows of each R&D project or technology and discounting the net cash flows back to their present values. Upon achieving regulatory approval or commercial viability for the related technology or product, the indefinite-lived intangible asset is accounted for as a definite-lived asset and is amortized on a straight-line basis over the estimated useful life of the related technology or product. If the R&D project is not completed or the related R&D project is terminated or abandoned, the Group may have an impairment related to the IPR&D which is charged to expense.

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

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 its derivative financial instruments on a gross basis in the consolidated financial statements. For those 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, a cash flow hedge, or a hedge of a net investment in a foreign operation. See Note 13 for more information on the Group's derivative instruments and hedging programs.

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

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

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

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

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies, or similar techniques, and at least one significant model assumption or input is unobservable. Financial assets that

are classified as Level 3 financial assets include certain investment securities for which there is limited market activity such that the determination of fair value requires significant judgment or estimation, certain corporate debt securities and auction rate securities. With the exception of auction rate securities, these securities are valued using third-party pricing sources that incorporate transaction details such as contractual terms, maturity, timing, and amount of expected future cash flows, as well as assumptions about liquidity and credit valuation adjustments by market participants. The fair value of auction rate securities is estimated by the Group using a discounted cash flow model, which incorporates significant unobservable inputs. The significant unobservable inputs used in the fair value measurement of the Group's auction rate securities are years to principal recovery and the illiquidity premium that is incorporated into the discount rate. Significant increases (decreases) in any of those inputs in isolation could result in a significantly lower (higher) fair value of the securities.

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.

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

Self-Insurance It is the Group's policy to self-insure 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 those risks required to be insured by law or contract. The Group uses claims data and historical experience, as applicable, to estimate liabilities associated with the exposures that the Group has self-insured. Based on historical loss trends, the Group believes that its self-insurance program accruals and its existing insurance coverage are adequate to cover future losses. Historical trends, however, may not be indicative of future losses. These losses could have a material adverse impact on the Group's consolidated financial statements.

Retirement Benefit Plan Assumptions The Group sponsors various retirement benefit plans, including defined benefit pension plans, 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 21 for assumptions used in determining pension and post-retirement benefit costs.

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

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

The Group recognizes estimated sales returns, discounts, and rebates as a reduction of sales in the same period revenue is recognized. Rebates are estimated based on sales terms, historical experience, and trend analysis. In estimating rebates, the Group considers the lag time between the point of sale and the payment of the rebate claim, contractual commitments, including stated rebate rates, and other relevant information. The Group adjusts reserves to reflect differences between estimated and actual experience, and records such adjustment as a reduction of turnover in the period of adjustment.

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

Shipping and Handling Shipping and handling costs not included in *cost of sales* are included in *distribution and administrative expense* in the consolidated profit and loss account and were $370 million and $316 million in fiscal years 2017 and 2016, respectively.

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

Contingencies The Group records a liability on the consolidated balance sheet for loss contingencies when a loss is known or considered probable and the amount may be reasonably estimated. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss is reasonably possible but not known or probable, and may be reasonably estimated, the estimated loss or range of loss is disclosed. Insurance recoveries related to potential claims are recognized up to the amount of the recorded liability when coverage is confirmed and the estimated recoveries are probable of payment. These recoveries are not netted against the related liabilities for financial statement presentation.

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

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

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

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

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 ultimately expected to vest. The Group estimates pre-vesting forfeitures at the time of grant and revises those estimates in subsequent periods. The total expense recognized over the vesting period equals the fair value of awards that vest.

New Accounting Standards

Recently Adopted

In April 2015, the Financial Accounting Standards Board (FASB) issued accounting guidance that requires debt issuance costs to be presented in the balance sheet as a direct deduction from the related debt liability. Prior to this amendment, debt issuance costs were recognized as an asset in the balance sheet and did not offset the related debt liability. The Group retrospectively adopted this guidance in the first quarter of fiscal year 2017. Its adoption resulted in a reduction of both assets and liabilities of $138 million on the Group's consolidated balance sheet at April 29, 2016 as previously filed in the Group's Irish Statutory Report for the year ended April 29, 2016.

Not Yet Adopted

In May 2014, the FASB issued amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue in an amount that reflects the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. This accounting guidance is effective for the Group beginning in the first quarter of fiscal year 2019, and may be applied either retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of the change recognized at the date of initial application (modified retrospective method). Early adoption is permitted. The Group intends to adopt this guidance under the modified retrospective method. The Group is continuing to evaluate the impact of the guidance and will continue to monitor any modifications, clarifications, and interpretations communicated by the FASB.

In January 2016, the FASB issued guidance which requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. The guidance also includes a simplified impairment assessment of equity investments without readily determinable fair values and presentation and disclosure changes. This accounting guidance is required for the Group to adopt beginning in the first quarter of fiscal year 2019. The Group is unable to estimate the impact of the future adoption of this standard on its financial statements as it will depend on the equity investments at the adoption date.

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

In March 2016, the FASB issued guidance to simplify the accounting for share based payment transactions by requiring all excess tax benefits and deficiencies to be recognized in income tax expense or benefit in earnings; eliminating the requirement to classify the excess tax benefits and deficiencies in equity. Under the new guidance, an entity makes an accounting policy election to either estimate the expected forfeiture awards or account for forfeitures as they occur. This accounting guidance is effective for the Group beginning in the first quarter of fiscal year 2018. The Group recognized excess tax benefits of $92 million and $82 million in excess tax benefits in the profit and loss account in fiscal years 2017 and 2016, respectively.

In October 2016, the FASB issued guidance that requires the tax effect of inter-entity transactions, other than sales of inventory, to be recognized when the transaction occurs. This would eliminate the exception under the current guidance in which the tax effects of inter-entity asset transactions are deferred until the transferred asset is sold to a third party or otherwise recovered through use. This accounting guidance is required for the Group to adopt beginning in the first quarter of fiscal year 2019. Early adoption is permitted. The Group is currently evaluating the impact of the guidance on the Group's consolidated financial statements.

2. Acquisitions and Acquisition-Related Items

The Group had various acquisitions and other acquisition-related activity during fiscal year 2017. The Group accounted for the acquisitions noted below as business combinations using the acquisition method of accounting. In accordance with authoritative guidance on business combination accounting, the assets and liabilities of the 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 these acquisitions was not significant, either individually or in the aggregate, to the results of the Group for fiscal year 2017. The results of operations of acquired businesses have been included in the Group's consolidated profit and loss account since the date each business was acquired.

The fair values of the assets acquired and liabilities assumed from acquisitions during fiscal year 2017 are as follows:

(in millions)	HeartWare International, Inc.	Smith & Nephew's Gynecology Business	All Other	Total
Other current assets	$ 351	$ —	$ 23	$ 374
Property, plant, and equipment	14	3	4	21
Other intangible assets	625	167	65	857
Goodwill	481	180	125	786
Other assets	84	—	16	100
Total assets acquired	1,555	350	233	2,138
Current liabilities	143	—	10	153
Deferred tax liabilities	6	—	7	13
Long-term debt	245	—	—	245
Other liabilities	89	—	4	93
Total liabilities assumed	483	—	21	504
Net assets acquired	$ 1,072	$ 350	$ 212	$ 1,634

HeartWare International, Inc.

On August 23, 2016, the Group's Cardiac and Vascular Group acquired HeartWare International, Inc. (HeartWare), a medical device company that develops and manufactures miniaturized implantable heart pumps, or ventricular assist devices, to treat patients around the world suffering from advanced heart failure. Total consideration for the transaction was approximately $1.1 billion. Subsequent to April 28, 2017, purchase accounting adjustments were made to finalize the allocation of purchase price related to other assets, goodwill, and contingent liabilities, which are reflected in the fair values of acquired assets and liabilities presented in this footnote. See Note 28 for additional information on purchase accounting adjustments during the subsequent events period. The Group acquired $602 million of technology-based and customer-related intangible assets and $23 million of tradenames, with estimated useful lives of 15 and 5 years, respectively, and $481 million of goodwill. The acquired goodwill is not deductible for tax purposes. In addition, the Group acquired $245 million of debt through the acquisition, of which the Group redeemed $203 million as part of a cash tender offer in August 2016. The remaining $42 million of debt acquired is due December 2017. Turnover attributable to HeartWare was $155 million for fiscal year 2017. The registered address of HeartWare at the time of acquisition was 500 Old Connecticut Path, Framingham, MA 01701.

Smith & Nephew's Gynecology Business

On August 5, 2016, the Group's Minimally Invasive Therapies Group acquired Smith & Nephew's gynecology business, which expands and strengthens the Group's minimally invasive surgical offerings and further complements its existing global gynecology business. Total consideration for the transaction was approximately $350 million. The Group acquired $167 million of customer-related and technology-related intangible assets with useful lives of 13 years and $180 million of goodwill. The acquired goodwill is deductible for tax purposes. Turnover attributable to Smith & Nephew's gynecology business was $45 million for fiscal year 2017. The registered address of Smith & Nephew, Inc., the entity from which the Group acquired Smith & Nephew's gynecology business, at the time of acquisition was 150 Minuteman Road, Andover, MA 01810.

For information on the Group's fiscal year 2016 acquisitions, refer to Note 2 to the consolidated financial statements for the fiscal year ended April 29, 2016.

Acquisition-Related Items

During fiscal year 2017, the Group recognized acquisition-related items expense of $230 million, including $10 million recognized within *cost of sales* in the consolidated profit and loss account, primarily related to integration-related expenses incurred in connection with the Covidien acquisition. The expenses incurred in connection with the Covidien acquisition include $225 million of professional services and integration expenses and $23 million of accelerated or incremental stock compensation expense. Acquisition-related items expense also includes expenses incurred in connection with the HeartWare acquisition and planned divestiture of a portion of the Patient Monitoring and Recovery business, partially offset by the change in fair value of contingent consideration as a result of revised turnover forecasts and the timing of anticipated regulatory milestones.

During fiscal year 2016, the Group recognized acquisition-related items expense of $283 million, primarily related to expenses incurred in connection with the Covidien acquisition. The expenses incurred in connection with the Covidien acquisition include $219 million of professional services and integration expenses and $58 million of accelerated or incremental stock compensation expense.

Contingent Consideration

Certain of the Group's business combinations involve potential payment of future consideration that is contingent upon the achievement of certain product development milestones and/or contingent on the acquired business reaching certain performance milestones. A provision is recorded for the estimated fair value of the contingent consideration on the acquisition date. The fair value of the contingent consideration is remeasured at each reporting period using Level 3 inputs, and the change in fair value is recognized within *acquisition-related items* in the consolidated profit and loss account. Contingent consideration payments related to the acquisition date fair value are reported as financing activities in the consolidated statements of cash flows. Amounts paid in excess of the original acquisition date fair value are reported as operating activities in the consolidated statements of cash flows.

The 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. Changes in projected turnover, probabilities of payment, discount rates, and projected payment dates may result in adjustments to the fair value measurements. The recurring Level 3 fair value measurements of contingent consideration include the following significant unobservable inputs:

(in millions)	Fair Value at April 28, 2017	Valuation Technique	Unobservable Input	Range
			Discount rate	11% - 32.5%
Turnover-based payments	$ 106	Discounted cash flow	Probability of payment	30% - 100%
			Projected fiscal year of payment	2018 - 2026
			Discount rate	0.3% - 5.5%
Product development-based payments	$ 140	Discounted cash flow	Probability of payment	75% - 100%
			Projected fiscal year of payment	2018 - 2025

The fair value of contingent consideration at April 28, 2017 and April 29, 2016 was $246 million and $377 million, respectively.

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

	Fiscal Year	
(in millions)	2017	2016
Beginning Balance	$ 377	$ 264
Purchase price contingent consideration	28	149
Contingent consideration payments	(76)	(22)
Change in fair value of contingent consideration	(83)	(14)
Ending Balance	$ 246	$ 377

3. Assets and Liabilities Held for Sale

In April 2017, the Group entered into a definitive agreement for the sale of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses within the Minimally Invasive Therapies Group segment. As a result, the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses met the criteria to be classified as held for sale at April 28, 2017, which requires the Group to present the related assets and liabilities as separate line items in our consolidated balance sheet.

The following table presents information related to the assets and liabilities that were classified as held for sale in our consolidated balance sheet:

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

There were no assets or liabilities classified as held for sale at April 29, 2016. The Group determined that the divestiture of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses does not meet the criteria to be classified as discontinued operations.

The transaction was completed on July 29, 2017, subsequent to the end of fiscal year 2017. See additional information in Note 28.

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

(in millions)	April 28, 2017	Held for Sale	April 28, 2017
Fixed assets			
Intangible assets	$ 61,922	$ 5,230	$ 67,152
Tangible assets	4,361	689	5,050
Financial assets	736	—	736
Fixed assets held for sale	5,919	(5,919)	—
Total fixed assets	$ 72,938	$ —	$ 72,938
Current assets			
Inventories	$ 3,338	$ 371	$ 3,709
Debtors	9,469	—	9,469
Current assets held for sale	371	(371)	—
Short-term investments	8,741	—	8,741
Cash at bank and in hand	4,967	—	4,967
Total current assets	$ 26,886	$ —	$ 26,886
Creditors (amounts falling due within one year)	12,999	—	12,999
Net current assets	$ 13,887	$ —	$ 13,887
Total assets less current liabilities	$ 86,825	$ —	$ 86,825
Creditors (amounts falling due after one year)	28,901	—	28,901
Provisions for liabilities	6,754	754	7,508
Provisions for liabilities held for sale	754	(754)	—
Net assets	$ 50,416	$ —	$ 50,416
Capital and reserves			
Called-up share capital presented as equity	$ —	$ —	$ —
Share premium account	35,452	—	35,452
Accumulated other comprehensive loss	(2,613)	—	(2,613)
Profit and loss account	17,455	—	17,455
Total shareholders' equity	$ 50,294	$ —	$ 50,294
Noncontrolling interests	122	$ —	122
Total equity	$ 50,416	$ —	$ 50,416

4. Restructuring Charges

Cost Synergies Initiative

The cost synergies initiative is the Group's restructuring program primarily related to the integration of Covidien. This initiative is expected to contribute to the approximately $850 million in cost synergies expected to be achieved as a result of the integration of the Covidien acquisition through fiscal year 2018, including administrative office optimization, manufacturing and supply chain infrastructure, certain program cancellations, and reduction of distribution and administrative redundancies. Restructuring charges are primarily related to employee termination costs and costs related to manufacturing and facility closures and affect all reportable segments. Cash outlays for the cost synergies initiative restructuring program are scheduled to be substantially complete by the end of fiscal year 2019.

A summary of the restructuring accrual, recorded within *provisions for liabilities* on the consolidated balance sheet, and related activity is presented below:

(in millions)	Employee Termination Costs	Asset Write-downs	Other Costs	Total
April 24, 2015	$ 136	$ —	$ 7	$ 143
Charges	248	23	61	332
Cash payments	(153)	—	(31)	(184)
Settled non cash	—	(23)	—	(23)
Reversal of excess reserves	(18)	—	—	(18)
April 29, 2016	$ 213	$ —	$ 37	$ 250
Charges	287	27	54	368
Cash payments	(179)	—	(53)	(232)
Settled non cash	—	(27)	—	(27)
Reversal of excess reserves	(60)	—	(8)	(68)
April 28, 2017	$ 261	$ —	$ 30	$ 291

As part of the cost synergies initiative, for fiscal year 2017, the Group recognized $441 million in charges, which included $73 million of incremental defined benefit pension and post-retirement related expenses for employees that accepted voluntary early retirement packages. These costs are not included in the table summarizing the restructuring costs above, because they are associated with costs that are accounted for under the pension and post-retirement rules. See Note 21 for further discussion on the incremental defined benefit pension and post-retirement related expenses. The charges recognized during fiscal year 2017 were partially offset by reversals of excess restructuring reserves of $68 million. Reversals of restructuring reserves relate to certain employees identified for termination finding other positions within the Group, cancellations of employee terminations, and employee termination costs being less than initially estimated. Fiscal year 2017 asset write-downs included $17 million of property, plant, and equipment impairments. Fiscal year 2017 asset write-downs also included $10 million of inventory write-offs of discontinued product lines recognized within *cost of sales* in the consolidated profit and loss account.

As part of the cost synergies initiative, for fiscal year 2016, the Group recognized $332 million in charges, which were partially offset by reversals of excess restructuring reserves of $18 million. Reversals of restructuring reserves relate to certain employees identified for termination finding other positions within the Group and revisions to severance provisions. Fiscal year 2016 asset write-downs included $14 million related to property, plant, and equipment impairments. Fiscal year 2016 asset write-downs also included $9 million of inventory write-offs of discontinued product lines recognized within *cost of sales* in the consolidated profit and loss account.

5. Special Charge

During fiscal year 2017, in continuing the Group's commitment to improve the health of people and communities throughout the world, the Group recognized a special charge of $100 million for a charitable contribution to meet the multi-year funding needs of the Medtronic Foundation, a related party non-profit organization.

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

6. Financial Assets/Fair Value Measurement

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

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 consolidated balance sheet. The revised presentation has been applied retrospectively and fiscal year 2016 values have been reclassified to conform to classifications used in the current year.

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

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

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

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

	Valuation				Balance Sheet Classification	
(in millions)	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Short-term Investments	Financial Assets
Available-for-sale securities:						
Level 1:						
U.S. government and agency securities	$ 792	$ 14	$ (1)	$ 805	$ 805	$ —
Marketable equity securities	75	21	(11)	85	—	85
Total Level 1	867	35	(12)	890	805	85
Level 2:						
Corporate debt securities	3,935	85	(24)	3,996	3,996	—
U.S. government and agency securities	902	2	—	904	904	—
Mortgage-backed securities	1,016	17	(18)	1,015	1,015	—
Other asset-backed securities	192	3	—	195	195	—
Debt funds	2,306	5	(247)	2,064	2,064	—
Total Level 2	8,351	112	(289)	8,174	8,174	—
Level 3:						
Corporate debt securities	1	—	—	1	—	1
Auction rate securities	47	—	(3)	44	—	44
Total Level 3	48	—	(3)	45	—	45
Investments measured at net asset value[(1)]:						
Debt funds	734	—	(34)	700	700	—
Total available-for-sale securities	10,000	147	(338)	9,809	9,679	130
Trading securities:						
Level 1:						
Exchange-traded funds	65	15	(1)	79	79	—
Total Level 1	65	15	(1)	79	79	—
Total trading securities	65	15	(1)	79	79	—
Cost method, equity method, and other investments:						
Level 3:						
Cost method, equity method, and other investments	506	—	—	N/A	—	506
Total Level 3	506	—	—	N/A	—	506
Total cost method, equity method, and other investments	506	—	—	N/A	—	506
Total investments	$ 10,571	$ 162	$ (339)	$ 9,888	$ 9,758	$ 636

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

Marketable Debt and Equity Securities:

The following tables present the gross unrealized losses and fair values of the Group's available-for-sale securities that have been in a continuous unrealized loss position deemed to be temporary, aggregated by investment category at April 28, 2017 and April 29, 2016:

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

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

The following table presents the unobservable inputs utilized in the fair value measurement of the auction rate securities classified as Level 3 at April 28, 2017:

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

The Group reviews the fair value hierarchy classification on a quarterly basis. Changes in the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The Group's policy is to recognize transfers into and out of levels within the fair value hierarchy at the end of the fiscal quarter in which the actual event or change in circumstances that caused the transfer occurs. There were no transfers between Level 1, Level 2, or Level 3 during fiscal years 2017 or 2016. When a determination is made to classify an asset or liability within Level 3, the determination is based upon the significance of the unobservable inputs to the overall fair value measurement.

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

(in millions)	Total Level 3 Investments	Corporate debt securities	Auction rate securities
April 29, 2016	$ 45	$ 1	$ 44
Unrealized gains/(losses) included in other comprehensive profit	—	—	—
Settlements	—	—	—
April 28, 2017	$ 45	$ 1	$ 44

(in millions)	Total Level 3 Investments	Corporate debt securities	Auction rate securities
April 24, 2015	$ 106	$ 1	$ 105
Unrealized gains/(losses) included in other comprehensive profit	(3)	—	(3)
Settlements	(58)	—	(58)
April 29, 2016	$ 45	$ 1	$ 44

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

	Fiscal Year			
	2017		2016	
(in millions)	Debt[1]	Equity[2][3]	Debt[1]	Equity[2][4]
Proceeds from sales	$ 5,224	$ 132	$ 9,881	$ 42
Gross realized gains	75	49	36	38
Gross realized losses	(56)	—	(53)	—
Impairment losses recognized	—	(30)	—	(114)

(1) Includes available-for-sale debt securities.
(2) Includes marketable equity securities, cost method, equity method, exchange-traded funds, and other investments.
(3) As a result of certain acquisitions that occurred during fiscal year 2017, the Group recognized a non-cash realized gain of $20 million on its previously-held minority investment included in *other expense, net* in the consolidated profit and loss account.
(4) As a result of certain acquisitions that occurred during fiscal year 2016, the Group recognized a non-cash realized gain of $9 million on its previously-held minority investment included in *other expense, net* in the consolidated profit and loss account.

Credit losses represent the difference between the present value of cash flows expected to be collected on certain mortgage-backed securities and auction rate securities and the amortized cost of these securities. Based on the Group's assessment of the credit quality of the underlying collateral and credit support available to each of the remaining securities in which 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 28, 2017 and April 29, 2016, the credit loss portion of other-than temporary impairments on debt securities was not significant. The total reductions for available-for-sale debt securities sold during fiscal years 2017 and 2016 were not significant.

The April 28, 2017 balance of available-for-sale debt securities, excluding debt funds which have no single maturity date, by contractual maturity is shown in the following table. Within the table, maturities of mortgage-backed securities have been allocated based upon timing of estimated cash flows assuming no change in the current interest rate environment. Actual maturities may differ from contractual maturities, because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

(in millions)	April 28, 2017
Due in one year or less	$ 1,110
Due after one year through five years	2,855
Due after five years through ten years	3,177
Due after ten years	81
Total debt securities	$ 7,223

The Group holds investments in marketable equity securities, which are classified as *financial assets* on the consolidated balance sheet. The aggregate carrying amount of these investments was $103 million and $85 million at April 28, 2017 and April 29, 2016, respectively. The Group did not recognize any significant impairment charges related to marketable equity securities during fiscal year 2017. During the fiscal year 2016, the Group determined that the fair value of certain marketable equity securities were below their carrying values and that the carrying values of these investments were not expected to be recoverable within a reasonable period of time. As a result, the Group recognized $20 million in impairment charges for fiscal year 2016, which were recognized within *other expense, net* in the consolidated profit and loss account.

Cost method, equity method, and other investments

The Group holds investments in equity and other securities that are accounted for using the cost or equity method, which are classified as *financial assets* on the consolidated balance sheet. At April 28, 2017 and April 29, 2016, the aggregate carrying amount of equity and other securities without a quoted market price and accounted for using the cost or equity method was $589 million and $506 million, respectively. Cost and equity method investments are measured at fair value on a nonrecurring basis. Changes in circumstance or the occurrence of events that suggest the Group's investment may not be recoverable are assessed quarterly. If there are identified events or changes in circumstances that may have a material adverse effect on the fair value of the investment, the investment is assessed for impairment.

Cost and equity method investments fall within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs to determine fair value, as the investments are in privately-held entities without quoted market prices. To determine the fair value of these investments, the Group uses all pertinent financial information available related to the entities, including financial statements and market participant valuations from recent and proposed equity offerings. During the fiscal years 2017 and 2016, the Group determined that the fair values of certain cost and/or equity method investments were below their carrying values and that the carrying values of these investments were not expected to be recoverable within a reasonable period of time. As a result, the Group recognized $30 million of impairment charges during fiscal year 2017, which were recognized in *other expense, net* in the consolidated profit and loss account. During fiscal year 2016, the Group recognized $23 million of impairment charges, which were recognized in *other expense, net* and $70 million of impairment charges which were recognized in *special charge* in the consolidated profit and loss account.

Financial assets and short-term investments activity for fiscal years 2017 and 2016 was as follows:

(in millions)	Debt[1]	Equity[2]	Total
April 24, 2015	$ 14,746	$ 597	$ 15,343
Purchases	5,234	170	5,404
Proceeds from sales	(9,881)	(42)	(9,923)
Realized gain/(loss), net	(17)	38	21
Impairments	—	(114)	(114)
Unrealized gain/(loss), net	(191)	14	(177)
Other	(82)	(78)	(160)
April 29, 2016	$ 9,809	$ 585	$ 10,394
Purchases	4,202	169	4,371
Proceeds from sales	(5,224)	(132)	(5,356)
Realized gain/(loss), net	19	49	68
Impairments	—	(30)	(30)
Unrealized gain/(loss), net	21	34	55
Other	(41)	17	(24)
April 28, 2017	$ 8,786	$ 692	$ 9,478

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

7. Intangible Assets

Indefinite-lived intangible asset activity for fiscal years 2017 and 2016 was as follows:

(in millions)	Goodwill	Acquired IPR&D	Total
April 24, 2015	$ 40,563	$ 499	$ 41,062
Measurement period adjustments related to Covidien	360	(14)	346
Additions as a result of acquisitions	856	457	1,313
Other adjustments, net	(31)	(2)	(33)
Transfers	—	(219)	(219)
Currency adjustment, net	(248)	—	(248)
April 29, 2016	$ 41,500	$ 721	$ 42,221
Additions as a result of acquisitions	732	27	759
Other adjustments, net	—	(8)	(8)
Transfers	—	(141)	(141)
Currency adjustment, net	(807)	(5)	(812)
Reclassified to fixed assets held for sale	(2,910)	—	(2,910)
April 28, 2017 as reported in Form 10-K	$ 38,515	$ 594	$ 39,109
Subsequent event adjustment (note 28)	54	—	54
April 28, 2017 as reported in these statements	$ 38,569	$ 594	$ 39,163

The Group assesses goodwill for impairment annually in the third quarter and whenever an event occurs or circumstances change that would indicate that the carrying amount may be impaired. Impairment testing for goodwill is performed at the reporting unit level. There were no changes in reporting units during fiscal year 2017. The test for impairment of goodwill requires the Group to make several estimates about fair value, most of which are based on projected future cash flows. The Group calculated the excess of each reporting unit's fair value over its carrying amount, including goodwill, utilizing a discounted cash flow analysis. The Group did not recognize any goodwill impairments during fiscal years 2017 and 2016.

The Group assesses indefinite-lived intangibles for impairment annually in the third quarter and whenever an event occurs or circumstances change that would indicate that the carrying amount may be impaired. The Group calculates the excess of indefinite-lived intangible assets fair values over their carrying values utilizing a discounted future cash flow analysis. The Group did not recognize any significant indefinite-lived asset impairments during fiscal years 2017 and 2016. Due to the nature of IPR&D projects, the Group may experience future delays or failures to obtain regulatory approvals to conduct clinical trials, failures of such clinical trials, delays or failures to obtain required market clearances or other failures to achieve a commercially viable product, and as a result, may recognize impairment losses in the future.

The 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 24, 2015	$ 5,855	$ 23,427	$ 9,429	$ 1,852	$ 40,563
Goodwill as a result of acquisitions	393	264	199	—	856
Measurement period adjustments related to Covidien	21	318	21	—	360
Other adjustments, net	—	(34)	3	—	(31)
Currency adjustment, net	(26)	(191)	(32)	1	(248)
April 29, 2016	$ 6,243	$ 23,784	$ 9,620	$ 1,853	$ 41,500
Goodwill as a result of acquisitions	457	242	33	—	732
Currency adjustment, net	(49)	(705)	(53)	—	(807)
Goodwill reclassified to fixed assets held for sale	—	(2,910)	—	—	(2,910)
April 28, 2017 as reported in Form 10-K	$ 6,651	$ 20,411	$ 9,600	$ 1,853	$ 38,515
Subsequent event adjustment (note 28)	54	—	—	—	54
April 28, 2017 as reported in these statements	$ 6,705	$ 20,411	$ 9,600	$ 1,853	$ 38,569

Definite-Lived Intangible Assets Carrying Value Definite-lived intangible assets activity for fiscal years 2017 and 2016 was as follows:

(in millions)	Customer-related	Purchased technology and patents	Trademarks and tradenames	Other	Total
Cost:					
April 24, 2015	$ 18,492	$ 11,058	$ 850	$ 79	$ 30,479
Additions as a result of acquisitions	96	209	2	7	314
Purchase accounting adjustments	—	30	—	7	37
Retired intangible assets	—	(124)	—	(20)	(144)
Transfers	—	219	—	—	219
Currency translation and other	8	5	2	(1)	14
April 29, 2016	$ 18,596	$ 11,397	$ 854	$ 72	$ 30,919
Additions as a result of acquisitions	132	667	28	6	833
Purchase accounting adjustments	4	49	(50)	—	3
Transfers	—	141	—	—	141
Currency translation and other	(14)	(27)	—	(1)	(42)
Reclassified to fixed assets held for sale	(1,856)	(766)	(60)	—	(2,682)
April 28, 2017	$ 16,862	$ 11,461	$ 772	$ 77	$ 29,172
Accumulated Amortization:					
April 24, 2015	$ (273)	$ (2,268)	$ (363)	$ (44)	$ (2,948)
Amortization expense	(1,058)	(826)	(40)	(7)	(1,931)
Retired intangible assets	—	124	—	20	144
Currency translation and other	—	(6)	—	—	(6)
April 29, 2016	$ (1,331)	$ (2,976)	$ (403)	$ (31)	$ (4,741)
Amortization expense	(1,069)	(809)	(91)	(11)	(1,980)
Currency translation and other	—	—	—	—	—
Reclassified to fixed assets held for sale	234	95	33	—	362
April 28, 2017	$ (2,166)	$ (3,690)	$ (461)	$ (42)	$ (6,359)
Net book value:					
April 29, 2016	$ 17,265	$ 8,421	$ 451	$ 41	$ 26,178
April 28, 2017	$ 14,696	$ 7,771	$ 311	$ 35	$ 22,813

The Group assesses definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an intangible asset (asset group) may not be recoverable. When events or changes in circumstances indicate that the carrying amount of an intangible asset may not be recoverable, the Group calculates the excess of an intangible asset's carrying value over its undiscounted future cash flows. If the carrying value is not recoverable, an impairment loss is recognized based on the amount by which the carrying value exceeds the fair value. The inputs used in the fair value analysis fall within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs to determine fair value. The Group did not recognize any definite-lived intangible asset impairments during fiscal years 2017 and 2016.

Definite-Lived Intangible Asset Amortization Intangible asset amortization expense for fiscal years 2017 and 2016 was $2.0 billion and $1.9 billion, respectively.

Estimated aggregate amortization expense by fiscal year based on the current carrying value of definite-lived intangible assets at April 28, 2017, excluding any possible future amortization associated with acquired IPR&D which has not met technological feasibility and amortization associated with definite-lived intangible assets classified as held for sale at April 28, 2017, is as follows:

(in millions)	Amortization Expense
2018	$ 1,809
2019	1,725
2020	1,680
2021	1,666
2022	1,624

8. Tangible Assets

Tangible asset activity for fiscal years 2017 and 2016 was as follows:

(in millions)	Land and Land Improvements	Buildings and Leasehold Improvements	Equipment	Construction in Progress	Total Tangible Assets
Cost:					
April 24, 2015	$ 217	$ 2,298	$ 5,648	$ 678	$ 8,841
Additions	—	61	432	553	1,046
Disposals	(1)	(60)	(155)	(12)	(228)
Acquisitions	—	23	34	6	63
Write-downs	—	—	(14)	—	(14)
Transfers	2	74	373	(449)	—
Currency translation and other	(3)	(2)	10	1	6
April 29, 2016	$ 215	$ 2,394	$ 6,328	$ 777	$ 9,714
Additions	—	48	476	730	1,254
Disposals	(6)	(54)	(226)	(7)	(293)
Acquisitions	2	6	14	(1)	21
Transfers	1	65	482	(548)	—
Reclassifications to held for sale	(24)	(266)	(609)	(59)	(958)
Currency translation and other	(2)	(18)	(30)	3	(47)
April 28, 2017	$ 186	$ 2,175	$ 6,435	$ 895	9,691
Accumulated depreciation:					
April 24, 2015	$ (23)	$ (753)	$ (3,388)	$ —	$ (4,164)
Depreciation expense	(2)	(145)	(742)	—	(889)
Write-downs	—	—	14	—	14
Disposals	1	43	125	—	169
Currency translation and other	—	1	(4)	—	(3)
April 29, 2016	$ (24)	$ (854)	$ (3,995)	$ —	$ (4,873)
Depreciation expense	(2)	(138)	(797)	—	(937)
Disposals	—	29	170	—	199
Reclassifications to held for sale	—	41	228	—	269
Currency translation and other	(1)	3	10	—	12
April 28, 2017	$ (27)	$ (919)	$ (4,384)	$ —	$ (5,330)
Net book value:					
April 29, 2016	$ 191	$ 1,540	$ 2,333	$ 777	$ 4,841
April 28, 2017	$ 159	$ 1,256	$ 2,051	$ 895	$ 4,361

Capital expenditures are expected to be approximately $1.1 billion in fiscal year 2018.

9. Debtors

Debtors consisted of the following:

(in millions)	April 28, 2017	April 29, 2016
Amounts falling due within one year:		
Trade debtors, less allowances of $155 and $161, respectively	$ 5,591	$ 5,562
Tax assets (note 19)	545	697
Derivative contracts receivable (note 13)	168	136
Interest receivable	52	56
Tax sharing agreement receivable (note 1)	—	261
Other debtors and prepayments	1,102	1,021
Total amounts falling due within one year	7,458	7,733
Amounts falling due after one year:		
Long-term tax assets (note 19)	1,509	1,413
Derivative contracts receivable (note 13)	94	112
Other debtors	437	433
Total amounts falling due after one year	2,040	1,958
Total debtors	$ 9,498	$ 9,691

10. Creditors

Creditors consisted of the following:

(in millions)	April 28, 2017	April 29, 2016
Amounts falling due within one year:		
Financing arrangements (note 11)	$ 7,520	$ 993
Trade creditors	1,731	1,709
Accrued payroll and employee benefits [(1)]	1,781	1,682
Accrued interest	132	126
Income taxes payable	633	566
Deferred revenue	196	159
Payables on derivatives (note 13)	79	113
Accruals and other creditors	927	828
Total amounts falling due within one year	$ 12,999	$ 6,176
Amounts falling due after one year:		
Financing arrangements (note 11)	25,921	30,247
Income taxes payable	2,405	2,903
Accrued employee benefits	309	268
Payables on derivatives and hedges (note 13)	25	106
Deferred revenue	87	80
Accruals and other creditors	154	57
Total amounts falling due after one year	$ 28,901	$ 33,661

(1) Includes amounts for social insurance of approximately $48 million and $24 million for fiscal years 2017 and 2016, respectively.

11. Financing Arrangements

Current debt obligations consisted of the following:

(in millions)	April 28, 2017	April 29, 2016
Bank borrowings	$ 396	$ 387
Capital lease obligations	5	106
Commercial paper	901	—
Three-year term loan	3,000	—
6.000 percent ten-year 2008 CIFSA senior notes	1,150	—
1.500 percent three-year 2015 senior notes	1,000	—
1.375 percent five-year 2013 senior notes	1,000	—
3.500 percent seven-year 2010 HTWR senior notes	42	—
Floating rate three-year 2014 senior notes	—	250
0.875 percent three-year 2014 senior notes	—	250
Debt premium, net	26	—
Current debt obligations	$ 7,520	$ 993

Commercial Paper On January 26, 2015, Medtronic Global Holdings S.C.A. (Medtronic Luxco), an entity organized under the laws of Luxembourg, entered into various agreements pursuant to which Medtronic Luxco may issue unsecured commercial paper notes (the 2015 Commercial Paper Program) on a private placement basis up to a maximum aggregate amount outstanding at any time of $3.5 billion. The Group and Medtronic, Inc. have guaranteed the obligations of Medtronic Luxco under the 2015 Commercial Paper Program. At April 28, 2017, the Group had $901 million of commercial paper outstanding. No amount of commercial paper was outstanding at April 29, 2016.

During fiscal years 2017 and 2016, the weighted average original maturity of the commercial paper outstanding was approximately 39 days and 49 days, respectively, and the weighted average interest rate was 0.89 percent and 0.57 percent, respectively. The issuance of commercial paper reduces the amount of credit available under the Group's existing line of credit.

Bank Borrowings Outstanding bank borrowings at April 28, 2017 were short-term advances to certain non-U.S. subsidiaries under credit agreements with various banks. Bank borrowings consist primarily of borrowings in Japanese Yen at interest rates ranging from 0.17% to 0.18%, and the borrowing is a natural hedge of currency and exchange rate risk.

Line of Credit The Group has a $3.5 billion five year revolving syndicated line of credit facility ($3.5 Billion Revolving Credit Facility), by and among the Group, Medtronic, Inc., Medtronic Luxco, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent and issuing bank, which expires in January 2020. The $3.5 Billion Revolving Credit Facility provides the Group with the ability to increase its borrowing capacity by an additional $500 million at any time during the term of the agreement. At each anniversary date of the $3.5 Billion Revolving Credit Facility, but not more than twice prior to the maturity date, the Group could also request a one-year extension of the maturity date. The Group, Medtronic Luxco, and Medtronic, Inc. guarantee the obligations under the Amended and Restated Revolving Credit Agreement. At April 28, 2017 and April 29, 2016, no amounts were outstanding on the committed line of credit.

Interest rates on advances on the Credit Facility are determined by a pricing matrix, based on the issuer’s long-term debt ratings, assigned by Standard & Poor’s Ratings Services and Moody’s Investors Service. Facility fees are payable on the Credit Facility and are determined in the same manner as the interest rates. The agreements also contain customary covenants, all of which the Group remained in compliance with at April 28, 2017.

Long-term debt consisted of the following:

(in millions, except interest rates)	Maturity by Fiscal Year	April 28, 2017 Payable	April 28, 2017 Effective Interest Rate	April 29, 2016 Payable	April 29, 2016 Effective Interest Rate
6.000 percent ten-year 2008 CIFSA senior notes	2018	$ —	1.41%	$ 1,150	1.41%
1.375 percent five-year 2013 senior notes	2018	—	1.41	1,000	1.41
1.500 percent three-year 2015 senior notes	2018	—	1.59	1,000	1.59
5.600 percent ten-year 2009 senior notes	2019	400	5.61	400	5.61
1.700 percent two-year 2017 senior notes	2019	1,000	1.74	—	—
4.450 percent ten-year 2010 senior notes	2020	766	4.47	766	4.47
2.500 percent five-year 2015 senior notes	2020	2,500	2.52	2,500	2.52
Floating rate five-year 2015 senior notes	2020	500	1.98	500	1.04
4.200 percent ten-year 2010 CIFSA senior notes	2021	600	2.22	600	2.22
4.125 percent ten-year 2011 senior notes	2021	500	4.19	500	4.19
3.125 percent ten-year 2012 senior notes	2022	675	3.16	675	3.16
3.150 percent seven-year 2015 senior notes	2022	2,500	3.18	2,500	3.18
3.200 percent ten-year 2012 CIFSA senior notes	2023	650	2.66	650	2.66
2.750 percent ten-year 2013 senior notes	2023	530	2.78	530	2.78
2.950 percent ten-year 2013 CIFSA senior notes	2024	310	2.67	310	2.67
3.625 percent ten-year 2014 senior notes	2024	850	3.65	850	3.65
3.500 percent ten-year 2015 senior notes	2025	4,000	3.61	4,000	3.61
3.350 percent ten-year 2017 senior notes	2027	850	3.35	—	—
4.375 percent twenty-year 2015 senior notes	2035	2,382	4.44	2,382	4.44
6.550 percent thirty-year 2007 CIFSA senior notes	2038	374	3.75	374	3.75
6.500 percent thirty-year 2009 senior notes	2039	300	6.52	300	6.52
5.550 percent thirty-year 2010 senior notes	2040	500	5.56	500	5.56
4.500 percent thirty-year 2012 senior notes	2042	400	4.51	400	4.51
4.000 percent thirty-year 2013 senior notes	2043	325	4.12	325	4.12
4.625 percent thirty-year 2014 senior notes	2044	650	4.67	650	4.67
4.625 percent thirty-year 2015 senior notes	2045	4,150	4.62	4,000	4.64
Three-year term loan	2018	—	—	3,000	1.12
Interest rate swaps	2021-2022	40	—	89	—
Capital lease obligations	2019-2025	23	4.81	26	4.66
Bank borrowings	2019-2022	139	1.28	56	6.46
Debt premium, net	2019-2045	135	—	214	—
Deferred financing costs	2019-2045	(128)	—	(138)	—
Long-term debt		$ 25,921		$ 30,109	

Senior Notes The Group had outstanding unsecured senior obligations, including those described as senior notes in the long-term debt table above (collectively, the Senior Notes). The Senior Notes rank equally with all other unsecured and unsubordinated indebtedness of the Group. The indentures under which the Senior Notes were issued contain customary covenants, all of which the Group remained in compliance with at April 28, 2017. 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 2017, Medtronic Luxco issued two tranches of Senior Notes with an aggregate face value of $1.850 billion (collectively, the 2017 Senior Notes). The first tranche consisted of $1.0 billion of 1.700 percent Senior Notes due 2019. The second tranche consisted of $850 million of 3.350 percent Senior Notes due 2027. Concurrent with the offering by Medtronic Luxco, Medtronic, Inc. issued $150 million in principal amount of its 4.625 percent Senior Notes due 2045 (the Reopening Notes). The Reopening Notes were a further issuance of, and formed a single series with, the $4.0 billion principal amount of Medtronic, Inc.'s previously outstanding 4.625 percent Senior Notes due 2045. Interest on the 2017 Senior Notes and the Reopening Notes is payable semi-annually. The Group used the net proceeds from the sale of the 2017 Senior Notes and the Reopening Notes for general corporate purposes.

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

At April 28, 2017 and April 29, 2016, the Group had interest rate swap agreements designated as fair value hedges of certain underlying fixed-rate obligations, including the Group's $500 million 4.125 percent 2011 Senior Notes and $675 million 3.125 percent 2012 Senior Notes. Refer to Note 13 for additional information regarding the interest rate swap agreements.

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

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

(in millions)		
2018	$	7,494
2019		1,403
2020		3,778
2021		1,127
2022		3,276
Thereafter		16,290
Total debt		33,368
Less: Current portion of debt		7,494
Long-term portion of debt	$	25,874

Financial Instruments Not Measured at Fair Value

At April 28, 2017, the estimated fair value of the Group's Senior Notes, including the current portion, was $30.4 billion compared to a principal value of $28.9 billion. At April 29, 2016 the estimated fair value was $29.8 billion compared to a principal value of $27.4 billion. Fair value was estimated using quoted market prices for the publicly registered senior notes, classified as Level 2 within the fair value hierarchy. The fair values and principal values consider the terms of the related debt and exclude the impacts of debt discounts and derivative/hedging activity.

12. Provisions for Liabilities

Provisions for liabilities were as follows:

(in millions)	April 28, 2017	April 29, 2016
Accrued certain litigation charges	$ 1,122	$ 1,115
Pensions and similar obligations[1] (note 21)	1,292	1,462
Guaranteed contingent tax liabilities	31	284
Deferred taxes, as adjusted (note 19)	2,978	3,729
Contingent consideration liabilities (note 2)	246	377
Restructuring reserves (note 4)	291	257
Warranty obligation (note 15)	101	108
Right of return	571	473
Other provisions	205	159
Total provision for liabilities	$ 6,837	$ 7,964

(1) Excludes $12 million of provisions for liabilities held for sale at April 28, 2017.

Provisions activity for fiscal years 2017 and 2016 was as follows:

(in millions)	Accrued Certain Litigation Charges	Guaranteed Contingent Tax Liabilities	Right of Return	Other
April 24, 2015	$ 879	$ 481	$ 431	$ 159
Contingencies related to the Covidien acquisition	484	—	—	—
Provisions	108	—	1,016	190
Utilization and payments	(340)	(197)	(987)	(185)
Currency translation and other	(16)	—	13	(5)
April 29, 2016	$ 1,115	$ 284	$ 473	$ 159
Provisions	218	(247)	1,133	589
Utilization and payments	(280)	(6)	(1,028)	(567)
Currency translation and other	69	—	24	28
Reclassified to held for sale	—	—	(31)	(4)
April 28, 2017	$ 1,122	$ 31	$ 571	$ 205

13. Derivatives and Currency Exchange Risk Management

The Group uses operational and economic hedges, as well as currency exchange rate derivative contracts and interest rate derivative instruments, to manage the impact of currency exchange and interest rate changes on profit and cash flows. In addition, the Group uses cross currency interest rate swaps to manage currency risk related to certain debt. In order to minimize profit and cash flow volatility resulting from currency exchange rate changes, the Group enters into derivative instruments, principally forward currency exchange rate contracts. These contracts are designed to hedge anticipated foreign currency transactions and changes in the value of specific assets and liabilities. At inception of the contract, the derivative is designated as either a freestanding derivative or a cash flow hedge. The primary currencies of the derivative instruments are the Euro and Japanese Yen. The Group does not enter into currency exchange rate derivative contracts for speculative purposes. The gross notional amount of all currency exchange rate derivative instruments outstanding was $10.8 billion at both April 28, 2017 and April 29, 2016.

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, consolidated profit and loss account, and consolidated statements of cash flows.

Freestanding Derivative Contracts

Freestanding derivative contracts are used to offset the Group’s exposure to the change in value of specific foreign currency denominated assets and liabilities and to offset variability of cash flows associated with forecasted transactions denominated in

other currencies. These derivatives 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 gross notional amount of these contracts outstanding at April 28, 2017 and April 29, 2016 was $4.9 billion and $5.0 billion, respectively.

The amounts and classification of the gains in the consolidated profit and loss account related to derivative instruments, not designated as hedging instruments, for fiscal years 2017 and 2016 are as follows:

		Fiscal Year	
(in millions)	Classification	2017	2016
Currency exchange rate contracts	Other expense, net	$ 54	$ 33

Cash Flow Hedges

Currency Exchange Rate Risk

Forward contracts designated as cash flow hedges are designed to hedge the variability of cash flows associated with forecasted transactions denominated in a foreign currency that will take place in the future. For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative instrument is reported as a component of *accumulated other comprehensive loss*. The effective portion of the gain or loss on the derivative instrument is reclassified into profit and is included in *other expense, net* or *cost of sales* in the consolidated profit and loss account, depending on the underlying transaction that is being hedged, in the same period or periods during which the hedged transaction affects profit.

No gains or losses relating to ineffectiveness of cash flow hedges were recognized in the consolidated profit and loss account during fiscal years 2017 or 2016. No components of the hedge contracts were excluded in the measurement of hedge ineffectiveness and no hedges were derecognized or discontinued during fiscal years 2017 or 2016. The gross notional amount of these contracts, designated as cash flow hedges, outstanding at April 28, 2017 and April 29, 2016 was $5.8 billion and $5.7 billion, respectively, and will mature within the subsequent three-year period.

The amount of gross gains (losses), classification of the gains (losses) in the consolidated profit and loss account, and the accumulated other comprehensive (loss) profit (AOCI) related to the effective portion of currency exchange rate contract derivative instruments designated as cash flow hedges for fiscal years 2017 and 2016 were as follows:

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

	Fiscal Year 2016		
	Recognized in AOCI	Recognized in Profit	
(in millions)	Amount	Classification	Amount
Currency exchange rate contracts	$ (165)	Other expense, net	$ 405
		Cost of sales	(37)
Total	$ (165)		$ 368

Forecasted Debt Issuance Interest Rate Risk

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

No gains or losses relating to ineffectiveness of forward starting interest rate derivative instruments were recognized in *interest payable and similar charges, net* during fiscal years 2017 or 2016. No components of the hedge contracts were excluded in the measurement of hedge ineffectiveness. At April 29, 2016, the Group had $300 million of fixed pay, forward starting interest rate swaps with a weighted average fixed rate of 3.10 percent in anticipation of planned debt issuances. During fiscal year 2017, in connection with the issuance of the 2017 Senior Notes, these swaps were terminated. Upon termination, there was no material ineffectiveness on the contracts which were in a net liability position, resulting in a cash payment of $27 million. During fiscal year 2016, the Group terminated forward starting interest rate derivatives with a consolidated notional amount of $500 million, which were previously entered into in advance of a planned debt issuance that was no longer expected. Upon termination, these swaps were in a net liability position, resulting in a cash payment of $45 million.

For fiscal years 2017 and 2016, the reclassification of the effective portion of the net losses on forward starting interest rate derivative instruments from *accumulated other comprehensive loss* to *interest payable and similar charges, net* was not significant.

There were no unrealized gains or losses on outstanding forward starting interest rate swap derivative instruments at April 28, 2017, as compared to unrealized losses of $48 million at April 29, 2016. Unrealized losses on outstanding forward starting interest rate swap derivative instruments were recorded in *creditors (amounts falling due after more than one year)*, with the offset recorded in *accumulated other comprehensive loss* on the consolidated balance sheet. For fiscal years 2017 and 2016, the Group recorded $363 million and $(164) million, respectively, of unrealized gains (losses) in *accumulated other comprehensive loss*.

At April 28, 2017 and April 29, 2016, the Group had $37 million and $(90) million, respectively, in after-tax net unrealized gains (losses) associated with cash flow hedging instruments recorded in *accumulated other comprehensive loss*. The Group expects that $73 million of after-tax net unrealized gains at April 28, 2017 will be reclassified into the consolidated profit and loss account over the next 12 months.

Fair Value Hedges

Interest rate derivative instruments designated as fair value hedges are designed to manage the exposure to interest rate movements and to reduce borrowing costs by converting fixed-rate debt into floating-rate debt. Under these agreements, the Group agrees to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount.

Changes in the fair value of the derivative instrument are recognized in *interest payable and similar charges, net*, and are offset by changes in the fair value of the underlying debt instrument. The gains (losses) from terminated interest rate swap agreements are recognized in *creditors (amounts falling due after more than one year)*, increasing (decreasing) the outstanding balances of the debt, and amortized as a reduction of (addition to) *interest payable and similar charges, net* over the remaining life of the related debt. The cash flows from the termination of the interest rate swap agreements are reported as operating activities in the consolidated statements of cash flows.

At April 28, 2017 and April 29, 2016, 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 2021 and the $675 million 3.125 percent 2012 Senior Notes due 2022.

At April 28, 2017 and April 29, 2016, the market value of outstanding interest rate swap agreements was an unrealized gain of $41 million and $89 million, respectively, and the market value of the hedged items was an unrealized loss of $41 million and $89 million, respectively, which was recorded in *debtors* with the offsets recorded in *creditors (amounts falling due after more than one year)* on the consolidated balance sheet.

No significant hedge ineffectiveness was recorded as a result of these fair value hedges for fiscal years 2017 and 2016. In addition, the Group did not recognize any gains or losses during fiscal years 2017 or 2016 on firm commitments that no longer qualify as fair value hedges.

Balance Sheet Presentation

The following tables summarize the balance sheet classification and fair value of derivative instruments included on the consolidated balance sheet at April 28, 2017 and April 29, 2016. The fair value amounts are presented on a gross basis and are segregated between derivatives that are designated and qualify as hedging instruments and those that are not and are further segregated by type of contract within those two categories.

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

	April 29, 2016			
	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	$ 123	Creditors (amounts falling due within one year)	$ 89
Interest rate contracts	Debtors	89	Creditors (amounts falling due after more than one year)	48
Currency exchange rate contracts	Debtors	9	Creditors (amounts falling due after more than one year)	54
Total derivatives designated as hedging instruments		$ 221		$ 191
Derivatives not designated as hedging instruments				
Commodity derivatives	Debtors	$ —	Creditors (amounts falling due within one year)	$ 1
Currency exchange rate contracts	Debtors	13	Creditors (amounts falling due within one year)	23
Cross currency interest rate contracts	Debtors	14	Creditors (amounts falling due after more than one year)	4
Total derivatives not designated as hedging instruments		$ 27		$ 28
Total derivatives		$ 248		$ 219

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

	April 28, 2017		April 29, 2016	
(in millions)	Level 1	Level 2	Level 1	Level 2
Derivative assets	$ 216	$ 46	$ 145	$ 103
Derivative liabilities	93	11	166	53

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

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

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

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 28, 2017, the Group received net cash collateral of $60 million from its counterparties. At April 29, 2016, the Group posted net cash collateral of $25 million to its counterparties. The collateral received was recorded in *cash at bank and in hand*, with the offset recorded as an increase in *creditors (amounts falling due within one year)* on the consolidated balance sheet. The collateral posted was recorded in *debtors*, with the offset recorded as a decrease in *cash at bank and in hand* on the consolidated balance sheet.

14. Inventories

Inventory balances were as follows:

(in millions)	April 28, 2017	April 29, 2016
Finished goods	$ 2,211	$ 2,242
Work in-process	458	499
Raw materials	669	732
Total	$ 3,338	$ 3,473

15. Warranty Obligations

Product warranty obligations activity for fiscal years 2017 and 2016 was as follows:

(in millions)	Warranty Obligation
April 24, 2015	$ 135
Warranty claims provision	64
Settlements	(91)
April 29, 2016	$ 108
Warranty claims provision	61
Settlements	(68)
April 28, 2017	$ 101

16. Interest Payable and Similar Charges

Interest payable and similar charges are comprised of the following:

	Fiscal Year	
(in millions)	2017	2016
Interest charges related to financing arrangements	$ 1,094	$ 1,185
Debt tender cost	—	183
Other	—	18
	$ 1,094	$ 1,386

17. Shareholders' Equity

Share Capital

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

(in millions, except share data)	April 28, 2017	
Authorized:	Number	Amount
Ordinary Shares, $0.0001 par value	2,600,000,000	$ —
Euro Deferred Shares, €1.00 par value	40,000	—
Preferred Shares, $0.20 par value	127,500,000	26
A Preferred Shares, $1.00 par value	500,000	1
Total authorized		$ 27
Allotted, called up and fully paid:		
Ordinary Shares, $0.0001 par value	1,369,424,818	$ —
A Preferred Shares, $1.00 par value	1,872	—
Total allotted, called up and fully paid		$ —

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

Euro Deferred Shares

The authorized share capital of the Group includes 40 thousand Euro Deferred Shares, with a par value of €1.00 per share. As of April 28, 2017 and April 29, 2016, no Euro Deferred Shares were issued or outstanding.

Preferred Shares

The authorized share capital of the Group includes 127.5 million of Preferred Shares, with a par value of $0.20 per share. As of April 28, 2017 and April 29, 2016, no Preferred Shares were issued or outstanding.

A Preferred Shares

The Group issued 624 A Preferred Shares, par value $1.00, each to three of its advisors in connection with the transaction agreement associated with the Covidien acquisition dated June 15, 2014, for a total of 1,872 A Preferred Shares outstanding with an aggregate consideration of $75 thousand. The holders of A Preferred Shares are entitled to payment of dividends prior to any other class of shares in the Group equal to twice the dividend to be paid per Group ordinary share. On a return of assets, whether on liquidation or otherwise, the A Preferred Shares are entitled to repayment of the capital paid up thereon in priority to any repayment of capital to the holders of any other shares and the holders of the A Preferred Shares shall not be entitled to any further participation in the assets or profits of the Group. The holders of the A Preferred Shares are not entitled to receive notice of, nor to attend, speak, or vote at any general meeting of the Group.

Dividends

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

Ordinary Share Repurchase Program

Shares are repurchased from time to time to support the Group's stock-based compensation programs and to return capital to shareholders. During fiscal years 2017 and 2016, the Group repurchased approximately 43 million and 38 million shares, respectively, at an average price of $83.03 and $74.92, respectively. In June 2015, the Group's Board of Directors authorized, subject to the ongoing existence of sufficient distributable reserves, the redemption of 80 million of the Group's ordinary shares. As of April 28, 2017, the Group had used 51 million of the 80 million shares authorized under the repurchase program, leaving approximately 29 million shares available for future repurchases. In June 2017, the Group's Board of Directors replaced the existing June 2015 authorization to redeem up to an aggregate number of ordinary shares with an authorization to expend up to an aggregate amount of $5 billion beginning June 26, 2017 to redeem the Group's ordinary shares. The Group accounts for repurchases of ordinary shares using the par value method and shares repurchased are canceled. The par value of the shares redeemed and canceled, and transferred to the other undenominated capital reserve, was insignificant at April 28, 2017 and April 29, 2016.

18. 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 existing Medtronic, Inc. 2013 Stock Award and Incentive Plan, which created the new Medtronic plc 2013 Stock Award and Incentive Plan (2013 Plan). In fiscal year 2017, 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 28, 2017, there were approximately 21 million shares available for future grants under the 2013 Plan.

Share Options Options are granted at the exercise price, which is equal to the closing price of the Group's ordinary share on the grant date. The majority of the Group's options are non-qualified options with a 10-year life and a 4-year ratable vesting term. In fiscal year 2017, the Group granted share options under the 2013 Plan. The Group also grants shares of performance-based share options that typically cliff vest after three years only if the Group has also achieved certain performance objectives. Performance awards are expensed over the performance period based on the probability of achieving the performance objectives.

Restricted Stock Restricted stock awards and restricted stock units (collectively referred to as restricted stock) are granted to officers and key employees. At April 28, 2017, the Group does not have any outstanding restricted stock awards. The Group grants restricted stock units that typically cliff vest after four years. The expense recognized for restricted stock units is equal to the grant date fair value, which is equal to the closing stock price on the date of grant. Restricted stock units are expensed over the vesting period and are subject to forfeiture if employment terminates prior to the lapse of the restrictions. The Group also grants shares of performance-based restricted stock units that typically cliff vest after three years only if the Group has also achieved certain performance objectives. Performance awards are expensed over the performance period based on the probability of achieving the performance objectives.

Restricted stock units are not considered issued or outstanding ordinary shares of the Group. Dividend equivalent units are accumulated on restricted stock units during the vesting period. In fiscal year 2017, the Group granted restricted stock units under the 2013 Plan. At April 28, 2017, all restricted stock outstanding were restricted stock units.

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

Employees may contribute between 2 percent and 10 percent of their wages or the statutory limit under the U.S. Internal Revenue Code toward the purchase of newly issued ordinary shares of the Group at 85 percent of its market value at the end of the calendar quarter purchase period. Employees purchased 2 million shares at an average price of $68.68 per share in fiscal year 2017. At April 28, 2017, plan participants had approximately $11 million withheld to purchase the Group's ordinary shares at 85 percent of its market value on June 30, 2017, the last trading day before the end of the calendar quarter purchase period. At April 28, 2017, approximately 18 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	
	2017	2016
Weighted average fair value of options granted	$ 14.70	$ 13.72
Assumptions used:		
Expected life (years)[1]	6.18	5.94
Risk-free interest rate[2]	1.26%	1.79%
Volatility[3]	21.07%	21.00%
Dividend yield[4]	1.97%	1.96%

(1) *Expected life:* The Group analyzes historical employee stock option exercise and termination data to estimate the expected life assumption. The Group calculates the expected life assumption using the midpoint scenario, which combines historical exercise data with hypothetical exercise data, as the Group believes this data currently represents the best estimate of the expected life of a new employee option.

(2) *Risk-free interest rate:* The rate is based on the grant date yield of a zero-coupon U.S. Treasury bond whose maturity period equals the expected term of the option.

(3) *Volatility:* Expected volatility is based on a blend of historical volatility and an implied volatility of the Group's ordinary shares. Implied volatility is based on market traded options of the Group's ordinary shares.

(4) *Dividend yield:* The dividend yield rate is calculated by dividing the Group's annual dividend, based on the most recent quarterly dividend rate, by the closing stock price on the grant date.

Stock-Based Compensation Expense Pursuant to the transaction agreement associated with the Covidien acquisition dated June 15, 2014, outstanding stock option awards held by Covidien employees upon transaction close were converted into options to acquire the Group's ordinary shares in a manner designed to preserve the intrinsic value of such awards. In addition, unvested restricted stock units granted on or after June 15, 2014 which were held by Covidien employees upon close of the Covidien acquisition were converted into restricted stock units of the Group in a manner designed to preserve the intrinsic value of such awards. The modifications made to the restricted stock units granted on or after June 15, 2014 and all outstanding share options pursuant to the transaction agreement that converted such awards constituted modifications under the authoritative guidance for accounting for stock compensation. This guidance required the Group to revalue the award upon the transaction close and allocate the revised fair value between consideration paid and continuing expense based on the ratio of service performed through the transaction date over the total service period of the award. The revised fair value allocated to post-combination services resulted in incremental expense which is recognized over the remaining service period of the award. The Group recognized $23 million and $58 million of incremental expense related to these modifications during fiscal years 2017 and 2016, respectively, within *acquisition-related items* in the consolidated profit and loss account. Except for the conversion of share options and restricted stock units discussed herein, the material terms of these awards remained unchanged.

The following table presents the components and classification of stock-based compensation expense for stock options, restricted stock, and ESPP shares recognized for fiscal years 2017 and 2016:

	Fiscal Year	
(in millions)	2017	2016
Stock options	$ 157	$ 206
Restricted stock	169	148
Employees stock purchase plan	22	21
Total stock-based compensation expense	$ 348	$ 375
Cost of sales	$ 49	$ 50
Research and development expense	41	37
Distribution and administrative expense	233	212
Restructuring charges	2	18
Acquisition-related items	23	58
Total stock-based compensation expense	348	375
Taxation	(98)	(108)
Total stock-based compensation expense, net of tax	$ 250	$ 267

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 2017:

	Options (in thousands)	Wtd. Avg. Exercise Price	Wtd. Avg. Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at April 29, 2016	52,970	$ 57.09		
Granted	4,061	87.35		
Exercised	(9,488)	40.56		
Expired/Forfeited	(2,349)	73.90		
Outstanding at April 28, 2017	45,194	62.41	6.30	$ 952
Vested and expected to vest at April 28, 2017	22,929	75.32	7.89	194
Exercisable at April 28, 2017	19,138	44.71	4.14	735

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 2017 and 2016:

	Fiscal Year	
(in millions)	2017	2016
Cash proceeds from options exercised	$ 367	$ 452
Intrinsic value of options exercised	403	374
Taxation related to options exercised	140	131

Unrecognized compensation expense related to outstanding stock options at April 28, 2017 was $178 million and is expected to be recognized over a weighted average period of 1.6 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 2017:

	Awards (in thousands)	Wtd. Avg. Grant Price
Nonvested at April 29, 2016	8,820	$ 64.33
Granted	3,198	85.07
Vested	(2,727)	48.17
Forfeited	(503)	71.32
Nonvested at April 28, 2017	8,788	$ 76.49

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 2017 and 2016:

	Fiscal Year	
(in millions, except per share data)	2017	2016
Weighted-average grant-date fair value per restricted stock	$ 85.07	$ 77.68
Fair value of restricted stock vested	131	276
Taxation related to restricted stock vested	76	76

Unrecognized compensation expense related to restricted stock at April 28, 2017 was $334 million and is expected to be recognized over a weighted average period of 2.5 years.

19. Taxation

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

	Fiscal Year	
(in millions)	2017	2016
U.S.	$ (152)	$ 251
International	4,836	4,003
Profit on ordinary activities before taxation	$ 4,684	$ 4,254

Taxation on profit on ordinary activities consists of the following:

	Fiscal Year	
(in millions)	2017	2016
Current taxation:		
U.S.	$ 614	$ 440
International	840	835
Total current taxation	1,454	1,275
Deferred taxation (benefit):		
U.S.	(369)	(97)
International	(477)	(410)
Net deferred taxation (benefit)	(846)	(507)
Total taxation on profit on ordinary activities	$ 608	$ 768

Deferred taxation arises because of the different treatment of transactions under U.S. GAAP and income tax accounting, known as temporary differences. The Group records the tax effect of these temporary differences as tax assets and deferred tax provisions. 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 recorded the tax benefit in the consolidated profit and loss account. The Group establishes valuation allowances for tax assets when the amount of expected future profit on ordinary activities before taxation is not likely to support the use of the deduction or credit. Deferred tax provisions generally represent taxation recognized in the consolidated financial statements for which payment has been deferred or expense has already been taken as a deduction on the Group's tax return but has not yet been recognized as an expense in the consolidated profit and loss account. Tax assets (deferred tax provisions), shown before jurisdictional netting of debtors (provisions for liabilities), are comprised of the following:

(in millions)	April 28, 2017	April 29, 2016
Tax assets:		
Net operating loss, capital loss, and credit carryforwards	$ 6,800	$ 7,568
Other accrued liabilities	658	649
Accrued compensation	427	358
Pension and post-retirement benefits	456	530
Stock-based compensation	278	316
Other	308	341
Inventories	277	225
Federal and state benefit on uncertain tax positions	191	308
Unrealized loss on available-for-sale securities and derivative financial instruments	—	107
Gross tax assets	9,395	10,402
Valuation allowance	(6,311)	(7,032)
Total tax assets	3,084	3,370
Deferred tax provisions:		
Intangible assets	(4,943)	(5,173)
Basis impairment	—	(230)
Realized loss on derivative financial instruments	(112)	(112)
Other	(74)	(179)
Accumulated depreciation	(149)	(189)
Unrealized gain on available-for-sale securities and derivative financial instruments	(18)	—
Outside basis difference of subsidiaries	(112)	—
Total deferred tax provisions	(5,408)	(5,883)
Prepaid income taxes	475	365
Income tax receivables	218	529
Deferred tax provisions, net	$ (1,631)	$ (1,619)
Reported as (after valuation allowance and jurisdictional netting):		
Current tax assets	$ 545	$ 697
Long-term tax assets	1,509	1,413
Tax assets included in debtors	2,054	2,110
Deferred tax provisions	(2,978)	(3,729)
Noncurrent provisions held for sale	(707)	—
Tax provisions included in provisions for liabilities	$ (3,685)	$ (3,729)
Provisions for liabilities, net	$ (1,631)	$ (1,619)

Deferred taxation activity for fiscal years 2017 and 2016 was as follows:

(in millions)	Deferred Taxation
April 24, 2015	$ (2,773)
Provisions	507
Acquisitions	34
Charge to equity	170
Currency translation and other	443
April 29, 2016	$ (1,619)
Provisions	846
Acquisitions	(39)
Charge to equity	(233)
Currency translation and other	(586)
April 28, 2017	$ (1,631)

At April 28, 2017, the Group had approximately $24.9 billion of net operating loss carryforwards in certain non-U.S. jurisdictions, of which $22.0 billion have no expiration, and the remaining $2.9 billion will expire during fiscal 2018 through 2037. Included in these net operating loss carryforwards are $17.6 billion of net operating losses related to a subsidiary of the Group, substantially all of which were recorded in fiscal 2008 as a result of the receipt of a favorable tax ruling from certain non-U.S. taxing authorities. The Group has recorded a full valuation allowance against these net operating losses, as management does not believe that it is more likely than not that these net operating losses will be utilized. Certain of the remaining non-U.S. net operating loss carryforwards of $7.3 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 28, 2017, the Group had $1.0 billion of U.S. federal net operating loss carryforwards, which will expire during fiscal year 2018 through fiscal year 2036. For U.S. state purposes, the Group had $690 million of net operating loss carryforwards at April 28, 2017, which will expire during fiscal year 2018 through fiscal year 2037.

At April 28, 2017, the Group also had $392 million of tax credits available to reduce future income taxes payable, of which $75 million have no expiration, and the remaining credits expire during fiscal year 2018 through fiscal year 2037.

The Group has established valuation allowances of $6.3 billion and $7.0 billion at April 28, 2017 and April 29, 2016, respectively, primarily related to the uncertainty of the utilization of certain deferred tax assets and primarily comprised of tax loss and credit carryforwards in various jurisdictions. The decrease in the valuation allowance during fiscal year 2017 is primarily driven by carryover attribute utilization and expiration, as well as the effects of currency fluctuations. These valuation allowances would result in a reduction to taxation in the consolidated profit and loss account if they are ultimately not required.

At April 28, 2017, the Group had certain potential non-U.S. tax attributes that had not been recorded in the consolidated financial statements, including $12.0 billion of non-U.S. special deductions with an indefinite carryforward period. The Group has treated these amounts as special deductions for financial statement purposes since utilization is contingent upon the annual performance of certain economic factors. The Group expects to recognize a small portion of the special deduction annually based on meeting the defined economic factors. The Group continues to analyze whether the utilization of such benefits may be accelerated.

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

	Fiscal Year	
	2017	2016
U.S. federal statutory tax rate	35.0%	35.0%
Increase (decrease) in tax rate resulting from:		
U.S. state taxes, net of federal tax benefit	1.0	0.9
Research and development credit	(0.9)	(1.2)
Domestic production activities	(0.4)	(0.3)
International	(26.6)	(23.9)
Puerto Rico Excise Tax	(1.5)	(1.6)
Impact of adjustments[(1)]	5.6	11.6
Valuation allowance release	(1.0)	(0.9)
Other, net	1.8	(1.5)
Effective tax rate	13.0%	18.1%

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

During fiscal year 2017, the Group recognized certain tax adjustments of $202 million, including the following:

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

The $202 million of net certain tax adjustments were recognized in *taxation on profit on ordinary activities* in the consolidated profit and loss account for fiscal year 2017.

During fiscal year 2016 the Group recognized certain tax adjustments of $417 million, which included the following:

- A charge of $442 million primarily related to the U.S. taxation resulting from the Group's completion of an internal reorganization of the ownership of certain legacy Covidien businesses that reduced the cash and investments held by its U.S.-controlled non-U.S. subsidiaries (the Internal Reorganization). As a result of the Internal Reorganization, approximately $9.7 billion of cash, cash equivalents and investments in marketable debt and equity securities previously held by U.S.-controlled non-U.S. subsidiaries became available for general corporate purposes.
- A $25 million tax benefit associated with the disposition of a wholly owned U.S. subsidiary.

The $417 million of net certain tax adjustments were recorded in the *taxation on profit on ordinary activities* in the consolidated profit and loss account for fiscal year 2016.

No deferred taxation had been provided for any portion of the approximately $31.8 billion and $29.0 billion of undistributed profits of the Group's subsidiaries at April 28, 2017 and April 29, 2016, respectively, since these profits have been, and under current plans will continue to be, permanently reinvested in these subsidiaries. During fiscal year 2017, the Group removed its permanently reinvested assertion on $200 million of undistributed profits of certain subsidiaries in anticipation of the divestiture of a portion of its Patient Monitoring & Recovery division to Cardinal Health. Due to the number of legal entities and jurisdictions involved and the complexity of the legal entity structure of the Group, the complexity of the tax laws in the relevant jurisdictions, including, but not limited to the rules pertaining to the utilization of foreign tax credits in the United States and the impact of projections of profit for future years to any calculations, the Group believes it is not practicable to estimate, within any reasonable range, the amount of additional taxes which may be payable upon distribution of these undistributed profits.

Currently, the Group's operations in Puerto Rico, Switzerland, Singapore, Dominican Republic, Costa Rica, and Israel have various tax incentive grants. The tax reductions as compared to the local statutory rate favorably impacted profits by $475 million and $474 million in fiscal years 2017 and 2016, respectively, and earnings per diluted share by $0.34 and $0.33 in fiscal years 2017 and 2016, respectively. Unless these grants are extended, they will expire between fiscal years 2018 and 2029. The Group's historical practice has been to renew, extend, or obtain new tax incentive grants upon expiration of existing tax incentive grants. If the Group is not able to renew, extend, or obtain new tax incentive grants, the expiration of existing tax incentive grants could have a material impact on the Group's financial results in future periods.

The Group had $1.9 billion and $2.7 billion of gross unrecognized tax benefits at April 28, 2017 and April 29, 2016, respectively. A reconciliation of the beginning and ending amount of unrecognized tax benefits for fiscal years 2017 and 2016 is as follows:

	Fiscal Year	
(in millions)	**2017**	**2016**
Gross unrecognized tax benefits at beginning of fiscal year	$ 2,703	$ 2,853
Gross increases:		
Prior year tax positions	147	36
Current year tax positions	75	202
Acquisitions	4	7
Gross decreases:		
Prior year tax positions	(538)	(116)
Settlements	(467)	(275)
Statute of limitation lapses	(28)	(4)
Gross unrecognized tax benefits at end of fiscal year	1,896	2,703
Cash advance paid in connection with proposed settlements	—	(384)
Gross unrecognized tax benefits at end of fiscal year, net of cash advance	$ 1,896	$ 2,319

If all of the Group's unrecognized tax benefits at April 28, 2017 and April 29, 2016 were recognized, $1.8 billion and $2.1 billion, would impact the Group's effective tax rate, respectively. Although the Group believes that it has adequately provided for provisions resulting from tax assessments by taxing authorities, positions taken by these tax authorities could have a material impact on the Group's effective tax rate in future periods. The Group has recorded gross unrecognized tax benefits of $1.9 billion as a long-term liability. The Group estimates that within the next 12 months, it is reasonably possible that its uncertain tax positions, excluding interest, could decrease by as much as $225 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 tax matters in *taxation on profit on ordinary activities* 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)* on the consolidated balance sheet, as appropriate. The Group had $360 million and $609 million of accrued gross interest and penalties at April 28, 2017 and April 29, 2016, respectively. During the fiscal years ended April 28, 2017 and April 29, 2016, the Group recognized gross interest (receivable and similar income) payable and similar charges of approximately $(208) million and $80 million, respectively, in *taxation on profit on ordinary activities* the consolidated profit and loss account.

The Group's reserves for uncertain tax positions relate to unresolved matters with the IRS and other taxing authorities. These reserves are subject to a high degree of estimation and management judgment. Resolution of these significant unresolved matters, or positions taken by the IRS or other tax authorities during future tax audits, could have a material impact on the Group's financial

results in future periods. The Group continues to believe that its reserves for uncertain tax positions are appropriate and that it has meritorious defenses for its tax filings and will vigorously defend them during the audit process, appellate process, and through litigation in courts, as necessary.

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

Jurisdiction	Earliest Year Open
United States - federal and state	1997
Brazil	2012
Canada	2008
China	2009
Costa Rica	2013
Dominican Republic	2013
France	2011
Germany	2010
India	2001
Ireland	2011
Israel	2010
Italy	2005
Japan	2010
Luxembourg	2012
Mexico	2005
Puerto Rico	2009
Singapore	2011
Switzerland	2011
United Kingdom	2014

See Note 24 for additional information regarding the status of current tax audits and proceedings.

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

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

(in millions, except per share data)	Fiscal Year 2017	2016
Numerator:		
Profit for the financial year attributable to ordinary shareholders	$ 4,080	$ 3,486
Denominator:		
Basic – weighted average shares outstanding	1,378.9	1,409.6
Effect of dilutive securities:		
Employee stock options	9.0	12.2
Employee restricted stock units	3.4	4.0
Other	0.1	0.1
Diluted – weighted average shares outstanding	1,391.4	1,425.9
Basic earnings per share	$ 2.96	$ 2.47
Diluted earnings per share	$ 2.93	$ 2.44

The calculation of weighted average diluted shares outstanding excludes options to purchase approximately 7 million and 4 million ordinary shares in fiscal years 2017 and 2016, respectively, because their effect would be anti-dilutive on the Group's earnings per share.

21. Retirement Benefit Plans

Pension and similar obligations were as follows:

(in millions)	April 28, 2017	April 29, 2016
U.S. defined pension plans	$ 753	$ 910
Non-U.S. defined benefit pension plans	499	422
Postretirement benefit obligations	34	100
Other	18	30
Total obligation	$ 1,304	$ 1,462

The Group sponsors various retirement benefit plans, including defined benefit pension plans (pension benefits), post-retirement medical plans (post-retirement benefits), defined contribution savings plans, and termination indemnity plans, covering substantially all U.S. employees and many employees outside the U.S. The expense related to these plans was $602 million and $584 million in fiscal years 2017 and 2016, respectively.

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

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

At April 28, 2017 and April 29, 2016, the net underfunded status of the Group's benefit plans was $1.3 billion and $1.5 billion, respectively. The $1.3 billion underfunded status at April 28, 2017 included $12 million of liabilities classified as held for sale. The liabilities classified as held for sale consisted of $9 million related to pension benefits and $3 million related to post-retirement benefits.

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

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

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
	Fiscal Year		Fiscal Year	
(in millions)	2017	2016	2017	2016
Accumulated benefit obligation at end of year:	$ 2,879	$ 2,757	$ 1,518	$ 1,367
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	$ 3,048	$ 2,956	$ 1,535	$ 1,647
Service cost	117	120	70	81
Interest cost	109	122	26	31
Employee contributions	—	—	15	16
Plan curtailments and settlements	—	(28)	6	(133)
Actuarial (gain) loss	(22)	(42)	182	(103)
Benefits paid	(80)	(80)	(43)	(49)
Special termination benefits	60	—	—	—
Currency exchange rate changes and other	—	—	(57)	45
Projected benefit obligation at end of year	$ 3,232	$ 3,048	$ 1,734	$ 1,535
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 2,138	$ 2,204	$ 1,113	$ 1,189
Actual return on plan assets	238	(70)	109	(44)
Employer contributions	183	112	76	93
Employee contributions	—	—	15	16
Plan settlements	—	(28)	(1)	(118)
Benefits paid	(80)	(80)	(43)	(49)
Currency exchange rate changes and other	—	—	(34)	26
Fair value of plan assets at end of year	$ 2,479	$ 2,138	$ 1,235	$ 1,113
Funded status at end of year:				
Fair value of plan assets	$ 2,479	$ 2,138	$ 1,235	$ 1,113
Benefit obligations	3,232	3,048	1,734	1,535
Underfunded status of the plans	(753)	(910)	(499)	(422)
Recognized liability	$ (753)	$ (910)	$ (499)	$ (422)
Amounts recognized on the consolidated balance sheet consist of:				
Debtors falling due after one year	$ —	$ —	$ 5	$ 20
Provisions falling due within one year	(13)	(12)	(7)	(8)
Provisions falling due after one year	(740)	(898)	(497)	(434)
Recognized liability	$ (753)	$ (910)	$ (499)	$ (422)
Amounts recognized in accumulated other comprehensive loss:				
Prior service cost (benefit)	$ 3	$ 4	$ (6)	$ (14)
Net actuarial loss	1,212	1,361	450	359
Ending balance	$ 1,215	$ 1,365	$ 444	$ 345

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 28, 2017 and April 29, 2016. U.S. and non-U.S. plans with accumulated benefit obligations in excess of plan assets consist of the following:

	Fiscal Year	
(in millions)	2017	2016
Accumulated benefit obligation	$ 4,188	$ 3,922
Projected benefit obligation	4,677	4,333
Plan assets at fair value	3,454	2,981

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

	Fiscal Year	
(in millions)	2017	2016
Projected benefit obligation	$ 4,903	$ 4,362
Plan assets at fair value	3,646	3,009

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)	2017	2016	2017	2016
Service cost	$ 117	$ 120	$ 70	$ 81
Interest cost	109	122	26	31
Expected return on plan assets	(195)	(180)	(48)	(48)
Amortization of prior service cost	1	—	(1)	—
Amortization of net actuarial loss	88	98	17	20
Settlement gain	—	(1)	—	(10)
Special termination benefits	60	—	—	—
Net periodic benefit cost	$ 180	$ 159	$ 64	$ 74

The other changes in plan assets and projected benefit obligations recognized in *accumulated other comprehensive loss* for fiscal year 2017 are as follows:

(in millions)	U.S. Pension Benefits	Non-U.S. Pension Benefits
Net actuarial (gain) loss	$ (61)	$ 121
Amortization of prior service cost	(1)	1
Amortization of net actuarial loss	(88)	(17)
Prior service cost	—	8
Effect of exchange rates	—	(13)
Total (gain) loss recognized in accumulated other comprehensive loss	$ (150)	$ 100
Total loss recognized in net periodic benefit cost and accumulated other comprehensive loss	$ 30	$ 164

The estimated net actuarial loss that will be amortized from *accumulated other comprehensive loss* into net periodic benefit cost, before tax, in fiscal year 2018 for U.S. and non-U.S. pension benefits is expected to be $83 million and $17 million, respectively.

The actuarial assumptions are as follows:

	U.S. Pension Benefits		Non-U.S. Pension Benefits	
			Fiscal Year	
	2017	2016	2017	2016
Critical assumptions – projected benefit obligation:				
Discount rate	3.70% - 4.30%	3.60% - 4.30%	0.45% - 11.40%	0.25% - 10.20%
Rate of compensation increase	3.90%	3.90%	2.89%	2.83%
Critical assumptions – net periodic benefit cost:				
Discount rate – benefit obligation	3.55% - 4.30%	4.20% - 4.80%	0.25% - 10.20%	0.80% - 9.00%
Discount rate – service cost	3.60% - 4.45%	4.20% - 4.80%	0.05% - 10.20%	0.80% - 9.00%
Discount rate – interest cost	2.90% - 3.80%	4.20% - 4.80%	0.30% - 10.20%	0.80% - 9.00%
Expected return on plan assets	8.20%	8.20%	4.45%	4.35%
Rate of compensation increase	3.90%	3.90%	2.83%	2.92%

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

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

Retirement Benefit Plan Investment Strategy The Group sponsors trusts that hold the assets for U.S. pension plans and other U.S. post-retirement benefit plans, primarily retiree medical benefits. For investment purposes, the legacy Medtronic U.S. pension and other U.S. post-retirement benefit plans are managed in an identical way, as their objectives are similar.

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

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

Outside the U.S., pension plan assets are typically managed by decentralized fiduciary committees. There is significant variation in policy asset allocation from country to country. Local regulations, funding rules, and financial and tax considerations are part of the funding and investment allocation process in each country. The weighted average target asset allocations at April 28, 2017 for the plans are 37% equity securities, 29% debt securities, and 34% other.

The plans did not hold any investments in the Group's ordinary shares at April 28, 2017 or April 29, 2016.

The Group's U.S. plans target asset allocations at April 28, 2017, compared to the U.S. plans actual asset allocations at April 28, 2017 and April 29, 2016 by asset category, are as follows:

U.S. Plans

	Target Allocation	Actual Allocation	
	April 28, 2017	April 28, 2017	April 29, 2016
Asset Category:			
Equity securities	40%	45%	43%
Debt securities	36	37	35
Other	24	18	22
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 28, 2017, there is one absolute return strategy fund totaling $2 million that is in the process of liquidation. The Group expects to receive the proceeds over the next year. 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 28, 2017 is $158 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 28, 2017, there is one real estate investment totaling $1 million that is in the process of liquidation. The Group expects to receive the proceeds over the next year. Other valuation procedures are utilized to arrive at fair value if a quoted market price is not available for a partnership investment.

Registered investment companies: Valued at net asset values which are not publicly reported. The net asset values are calculated based on the valuation of the underlying assets. The underlying assets are valued at the quoted market prices of shares held by the plan at year-end in the active market on which the individual securities are traded.

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

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

There were no transfers between Level 1, Level 2, or Level 3 during fiscal years 2017 or 2016.

The following tables provide information by level for the retirement benefit plan assets that are measured at fair value, as defined by U.S. GAAP. See Note 1 for discussion of the fair value measurement terms of Levels 1, 2, and 3. In accordance with authoritative guidance adopted in fiscal year 2017, certain investments for which the fair value is measured using the net asset value per share (or its equivalent) practical expedient are not presented within the fair value hierarchy. The fair value amounts presented for these investments are intended to permit reconciliation to the total fair value of plan assets at April 28, 2017 and April 29, 2016. The revised presentation has been applied retrospectively and fiscal year 2016 values have been reclassified to conform to classifications used in the current year.

U.S. Pension Benefits

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

(in millions)	Fair Value at April 29, 2016	Fair Value Measurements Using Inputs Considered as Level 1	Level 2	Level 3	Investments Measured at Net Asset Value
Short-term investments	$ 127	$ 127	$ —	$ —	$ —
U.S. government securities	146	137	9	—	—
Corporate debt securities	216	—	216	—	—
Equity commingled trusts	956	—	—	—	956
Fixed income commingled trusts	231	—	—	—	231
Partnership units	462	—	—	462	—
	$ 2,138	$ 264	$ 225	$ 462	$ 1,187

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

(in millions)	Total Level 3 Investments	Partnership Units
April 29, 2016	$ 462	$ 462
Total realized gains included in profit	25	25
Total unrealized gains included in accumulated other comprehensive (loss) profit	28	28
Purchases and sales, net	(47)	(47)
April 28, 2017	$ 468	$ 468

(in millions)	Total Level 3 Investments	Corporate Debt Securities	Partnership Units
April 24, 2015	$ 473	$ 1	$ 472
Total realized gains included in profit	10	—	10
Total unrealized losses included in accumulated other comprehensive (loss) profit	(144)	(1)	(143)
Purchases and sales, net	123	—	123
April 29, 2016	$ 462	$ —	$ 462

Non-U.S. Pension Benefits

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

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

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

(in millions)	Total Level 3 Investments	Insurance Contracts
April 29, 2016	$ 76	$ 76
Total unrealized gains included in accumulated other comprehensive (loss) profit	2	2
Purchases and sales, net	(31)	(31)
Currency exchange rate changes	(3)	(3)
April 28, 2017	$ 44	$ 44

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

Retirement Benefit Plan Funding It is the Group's policy to fund retirement costs within the limits of allowable tax deductions. During fiscal year 2017, the Group made discretionary contributions of approximately $183 million to the U.S. pension plan. Outside of the U.S., the Group contributed approximately $76 million for pension benefits during fiscal year 2017. The Group anticipates that it will make contributions of $302 million to its pension benefits in fiscal year 2018. 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 2018 contributions will be discretionary. The Group believes that, along with pension assets,

the returns on invested pension assets, and Group contributions, the Group will be able to meet its pension and other post-retirement obligations in the future.

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

	U.S. Pension Benefits	Non-U.S. Pension Benefits
(in millions)	Gross Payments	Gross Payments
2018	$ 101	$ 44
2019	110	42
2020	121	43
2021	131	46
2022	143	50
2023 – 2027	901	298
Total	$ 1,507	$ 523

Post-retirement Benefit Plans The net periodic benefit cost associated with the Group's post-retirement benefit plans was $11 million and $12 million in fiscal years 2017 and 2016, respectively. The Group's projected benefit obligation for all post-retirement benefit plans was $323 million and $369 million at April 28, 2017 and April 29, 2016, respectively. The Group's fair value of plan assets for all post-retirement benefit plans was $289 million and $269 million at April 28, 2017 and April 29, 2016, respectively. The decrease in the Group's projected benefit obligation during fiscal year 2017 was due to the U.S. post-retirement benefit plan being frozen, effective January 1, 2018. The activity during fiscal year 2016 related to the change in projected benefit obligation was not material. The activity during fiscal years 2017 and 2016 related to the change in fair value of plan assets was not material.

Defined Contribution Savings Plans The Group has defined contribution savings plans that cover substantially all U.S. employees and certain non-U.S. employees. The general purpose of these plans is to provide additional financial security during retirement by providing employees with an incentive to make regular savings. Group contributions to the plans are based on employee contributions and Group performance. Expense recognized under these plans was $347 million and $269 million in fiscal years 2017 and 2016, 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 $58 million for both fiscal years 2017 and 2016.

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 $45 million and $12 million in fiscal years 2017 and 2016, respectively.

22. Leases

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

Future minimum payments by fiscal year under capitalized leases and non-cancelable operating leases at April 28, 2017 are:

(in millions)	Capitalized Leases	Operating Leases
2018	$ 6	$ 215
2019	4	158
2020	4	110
2021	3	70
2022	3	41
Thereafter	8	52
Total minimum lease payments	$ 28	$ 646
Less amounts representing interest	(5)	N/A
Present value of net minimum lease payments	$ 23	N/A

Rent expense for all operating leases was $294 million and $269 million in fiscal years 2017 and 2016, respectively.

23. Accumulated Other Comprehensive (Loss) Profit

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

(in millions)	Unrealized Gain (Loss) on Available-for-Sale Securities	Cumulative Translation Adjustments	Net Change in Retirement Obligations	Unrealized Gain (Loss) on Derivative Financial Instruments	Total Accumulated Other Comprehensive (Loss) Income
April 24, 2015	$ 14	$ (277)	$ (1,131)	$ 210	$ (1,184)
Other comprehensive (loss) profit before reclassifications	(107)	(197)	(141)	(94)	(539)
Reclassifications	(14)	—	75	(206)	(145)
Other comprehensive (loss) profit	(121)	(197)	(66)	(300)	(684)
April 29, 2016	$ (107)	$ (474)	$ (1,197)	$ (90)	$ (1,868)
Other comprehensive (loss) profit before reclassifications	52	(978)	(17)	233	(710)
Reclassifications	(14)	—	85	(106)	(35)
Other comprehensive (loss) profit	38	(978)	68	127	(745)
April 28, 2017	$ (69)	$ (1,452)	$ (1,129)	$ 37	$ (2,613)

The taxation on gains and losses on available-for-sale securities in other comprehensive profit before reclassifications during fiscal years 2017 and 2016 was an expense of $41 million and a benefit of $94 million, respectively. During fiscal years 2017 and 2016, realized gains and losses on available-for-sale securities reclassified from AOCI were reduced by taxation of $8 million. When realized, gains and losses on available-for-sale securities reclassified from AOCI are recognized within *other expense, net*. Refer to Note 6 for additional information.

Taxation is not provided on cumulative translation adjustments as substantially all translation adjustments relate to profit that is intended to be indefinitely reinvested outside the U.S.

The net change in retirement obligations in other comprehensive profit includes net amortization of prior service costs and actuarial losses included in net periodic benefit cost. The taxation on the net change in retirement obligations in other comprehensive profit before reclassifications during fiscal years 2017 and 2016 was an expense of $41 million and a benefit of $85 million, respectively. During fiscal years 2017 and 2016, the gains and losses on defined benefit and pension items reclassified from AOCI were reduced by taxation of $23 million and $39 million, respectively. Refer to Note 21 for additional information.

The taxation on unrealized gains and losses on derivative financial instruments in other comprehensive profit before reclassifications during fiscal years 2017 and 2016 was an expense of $130 million and a benefit of $51 million, respectively. During fiscal years 2017 and 2016, gains and losses on derivative financial instruments reclassified from AOCI were reduced by taxation of $61

million and $121 million, respectively. When realized, cash flow hedge gains and losses reclassified from AOCI are recognized within *other expense, net* or *cost of sales,* and forward starting interest rate derivative financial instrument gains and losses reclassified from AOCI are recognized within *interest payable and similar charges, net*. Refer to Note 13 for additional information.

24. Commitments and Contingencies

The Group and its affiliates are involved in a number of legal actions involving product liability, intellectual property disputes, shareholder related matters, environmental proceedings, taxation disputes, and governmental proceedings and investigations, 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 these legal actions are not within the Group’s complete control and may not be known for prolonged periods of time. In some actions, the enforcement agencies or private claimants seek damages, as well as other civil or criminal remedies (including injunctions barring the sale of products that are the subject of the proceeding), that could require significant expenditures, result in lost revenues or limit the Group's ability to conduct business in the applicable jurisdictions. The Group records a provision in the consolidated financial statements on an undiscounted basis for loss contingencies related to legal actions when a loss is known or considered probable and the amount may be reasonably estimated. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss is reasonably possible but not known or probable, and may be reasonably estimated, the estimated loss or range of loss is disclosed. When determining the estimated loss or range of loss, significant judgment is required. Estimates of probable losses resulting from litigation and governmental proceedings involving the Group are inherently difficult to predict, particularly when the matters are in early procedural stages, with incomplete scientific facts or legal discovery, involve unsubstantiated or indeterminate claims for damages, potentially involve penalties, fines or punitive damages, or could result in a change in business practice. At April 28, 2017 and April 29, 2016, accrued certain litigation charges were approximately $1.1 billion and $1.0 billion, respectively. The ultimate cost to the Group with respect to accrued certain litigation charges could be materially different than the amount of the current estimates and provisions and could have a material adverse impact on the Group’s consolidated profit, financial position, or cash flows. The Group includes accrued certain litigation charges in *provisions for liabilities* on the consolidated balance sheet.

In addition to litigation contingencies, the Group also has certain taxation and guarantee obligations that may potentially result in future charges. While it is not possible to predict the outcome for most of the matters discussed below, 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.

Product Liability Matters

Sprint Fidelis

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

INFUSE Litigation

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

Other INFUSE Litigation

On June 5, 2014, Humana, Inc. filed a lawsuit for unspecified monetary damages in the U.S. District Court for the Western District of Tennessee, alleging that Medtronic, Inc. violated federal racketeering (RICO) law and various state laws, by conspiring with physicians to promote unapproved uses of INFUSE. In September of 2015 the Court granted the Group's motion to dismiss the primary allegations, including the RICO claims, in Humana’s complaint. In April of 2016, the Court denied Humana’s motion to file an amended complaint. In June of 2017, the Group settled this matter with no admission of liability, bringing this matter to a

conclusion. The Group's provisions for this matter are included within accrued certain litigation charges in *provisions for liabilities* as discussed above.

Pelvic Mesh Litigation

The Group, through the acquisition of Covidien, is currently involved in litigation in various state and federal courts against manufacturers of pelvic mesh products alleging personal injuries resulting from the implantation of those products. Two subsidiaries of Covidien supplied pelvic mesh products to one of the manufacturers, C.R. Bard (Bard), named in the litigation. The litigation includes a federal multi-district litigation in the U.S. District Court for the Northern District of West Virginia and cases in various state courts and jurisdictions outside the U.S. Generally, complaints allege design and manufacturing claims, failure to warn, breach of warranty, fraud, violations of state consumer protection laws and loss of consortium claims. In fiscal year 2016, Bard paid the Group $121 million towards the settlement of 11,000 of these claims. In May 2017, the agreement with Bard was amended to extend the terms to apply to up to an additional 5,000 claims. That agreement does not resolve the dispute between the Group and Bard with respect to claims that do not settle, if any. As part of the agreement, the Group and Bard agreed to dismiss without prejudice their pending litigation with respect to Bard's obligation to defend and indemnify the Group. The Group estimates law firms representing approximately 15,800 claimants have asserted or may assert claims involving products manufactured by Covidien's subsidiaries. As of August 1, 2017, the Group has reached agreements to settle approximately 12,900 of these claims. The Group's provisions for this matter are included within accrued certain litigation charges in *provisions for liabilities* as discussed above.

Patent Litigation

Ethicon

On December 14, 2011, Ethicon filed an action against Covidien in the U.S. District Court for the Southern District of Ohio, alleging patent infringement and seeking monetary damages and injunctive relief. On January 22, 2014, the district court entered summary judgment in Covidien's favor, and the majority of this ruling was affirmed by the Federal Circuit on August 7, 2015. Following appeal, the case was remanded back to the District Court with respect to one patent. On January 21, 2016, Covidien filed a second action in the U.S. District Court for the Southern District of Ohio, seeking a declaration of non-infringement with respect to a second set of patents held by Ethicon. The court consolidated this second action with the remaining patent issues from the first action. Following consolidation of the cases, Ethicon dismissed 6 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 case is currently in the discovery stage. The Group has not recognized an expense related to damages in connection with this matter because any potential loss is not currently probable or reasonably estimable under U.S. GAAP. Additionally, the Group is unable to reasonably estimate the range of loss, if any, that may result from this matter.

Shareholder Related Matters

INFUSE

On March 12, 2012, Charlotte Kokocinski (Kokocinski) filed a shareholder derivative action against both Medtronic, Inc. and certain of its current and former officers and directors in the U.S. District Court for the District of Minnesota, setting forth certain allegations, including a claim that defendants violated various purported duties in connection with the INFUSE bone graft product and otherwise. On March 25, 2013, the District Court dismissed the case without prejudice, and Kokocinski subsequently filed an amended complaint. On March 30, 2015, the District Court granted defendants' motion to dismiss the amended complaint, dismissing the case with prejudice. Kokocinski sought reconsideration of that decision, and, on September 30, 2015, the District Court denied Kokocinski's request for reconsideration. Kokocinski appealed the District Court's decision to the U.S. Court of Appeals for the Eighth Circuit. On March 1, 2017, the Eighth Circuit Court of Appeals affirmed the lower Court's dismissal of the case with prejudice, and on April 11, 2017, the Eighth Circuit rejected Kokocinski's request for reconsideration. 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.

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

Court of Appeals for the Eighth Circuit, and in December of 2016 the Eighth Circuit Court reversed and remanded the case to the District Court for further proceedings. 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.

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 *Merenstei*n and *Steiner* matters were consolidated and in December 2014, the plaintiffs filed a preliminary injunction motion seeking to enjoin the Covidien transaction. On December 30, 2014, a hearing was held on plaintiffs' motion for preliminary injunction and on defendants' motion to dismiss. On January 2, 2015, the District Court denied the plaintiffs' motion for preliminary injunction and on January 5, 2015 issued its opinion. On March 20, 2015, the District Court issued its order and opinion granting Medtronic's motion to dismiss the case. In May of 2015, the plaintiffs filed an appeal, and, in January of 2016, the Minnesota State Court of Appeals affirmed in part, reversed in part, and remanded the case to the District Court for further proceedings. In February of 2016, the Group petitioned the Minnesota Supreme Court to review the decision of the Minnesota State Court of Appeals, and on April 19, 2016 the Minnesota Supreme Court granted the Group's petition on the issue of whether most of the original claims are properly characterized as direct or derivative under Minnesota law. In August of 2017 the Minnesota Supreme Court affirmed the decision of the Minnesota State Court of Appeals, sending the matter back to the trial court for further proceedings. The Group has not recognized an expense related to damages in connection with this matter, because any potential loss is not currently probable or reasonably estimable under U.S. GAAP. Additionally, the Group is unable to reasonably estimate the range of loss, if any, that may result from this matter.

HEARTWARE

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

Environmental Proceedings

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

The Group is a successor to a company which owned and operated a chemical manufacturing facility in Orrington, Maine from 1967 until 1982, and is responsible for the costs of completing an environmental site investigation as required by the Maine Department of Environmental Protection (MDEP). MDEP served a compliance order on Mallinckrodt LLC and U.S. Surgical Corporation, subsidiaries of Covidien, in December 2008, which included a directive to remove a significant volume of soils at the site. After a hearing on the compliance order before the Maine Board of Environmental Protection (Maine Board) to challenge the terms of the compliance order, the Maine Board modified the MDEP order and issued a final order requiring removal of two landfills, capping of the remaining three landfills, installation of a groundwater extraction system and long-term monitoring of the site and the three remaining landfills.

The Group has proceeded with implementation of the investigation and remediation at the site in accordance with the MDEP order as modified by the Maine Board order.

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

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

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

Government Matters

The Group has received subpoenas or document requests from the Attorneys General in Massachusetts, California, Oregon, Illinois, and Washington seeking information regarding sales, marketing, clinical, and other information relating to the INFUSE bone graft product. The Group's provisions for these matters are included within accrued certain litigation charges in *provisions for liabilities* as discussed above.

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

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

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. On December 23, 2010, the IRS issued a statutory notice of deficiency with respect to the remaining issues. Medtronic, Inc. filed a petition with the U.S. Tax Court on March 21, 2011 objecting to the deficiency. During October and November 2012, Medtronic, Inc. reached resolution with the IRS on various matters, including the deductibility of a settlement payment. Medtronic, Inc. and the IRS agreed to hold one issue, the calculation of amounts eligible for the one-time repatriation holiday, because such specific issue was being addressed by other taxpayers in litigation with the IRS. The remaining unresolved issue for fiscal years 2005 and 2006 relates to the allocation of profit between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico, which is one of the Group's key manufacturing sites. The U.S. Tax Court proceeding with respect to this issue began on February 3, 2015 and ended on March 12, 2015. On June 9, 2016, the U.S. Tax court issued its opinion with respect to the allocation of profit between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico for fiscal years 2005 and 2006. The U.S. Tax Court generally rejected the IRS's position, but also made certain modifications to the Medtronic, Inc. tax returns as filed. During November 2016, the Group and the IRS entered into a Stipulation of Settled Issues with the Tax Court which resolved the one-time repatriation holiday as an outstanding issue unless, either party decided to appeal the Tax Court Opinion and a final decision is inconsistent with the U.S. Tax Court Opinion. The U.S. Tax Court entered their final decision on January 25, 2017. 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. A hearing date for the Appeal has not been set.

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

In April 2014, the IRS issued its audit report on Medtronic, Inc. for fiscal years 2009, 2010, and 2011. Medtronic, Inc. reached agreement with the IRS on some but not all matters related to these fiscal years. During the first quarter of fiscal year 2017, an expected settlement was reached with the IRS for all outstanding issues for fiscal years 2009, 2010, and 2011 except for the allocation of profit between Medtronic, Inc. and its wholly-owned subsidiary operating in Puerto Rico for the businesses that are the subject of the U.S. Tax Court Case for fiscal years 2005 and 2006.

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 income 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.

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 2009. The IRS continues to audit Covidien’s U.S. federal income tax returns for the years 2010 through 2012. The statute of limitations for Covidien’s 2013 U.S. federal income tax returns lapsed during the first quarter of fiscal year 2018.

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

See Note 19 for additional discussion of taxation.

Guarantees

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

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

In connection with the 2007 separation, all tax liabilities associated with Covidien business became Covidien’s tax liabilities. Following Covidien’s spin-off of its Pharmaceuticals business to Covidien shareholders through a distribution of all the outstanding

ordinary shares of Mallinkrodt (2013 separation), Mallinckrodt became the primary obligor to the taxing authorities for the tax liabilities attributable to its subsidiaries, a significant portion of which relate to periods prior to the 2007 separation. However, Covidien remains the sole party subject to the Tax Sharing Agreement. Accordingly, Mallinckrodt does not share in the Group's liability to Tyco International and TE Connectivity, nor in the debtor that the Group has from Tyco International and TE Connectivity.

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

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

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

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

For the purpose of Section 357 of the Companies Act, 2014, the Company has undertaken to indemnify the creditors of the following subsidiaries incorporated in the Republic of Ireland, in respect of all losses and liabilities as referred to in Section 357 of the Companies Act 2014 for the financial year ending on April 28, 2017 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
- Covidien Ireland Commercial Limited

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

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

Other commitments

The Group has various commitments and contractual obligations that are not reflected in the Group's consolidated balance sheet at April 28, 2017, primarily related to operating leases, funding of cost and equity method investments, royalty and milestone payments, interest on debt obligations, and inventory purchase commitments. See Note 22 for additional discussion of commitments under operating leases.

At April 28, 2017, aggregate obligations for commitments related to the funding of cost or equity method investments and estimated milestone payments and royalty obligations was $308 million, of which $125 million relates to fiscal year 2018. 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 $13.5 billion at April 28, 2017, of which $1.1 billion relates to fiscal year 2018. See Note 11 for additional discussion of debt obligations.

The Group has inventory purchase commitments which are legally binding and specify minimum purchase quantities or amounts for inventory to be used in the normal course of business. At April 28, 2017, aggregate obligations for these commitments was $513 million, of which $304 million relates to fiscal year 2018. The amount also includes certain research and development arrangements. These commitments do not include open purchase orders with a remaining term of less than one year and do not exceed our projected requirements.

25. Segment, Geographic, and Employee Information

The Group's management evaluates performance and allocates resources based on profit before interest payable and similar charges, net, taxation and amortization of intangible assets, not including centralized distribution costs and corporate charges, as presented in the table below. The accounting policies of the reportable segments are the same as those described in Note 1. The financial information that is regularly reviewed by the Group's chief operating decision maker to assess performance and allocate resources changed during fiscal year 2017. As a result, the Group has revised the disclosure for prior periods to align with current presentation.

The Group's Cardiac and Vascular Group consists of three divisions: Cardiac Rhythm & Heart Failure, Coronary & Structural Heart, and Aortic & Peripheral Vascular. The primary products sold by this operating segment include products for cardiac rhythm disorders and cardiovascular disease, as well as services to diagnose, treat, and manage heart and vascular-related disorders and diseases. The products produced by this operating segment require highly-skilled, technical manufacturing processes and are distributed through direct sales representatives in the U.S. and through direct sales representatives and indirect distributors outside of the U.S. Further, the primary customers of this operating segment are surgeons and specialists and the regulatory approval process for the Cardiac and Vascular Group is similar across all divisions.

The Group's Minimally Invasive Therapies Group consists of two divisions: Surgical Solutions and Patient Monitoring & Recovery. The primary products sold by this operating segment include those which enhance patient outcomes through minimally invasive solutions. These products include those for advanced and general surgical care and patient monitoring, patient care, renal care, and airway and ventilation. Further, the regulatory approval process for the Minimally Invasive Therapies Group is similar across all divisions.

In the first quarter of fiscal year 2017, the Group realigned the divisions within the Restorative Therapies Group. The Group's Restorative Therapies Group consists of four divisions: Spine, Brain Therapies, Specialty Therapies, and Pain Therapies. The primary customers of this operating segment include spinal surgeons, neurosurgeons, and pain specialists. The products sold by this operating segment are distributed through direct sales representatives in the U.S. and through direct sales representatives and indirect distributors outside of the U.S. Further, the regulatory approval process for the Restorative Therapies Group is similar across all divisions.

The primary products sold by the Group's Diabetes Group include those for diabetes management, and the regulatory approval process for the Diabetes Group is similar across all divisions.

Turnover of the Group's reportable segments include end-customer turnover from the sale of products each reportable segment develops and manufactures or distributes. Segment disclosures are on a performance basis consistent with internal management reporting. Certain items are at corporate and centralized and are not allocated to the segments. Turnover and profit before other adjustments by reportable segment are as follows:

(in millions)	Fiscal Year 2017	2016
Cardiac and Vascular Group	$ 10,498	$ 10,196
Minimally Invasive Therapies Group	9,919	9,563
Restorative Therapies Group	7,366	7,210
Diabetes Group	1,927	1,864
Total	$ 29,710	$ 28,833

(in millions)	Fiscal Year 2017	2016
Cardiac and Vascular Group	$ 4,134	$ 3,986
Minimally Invasive Therapies Group	3,434	3,373
Restorative Therapies Group	2,868	2,671
Diabetes Group	690	667
Reportable segments' EBITA before other adjustments[1]	11,126	10,697
Impact of inventory step-up	(38)	(226)
Special charge	(100)	(70)
Restructuring charges, net [2]	(373)	(299)
Certain litigation charges	(300)	(26)
Acquisition-related items [2]	(230)	(283)
Amortization of intangible assets	(1,980)	(1,931)
Centralized distribution costs	(1,543)	(1,177)
Interest payable and similar charges, net	(728)	(955)
Corporate	(1,232)	(1,394)
Profit on ordinary activities before taxation	$ 4,602	$ 4,336

(1) Represents profit by segment before interest payable and similar charges, net, amortization of intangible assets, corporate charges, and centralized distribution costs.

(2) Restructuring charges, net and acquisition-related items within this table include the impact of amounts recognized within *cost of sales* in the consolidated profit and loss account.

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

(in millions)	April 28, 2017	April 29, 2016
Cardiac and Vascular Group	$ 15,192	$ 13,563
Minimally Invasive Therapies Group[1]	49,249	52,227
Restorative Therapies Group	15,441	14,564
Diabetes Group	2,641	2,592
Total assets of reportable segments	82,523	82,946
Corporate	17,293	16,698
Total Assets	$ 99,816	$ 99,644

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

Geographic Information

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

	Turnover to external customers		Tangible assets	
(in millions)	**2017**	**2016**	**April 28, 2017**	**April 29, 2016**
Americas[1]	$ 17,939	$ 17,578	$ 3,270	$ 3,728
EMEA[2]	6,739	6,700	709	708
Asia Pacific	3,443	3,060	192	220
Greater China	1,589	1,495	190	185
Consolidated	$ 29,710	$ 28,833	$ 4,361	$ 4,841

(1) The U.S., which is included in the Americas, had turnover to external customers of $16.7 billion and $16.4 billion in fiscal years 2017 and 2016, respectively. *Tangible assets* includes $2.5 billion and $3.3 billion in the U.S. in fiscal years 2017 and 2016, respectively.

(2) EMEA consists of the following regions: Europe, Middle East, and Africa. Turnover to Ireland was insignificant during all periods presented. Tangible assets includes $171 million and $169 million in Ireland in fiscal years 2017 and 2016, respectively.

No single customer represented over 10 percent of the Group's consolidated turnover in fiscal years 2017 or 2016.

Employee Information

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

	Fiscal Year	
	2017	**2016**
Cardiac and Vascular Group	30,054	30,085
Minimally Invasive Therapies Group	37,994	32,590
Restorative Therapies Group	17,436	17,630
Diabetes Group	5,720	5,668
Corporate Employees	10,193	7,118
Total	101,397	93,091

Total employee costs consisted of the following:

	Fiscal Year	
(in millions)	**2017**	**2016**
Wages and salaries	$ 7,278	$ 6,411
Social insurance	661	575
Stock-based compensation	348	375
Pension and postretirement costs	602	584
Other	394	413
Total	$ 9,283	$ 8,358

Employee costs capitalized during fiscal years 2017 and 2016, and subsequently not expensed, were $988 million and $872 million, respectively.

26. Directors' Remuneration

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

	Fiscal Year	
(in millions)	2017	2016
Emoluments:		
Aggregate emolument paid to or receivable by directors in respect of qualifying services	$ 8.8	$ 8.4
Money or value of other assets, including shares but excluding share options, paid to or receivable by the directors under long-term incentive schemes	8.0	7.4
Aggregate amount of gains by the directors on the exercise of share options	5.9	13.8
Total emoluments	$ 22.7	$ 29.6
Contributions to retirement benefits plans:		
Defined contribution[1]	$ —	$ —
Defined benefit[2]	0.2	0.2
Total contributions to retirement benefits plans	$ 0.2	$ 0.2
Total emoluments and contributions	$ 22.9	$ 29.8

(1) Includes contributions to the CEO; no contributions were made to non-executive directors in the periods presented. Contributions to the CEO were $11 thousand and $12 thousand for fiscal years 2017 and 2016, respectively.

(2) Includes contributions to the CEO; no contributions were made to non-executive directors in the periods presented. Contributions to the CEO were $246 thousand and $212 thousand for fiscal years 2017 and 2016, respectively.

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

27. Auditors' Remuneration

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

	Fiscal Year	
(in millions)	2017	2016
Audit of the Group financial statements	$ 16.4	$ 16.7
Other assurance services	2.9	0.5
Tax advisory services	2.1	3.0
Total remuneration	$ 21.4	$ 20.2

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

	Fiscal Year	
(in millions)	2017	2016
Audit of the Group financial statements	$ 0.7	$ 0.7
Other assurance services	0.2	—
Tax advisory services	—	0.2
Total remuneration	$ 0.9	$ 0.9

28. Subsequent Events

As discussed in Note 1, these Consolidated Financial Statements are prepared using U.S. GAAP to the extent that the use of such principles does not contravene Irish Company Law. The Consolidated Financial Statements included in the Annual Report on Form 10-K as filed on June 27, 2017 with the U.S. SEC are prepared using U.S. GAAP. The primary differences between these statutory financial statements and the Consolidated Financial Statements included on Form 10-K are the presentation of the income statement and balance sheet, the inclusion of certain additional disclosures, and adjustments for certain subsequent events occurring after the balance sheet date but before the approval of this report.

Subsequent to April 28, 2017, purchase accounting adjustments were made to the HeartWare opening balance sheet to finalize the allocation of purchase price related to other assets, goodwill, and contingent liabilities. The following purchase accounting adjustments were made to previously reported balances on Form 10-K related to the opening balance sheet of HeartWare:

(in millions)	As Reported in Form 10-K	Purchase Accounting Adjustments	Adjusted Balance
Other current assets	$ 351	$ —	$ 351
Property, plant and equipment	14	—	14
Other intangible assets	625	—	625
Goodwill	427	54	481
Other assets	55	29	84
Total assets acquired	1,472	83	1,555
Current liabilities	143	—	143
Deferred tax liabilities	6	—	6
Long-term debt	245	—	245
Other liabilities	6	83	89
Total liabilities assumed	400	83	483
Net assets acquired	$ 1,072	$ —	$ 1,072

On July 29, 2017, the Group's Minimally Invasive Therapies Group sold the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses within the Patient Monitoring and Recovery division to Cardinal Health, Inc. (Cardinal) for total consideration of $6.1 billion. Among the product lines included in the divestiture are the dental/animal health, chart paper, wound care, incontinence, electrodes, SharpSafety, thermometry, perinatal protection, blood collection, compression, and enteral feeding offerings. The divestiture also included 17 dedicated manufacturing sites. The after-tax proceeds are estimated to be approximately $5.6 billion to $5.8 billion. In connection with the transaction, the Group has entered into Transition Service Agreements (TSAs)

and Transition Manufacturing Agreements (TMAs) with Cardinal designed to ensure and facilitate an orderly transfer of business operations. The TSAs are primarily related to administrative services for terms generally between 6 and 12 months, with an ability to extend upon mutual agreement of both parties. Under the TMAs, both the Group and Cardinal will manufacture and supply certain products to each other for a transition period of up to 5 years. On August 3, 2017, the Group used a portion of the proceeds received from Cardinal to repay its senior unsecured term loan, including accrued interest, for $3.0 billion.

On August 10, 2017 the Group received a tax ruling confirming the treatment of various intercompany transactions which have the effect of utilizing the $12 billion of non-U.S. special deductions previously disclosed in the Group's Annual Report on Form 10-K for the fiscal year ended April 28, 2017. The ruling will allow the Group to offset some of the gain on the sale of the Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses as well as recognize an income tax benefit associated with an intercompany sale of intellectual property. The Group is still assessing the financial statement impact of these events.

29. Subsidiary Undertakings

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
7157240 Canada Inc.	Healthcare	100	16771 Chemin Ste-Marie Kirkland H9H 5H3 Canada
Ablation Frontiers L.L.C.	Healthcare	100	2210 Farday Ave Ste 100 Carlsbad Caifornia 92008 United States
Accucomp (Pty.) Ltd.	Healthcare	100	379 Roan Crescent Corporate Park North PO Box 8108 1685 South Africa
Accufusion (Pty.) Ltd.	Healthcare	100	379 Roan Crescent Corporate Park North PO Box 8108 1685 South Africa
Advanced Absorbent Products Holdings Limited	Holding Company	100	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, Tennessee 37959 United States
Aircraft Medical Ltd.	Healthcare	100	10 St. Andrew Square, Edinburgh EH2 2AF, Scotland
Airox	Healthcare	100	11 Rue Marechal Foch Pau 64000 France
Airox, Inc.	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 02048 United States
Arterial Vascular Engineering Canada, Company	Healthcare	100	Brookfield Pl Ste 2100 181 Bay St Toronto, Ontario Canada
Arterial Vascular Engineering UK Limited	Healthcare	100	Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom
ASE Partners SAS	Healthcare	100	2 rue Diderot LaClef de St Pierre Elancourt 78990 France
ATS Acquisition Corp.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Auto Suture do Brasil Ltda.	Healthcare	100	900 Moema Sao Paula SP-CEP-04074-020 Sao Paula Brazil
Auto Suture European Services Center	Healthcare	100	16 Place de l'Iris Tour CB21 Courbevoie 92400 France
Auto Suture Holdings Pty Ltd	Healthcare	100	TMF Corporate Services (Aust) Pty Limited, Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
Auto Suture Puerto Rico, Inc.	Healthcare	100	P.O. Box 7292 Sabanetas Industrial Park Ponce 00731 Puerto Rico
BARRX Medical Inc.	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 02048 United States
Beacon Endoscopic LLC	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 02048 United States

Beijing Libeier Bio-engineering Institute Co., Ltd.	Healthcare	100	No 100, 6th Kechuang Street Economic & Technological Development Area East Beijing 100176 China
Bellco Canada Inc.	Healthcare	100	2900 Argenta Road, Unit 10, Mississauga, Ontario L5N 7X9, Canada
Bellco Do Brasil	Healthcare	100	Rue Sampaio Viana no, 277, conuncto 91, Paraiso, CEP.04.004-000, Sao Paulo, Brazil
Bellco France S.A.S.	Healthcare	100	8 allée Hendrik Lorentz le Parc de Haute Maison, Immeuble D5 Champs Sur Marne, BP2 77447 Marne La Vallée Cedex 2, Marne La Vallée 77447, France
Bellco Hoxen Medical (Hong Kong) Co. Limited	Healthcare	70	Suite 5501, 55th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Bellco Hoxen Medical (Shanghai) Co. Ltd.	Healthcare	70	Room 906-909, No. 333, Jiujiang Road, Huangpu District, Shanghai, China
Bellco Nordic AB	Healthcare	100	Solna Business Park, Svetsarvägen 15, Solna 171 41, Sweden
Bellco S.r.l.	Healthcare	100	1 via Camurana, Mirandola 41037, Italy
Between Investeringsgroep B.V.	Holding Company	51	Amersfoortseweg 43, Huis ter Heide 3712 BA, Netherlands
Biostar Biomedikal Mühendislik Anonim Sirketi	Healthcare	100	Saray Mh. Esnaf Cad. No:2 Da:6 Akkom Ofis Prk., Laodik Plz.B Bl Ümraniye, Istanbul 34768, Turkey
Boryung Bellco Korea Ltd.	Healthcare	100	Yeoksamdong, Sungil Building) #506 , 139, Yeoksam-ro, Gangnam-gu, Seoul, Oman
Bo Yao (Shanghai) Medical Device Co. Ltd.	Healthcare	100	Part A, 4th Floor, No. 180 Ri Jing Road, Pilot Free Trade Zone, Shanghai
CardioInsight Technologies Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Carmel Biosensors Ltd.	Healthcare	100	c/o Yigal Aron & Co., 1 Azriel Center, Tel Aviv 67021 Israel
CCI Centro Covidien de Inovação e Educação para a Saúde Ltda	Healthcare	100	Av. Jornalista Roberto Marinho, 85, 9th floor Sao Paolo 04.576-01 Brazil
CCI Istanbul Teknolojik Hizmetler Limited Sirketi	Healthcare	100	No:2 K-1/0/1/2, Umraniye Istanbul Turkey
CDK U.K. Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Changzhou InnoPedics Medical Device Co., Ltd	Healthcare	100	11 #, North Changjiang Road, Xinbei District,, Changzhou, Jiangsu, 213033, China
Changzhou Kangdi Medical Stapler Co., Ltd.	Healthcare	100	No. 16 Kunlun Road, Zinbei Zone, Changzhou City Jiangsu Province China
Changzhou Kanghui Medical Innovation Co., Ltd.	Healthcare	100	No. 16 Kunlun Road, Zinbei Zone, Changzhou City Jiangsu Province China
CircuLite GmbH	Healthcare	100	Langenhagen Geschäftsanschrift: Grovestraße 16, Langenhagen 30853, Germany
CircuLite, Inc.	Healthcare	100	500 Old Connecticut Path, Framingham, Massachusetts 01701, United States
Comercial Kendall (Chile) Limitada	Healthcare	100	VItacura 2763 Ofice 501 Las Condes Santiago Chile
Corventis Europe BVBA	Healthcare	100	Burgemeester Etienne Demunterlaan 5, 1090 Jette 1090, Belgium
Corventis Pte. Ltd.	Healthcare	100	101 Thomson Road, #14-02/03 United Square, Singapore 307591
Covidien (China) Medical Devices Technology Co., Ltd.	Healthcare	100	Room 302-16 No 8, 188 New Jun Hoan Rd., Minhang District, Shanghai, PR China
Covidien (Gibraltar) Holding Limited	Holding Company	100	57/63 Line Wall Road Gibraltar

Covidien (Gibraltar) Limited	Holding Company	100	57/63 Line Wall Road Gibraltar
Covidien (HKSAR) Co., Limited	Holding Company	100	Unit 12-16, 18th Floor, BEA Tower Milennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon Hong Kong
Covidien (Israel) Ltd.	Healthcare	100	5 Shacham Street, PO Box 3069 North Industrial Park Caesaria Israel
Covidien (Proprietary) Limited	Healthcare	100	Corner of K101 & Bridal Veil Road, Waterfall Distribution Center, Midland 1685, South Africa
Covidien (Shanghai) Management Consulting Co., Ltd.	Healthcare	100	3rd & 4th Floor Tyco Plaza Caohejing Hi-Tech Park, 99 Tian Zhou Road Shanghai 200233 China
Covidien (Thailand) Limited	Healthcare	100	319 Chamchuri Square / 17th Floor, Unit 1-8 Phayathai Road, Pathumwan Sub-District Bangkok 10330 Thailand
Covidien (UK) Commercial Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Covidien (UK) Manufacturing Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Covidien AG	Healthcare	100	Victor von Bruns-Strasse 19 Neuhausen am Rheinfall CH-8212 Switzerland
Covidien Argentina S.A.	Healthcare	100	Agencia Numero 11, Carolos Pellegrini N685 1 Piso//Ciudad Autonoma, Buenos Aires 1009 Argentina
Covidien Asia Investments Limited	Holding Company	100	c/o MauriTrust Consulting & Management Limited 210, St. James Court, Rue St. Denis Port Louis Mauritius
Covidien Australia Pty Ltd	Healthcare	100	TMF Corporate Services (Aust) Pty Limited, Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
Covidien Belgium 2 NV	Healthcare	100	Burgemeester Etienne Demunterlaan 5, 1090 Jette 1090 , Belgium
Covidien Canada Holdings (A) Cooperatie U.A.	Holding Company	100	Earl Bakkenstraat 10, Herleen 6422PJ, Netherlands
Covidien Canada Holdings (B) Cooperatie U.A.	Holding Company	100	Earl Bakkenstraat 10, Herleen 6422PJ, Netherlands
Covidien Canada Holdings (C) Cooperatie U.A.	Holding Company	100	Earl Bakkenstraat 10, Herleen 6422PJ, Netherlands
Covidien Canada Holdings LLC	Holding Company	100	15 Hampshire Street Mansfield Massachusetts 02048 United States
Covidien Canada ULC	Healthcare	100	12th floor Fifth Avenue Place 425 - 1st Street, S.W. Calgary, Alberta T2P 3L8 Canada
Covidien Caribbean, Inc.	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 02048 United States
Covidien Colombia S.A.	Healthcare	100	Carretera Central Norte Km 18, Edificio Prados de la Morea viaChia, Chi-Cundianamarca, Columbia
Covidien Delaware VI Corp.	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 02048 United States
Covidien Deutschland GmbH	Healthcare	100	Gewerbepark 1 Neustadt 93333 Germany
Covidien Engineering Services Private Limited	Healthcare	99.99	DLF Cyber City, Block No. 3, Ground Floor, Plot No. 129 to 132, APHB Colony, Gachibowli Hyderabad 5000019 India
Covidien Eurasia LLC	Healthcare	100	2nd Syromyatnichesky side-street 1 Moscow 105120 Russia
Covidien Finance International GmbH	Healthcare	100	Victor von Bruns-Strasse 19 Neuhausen am Rheinfall 8212 Switzerland
Covidien Finance Ireland Limited	Healthcare	100	20 On Hatch, Lower Hatch Street, Dublin 2, Ireland
Covidien France Holdings (A) Cooperatie U.A.	Holding Company	100	Earl Bakkenstraat 10, Herleen 6422PJ, Netherlands

Covidien France Holdings (B) Cooperatie U.A.	Holding Company	100	Earl Bakkenstraat 10, Herleen 6422PJ, Netherlands
Covidien France Holdings, Inc.	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Group Holdings Limited	Healthcare	100	Appleby , Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda
Covidien Group S.a.r.l.	Holding Company	100	3b, bd Prince Henri Luxembourg L-1724 Luxembourg
Covidien Healthcare Holding UK Limited	Holding Company	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Covidien Healthcare India Private Limited	Healthcare	100	4th Floor, Tower A & B, SAS Tower, Medanta the Medicity Complex, Sector-38, Gurgaon 122001, India
Covidien Healthcare International Trading (Shanghai) Co., Ltd.	Healthcare	100	Part 102, Building 2, No. 556 Fasai Road Shanghai 200233
Covidien Healthcare Trading (Shanghai) Co., Ltd.	Healthcare	100	Room 01, 9/F, Building 6, No. 1528 Gumei Road Caohejing Hi-Tech Park, Zuhui District Shanghai 200233 China
Covidien Holding Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Holdings International Corporation	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Holdings Ireland Limited	Holding Company	100	20 On Hatch, Lower Hatch Street, Dublin 2 Ireland
Covidien Holdings S.a.r.l.	Holding Company	100	3b Bld Prince Henri L-1724 Luxembourg
Covidien Hong Kong No.2 Limited	Healthcare	100	Unit 12-16, 18th Floor, BEA Tower Millennium City 5, 418 Kwun Tong Road Kowloon Hong Kong
Covidien Hungary Kft.	Healthcare	100	Mariassy u7, 1095 Budapest 1095, Hungary
Covidien International (US) Holdings A, LLC	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien International Finance S.A.	Holding Company	100	3b Bld Prince Henri L-1724 Luxembourg
Covidien International S.a.r.l.	Healthcare	100	3b Bld Prince Henri L-1724 Luxembourg
Covidien Ireland Commercial Limited	Healthcare	100	55 Merrion Sq, Dublin 2 Ireland
Covidien Ireland Limited	Healthcare	100	Srah Industrial Estate, Tullamore, Co. Offaly Ireland
Covidien Israel Holdings Ltd	Holding Company	100	5 Shacham St North Industrial Park Caesarea PO 3069, Caesarea 38900 Israel
Covidien Israel Investments Ltd	Healthcare	100	5 Shacham St North Industrial Park Caesarea PO 3069, Caesarea 38900 Israel
Covidien Israel Surgical Research Ltd	Healthcare	100	7 Hamerape St., Jerusalem, Israel
Covidien Japan, Inc.	Healthcare	100	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 Massachusetts 02048 United States
Covidien Logistics BVBA	Healthcare	100	Weg naar Zwartberg, Opglabbeek 3660 Belgium
Covidien LP	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Lyon	Healthcare	100	27-33 Quai Alphonse Le Gallo, Boulogne-Billancourt, France

Covidien Manufacturing Grenoble	Healthcare	100	16 avenue du Général de Gaulle BP117F38 800 Le Pont de Claix France
Covidien Manufacturing Solutions, S.A.	Healthcare	100	BLP Abogados Building, Via Lindora Business Center, Raidal Santa Ana-San Antonio de Belen, San Jose KM3 Costa Rica
Covidien Medical	Healthcare	100	53 Dubininskaya Street, Bldg 5, Moscow 115054 Russia
Covidien Medical Products (Shanghai) Manufacturing L.L.C.	Healthcare	100	Building #10, No. 789 Puxing Road, Caohejing EPZ Pujiang Town, Minhang District Shanghai 201114 China
Covidien Peru S.A.	Healthcare	100	Av.E. Cavenecia No. 225 of. 405, Lima 27, Peru
Covidien Philippines, Inc.	Healthcare	99.99	Unit 1905-1906 Hanstm Sq, San Miguel Avenue Ortiqas Center, Pasig City, 1065 Philippines
Covidien Private Limited	Healthcare	100	50 Pasir Panjang Road, #04-51 Mapletree Business City, Singapore 117384
Covidien Pty Limited	Healthcare	100	TMF Corporate Services (Aust) Pty Ltd Level 16, 201 Elizabeth Street, Sydney NSW 2000
Covidien Sales LLC	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 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 Massachusetts 02048 United States
Covidien Ventures Ltd.	Healthcare	100	Appleby Hamilton Canon's Court, 22 Victoria Street HM12 Bermuda
Covidien VII (Denmark) ApS	Holding Company	100	Arne Jacobsens Alle 7 5th Floor, 2300 Copenhagen 2300 Denmark
Davis & Geck Caribe Limited	Healthcare	100	Close Brothers (Cayman) Limited, PO Box 1034, Harbour Place, 103 South Church St, George Town KY1-1102 Grand Cayman
Dendron GmbH	Healthcare	100	Earl-Bakken-Platz, Meerbusch 40670, Germany
Diabeter Nederland B.V.	Healthcare	100	Blaak 6 Rotterdam 3011 TA Netherlands
DISAB Diagnostic Imaging Holding AB	Holding Company	100	c/o Tyco Healthcare Norden AB PO Box 54 Solna SE-171 74 Sweden
Especialidades Medicas Kenmex, S.A. de C.V.	Healthcare	100	Calle: 9 SUR No. 125 Ciudad Industrial Rijuana 22244 Mexico
Eur-o-Flex de Mexico S.A. de C.V.	Healthcare	100	Avenida Insurgentes Sur No. 863, Piso 15 y 16, Col. Napoles Deleg. Benito Juarez CP 03810 Mexico
ev3 Australia Pty Limited	Healthcare	100	TMF Corporate Services (Aust) Pty Ltd Level 16, 201 Elizabeth Street, Sydney NSW 2000
ev3 B.V.	Healthcare	100	Earl Bakkenstraat 10, Herleen 6422PJ, Netherlands
ev3 Canada Inc.	Healthcare	100	44 Chipman Hill, PO Box 7289 Stn. "A" Suite 1000 Canada

ev3 International, Inc.	Healthcare	100	3033 Campus Drive, Plymouth MN 55441 United States
ev3 Medical Devices (Beijing) Company, Ltd.	Healthcare	100	Room 2501, Building B, Chaowai MEN Tower, No. 26 Chao Yang Men Wai Street, Chaoyang District, Beijing 1000020 China
First Lafayette Holdings LLC	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Floreane Medical Implants	Healthcare	100	116 avenue du Formans Trevoux 016600 France
GC Holdings, Inc.	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 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, Connecticut 06511 United States
Given Imaging B.V.	Healthcare	100	Earl Bakkenstraat 10, Heerlen 6422PF, Netherlands
Given Imaging do Brazil Ltda.	Healthcare	100	Rua Cayowaa No 225mm Sala 20 Perdizes Sao Paolo CEP05018-000 Brazil
Given Imaging GmbH	Healthcare	100	Earl-Bakken-Platz, Meerbusch 40670, Germand
Given Imaging Ltd.	Healthcare	100	2 Hacarmel Street, New Industrial Park, Yoqneam 20692 Israel
Given Imaging Pty Limited	Healthcare	100	TMF Corporate Services (Aust) Pty Ltd Level 16, 201 Elizabeth Street, Sydney NSW 2000
Given Imaging Vietnam Co., Ltd.	Healthcare	100	Unit 6A, 6th Fl, Standard Factory Building, 14th Street Ho Chi Minh City Vietnam
Given Imaging, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Graphic Controls (Barbados), Ltd.	Healthcare	100	PO Box 169W Bridgetown Barbados
Graphic Holdings, Inc.	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Haemopharm Biofluids S.r.l.	Healthcare	100	Via dell'Industria 6, Tovo di Sant'Agata (SO), 23030, Italy
Healthcare Aviation Trust	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Heartstone Services GmbH	Healthcare	100	Victor von Bruns-Strasse 1919 8212 Neuhausen am Rheinfall Switzerland
Heartware (UK) Limited	Healthcare	100	40 Bank Street , Level 29, London E14 5DS, United Kingdom
Heartware France SAS	Healthcare	100	6 Place de la Madeleine, Paris 75008, France
Heartware GmbH	Healthcare	100	GrovestraBe 16, Hannover-Langenhagen 30853, Germany
Heartware Hong Kong Limited	Healthcare	100	5/F, Heng Shan Centre, 145 Queen's Road East, Wanchai, Hong Kong
HeartWare International, Inc.	Healthcare	100	205 Newbury Street Suite 101, Framingham, Massachusetts 01701, United States
Heartware Pty Limited	Healthcare	100	c/o Mcburney & Partners, Level 10, 68 Pitt Street, Sydney NSW 2000, Australia
Heartware Sweden, AB	Healthcare	100	Norrlandsgatan15, PO Box 7714, 10395 Stockholm
HeartWare, Inc.	Healthcare	100	205 Newbury Street, Suite 101, Framingham, Massachusetts 01701, United States
HET Systems, LLC	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States

IHS Argentina SA	Healthcare	100	Cerrito 1070 Piso 3° Oficina 71, Ciudad Autónoma de Buenos Aires, Argentina
IHS Managed Services SAS	Healthcare	100	Avenida Calle 116 No. 7-15 Oficina 1101 , Bogotá D.C. 110111, Colombia
IHS SAGLIK HIZMETLERI LTD STI	Healthcare	100	Saray mah.Esnaf sok. Akkom Ofis Park Laodik Plaza No: , 2 K.4, Ümraniye Istanbul, Istanbul, Turkey
Imedex Biomateriaux	Healthcare	100	116 avenue du Formans Trevoux 016600 France
Inbrand Holdings Limited	Holding Company	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Inbrand Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Inbrand UK Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
India Medtronic Private Limited	Healthcare	100	1241, Solitaire Corporate Pk, Bldg No 12, 4th fl, Andheri-Ghatkopar Link Rd, Andheri(E), Mumbai 400093, India
InnerDyne Holdings, Inc.	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
InnerDyne, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Instruventional Inc.	Healthcare	100	99 Hereford Street, Brampton L6YOR3, Canada
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 Patient Recovery BVBA	Healthcare	100	Burgemeester Etienne Demunterl. 5, Jette 1090, Belgium
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
Kendall-Gammatron Limited	Healthcare	100	117 Moo 2, Tambol Klongmai, Amphur Sampran Nakorn Phathom Province 73110 Thailand
KMS Colon, Panama, S.A.	Healthcare	100	Avenida anta Isabel y Calle 20 Colon PO Box 0302-00504 Colon Zona Libre Panama
KMS Montevideo, Uruguay, S.A.	Healthcare	100	Lavalleja Ruta 8 Km. 17500 Edif. Costa Park Zonamerica Montevideo 33126 Uruguay
KPR Australia Pty Ltd	Healthcare	100	c/o Baker & Mckenzie, Level 27, AMP Centre, 50 Bridge Street, Sydney, NSW, 2000, Australia

KPR U.S., Inc.	Holding Company	100	3033 Campus Drive, Plymouth, Minnesota 55441, United States
KPR U.S., LLC.	Healthcare	100	1209 Orange Street, Wilmington, Delaware 19801, United States
Kyphon Cayman Ltd.	Healthcare	100	Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman
Kyphon Ireland Research Holding Limited	Healthcare	100	Parkmore Business Park West Ballybrit Galway Ireland
Kyphon Sàrl	Healthcare	100	Pierre-a-Bot 97, Neuchatel 2000, Switzerland
Kyphon South Africa (Proprietary) Ltd.	Healthcare	100	Waterfall Distribution Campus, CNR K101 and Bridal Veil Road, Waterfall Midrand 1685, South Africa
La Trevoltiane	Healthcare	100	116 avenue de Formans Trevoux 01600 France
Laboratoire Soludia SAS	Healthcare	100	Route de Revel, Fourquevaux 31450 , France
Lafayette Healthcare Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Lazarus Effect LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Lazarus Effect, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Life Design Systems, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Ludlow Technical Products Canada, Ltd.	Healthcare	100	215 Herbert Street Gananoque Ontario K7G 2Y7 Canada
Ludlow Technical Products Corporation	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Ludlow Technical Products France	Healthcare	100	27-33 Quai Alphonse Le Gallo, Boulogne-Billancourt, France
Magnolia Medical, LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Makani II Unlimited Company	Healthcare	100	20 Lower Hatch Street, Dublin 2 Ireland
Mallinckrodt DAR Srl	Healthcare	100	Via G. Bove 2-4-6-8, 41037 Mirandola MO, Italy
Mallinckrodt Holdings B.V.	Holding Company	100	Earl Bakkenstraat 10, Heerlen 6422PJ, Netherlands
Mallinckrodt Holdings, LLC	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Mallinckrodt International Financial Services Company	Healthcare	100	20 On Hatch Lower Hatch Street, 1st Floor Dublin 2, Ireland
Mallinckrodt Medical S.A.	Healthcare	100	Avenida de San Pablo 28 Edificio II Poligono Industrial Coslada, Madrid Spain
Mallinckrodt Medical Unlimited Company	Healthcare	100	Cornamaddy Industrial Estate, Athlone, County Westmeath, Ireland
Mallinckrodt Polska Sp.z o.o.	Healthcare	100	Ul. Polna 11, Warszawa 00-633, Poland
Mallinckrodt Sweden AB	Healthcare	100	PO Box 54, Solna SE 171 74 Sweden
Mallinckrodt US LLC	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Mareane	Healthcare	100	116 Avenue Formans Trevoux 01600 France
Medefield Pty Limited	Healthcare	100	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
Mediquip Sdn. Bhd.	Healthcare	100	10th Floor Menara Hap Seng No. 1 & 3 Jalan P. Ramlee 50250 Kuala Lumpur, Malaysia
Medtronic - Sequoia (Cayman) Innovation Investment Management Partners, Ltd.	Healthcare	100	Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, Cayman Islands
Medtronic (Africa) (Proprietary) Limited	Healthcare	100	Waterfall Distribution Campus, CNR K101 and Bridal Veil Road, Waterfall Midrand 1685, South Africa
Medtronic (Schweiz) A.G. (Medtronic (Suisse) S.A.)	Healthcare	100	Talstrasse 9 Munchenbuchsee 3053 Switzerland
Medtronic (Shanghai) Ltd.	Healthcare	100	10th Fl, Bldg. 3 No 6 Lane 3158 Long Dong Avenue Shanghai
Medtronic (Shanghai) Management Co. Ltd.	Healthcare	100	Floor 3, No 180 Rijing Road, Shanghai 201203
Medtronic (Taiwan) Ltd.	Healthcare	100	2F, No. 2, Sec. 1, Dunhua S. Road, Songshan District, Teipei City, Taiwan R.O.C. 10506, Russia
Medtronic (Thailand) Limited	Healthcare	100	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, California 92008 United States
Medtronic Ablation Frontiers LLC	Healthcare	100	2210 Faraday Avenue, Suite 100, Carlsbad, California 92008 United States
Medtronic Ablation Reorganization LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Adriatic d.o.o.	Healthcare	100	Folnegoviceva lc Zagreb Croatia
Medtronic Advanced Energy Acquisition LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Advanced Energy LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Advanced Energy Luxembourg S.a.r.l.	Healthcare	100	3b, bd Prince Henri Luxembourg L-1724 Luxembourg
Medtronic Advanced Energy Luxembourg S.a.r.l. LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic AF Acquisition LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic AF Luxembourg S.a r.l.	Healthcare	100	3b, bd Prince Henri Luxembourg L-1724 Luxembourg
Medtronic AG	Holding Company	100	Victor von Bruns-Strasse 19, 8212 Neuhausen am Rheinfall, Neuhausen am Rheinfall 8212, Switzerland
Medtronic Aktiebolag	Healthcare	100	Farogatan 33, P.O. Box 1034, Kista 164 51, Sweden
Medtronic Angiolink, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Ardian Acquisition LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Ardian LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States

Medtronic Ardian Luxembourg S.a.r.l.	Healthcare	100	3b, bd Prince Henri Luxembourg L-1724 Luxembourg
Medtronic Ardian Luxembourg S.a.r.l. LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Asia, Ltd.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic ATS Medical, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Australasia Pty Limited	Healthcare	100	5 Alma Road, Macquarie Park, NSW 2113, Australia
Medtronic B.V.	Healthcare	100	Earl Bakkenstraat 10, Heerlen 6422 PJ, Netherlands
Medtronic Bakken Research Center B.V.	Healthcare	100	Endepolsdomein 5, Maastricht 6229 GW, Netherlands
Medtronic Bangladesh Pvt. Ltd.	Healthcare	100	Unit No 606, Level-6 Shanta Western Tower, 186, Gulshan-Tejgaon Link Road, Industrial Estate, Tejgaon, India
Medtronic Belgium S.A./N.V.	Healthcare	100	Burgemeester Etienne De Munterlaan 5 (Avenue du Bourgmestre Etienne De Munter 5) Brussels 1090
Medtronic Bio-Medicus, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic BioPharma B.V.	Healthcare	100	Earl Bakkenstraat 10, Heerlen 6422 PJ, Netherlands
Medtronic BioPharma Sàrl	Healthcare	100	Route de Pierre-a-Bot 97 Neuchatel 2000, Switzerland
Medtronic Braun, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Bulgaria EOOD	Healthcare	100	22 Emile de Laveleye Street, Vazrazhdane Region, Sofia 1000, Bulgaria
Medtronic Care Management Services, LLC	Healthcare	100	7980 Century Blvd, Chanhassen, Minnesota 55317 United States
Medtronic Chile SpA	Healthcare	100	Av.Cerro Colorado 5240, pico 10 torre II, Las Condes, Santiago, Chile
Medtronic China Kanghui Holdings	Holding Company	100	Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman
Medtronic China, Ltd.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic China Venture Fund (Cayman), L.P.	Healthcare	67	P.O. Box 309, Ugland House, South Church Street, George Town, Cayman Islands
Medtronic Comercial Ltda.	Healthcare	100	Joaquim Floriano Street, 100-7th Floor, Sao Paulo CEP 04534-000, Brazil
Medtronic CoreValve LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic CryoCath LP	Healthcare	100	9000, Trans-Canada Highway, Pointe-Claire, Quebec H9R 5Z8, Canada
Medtronic CV Luxembourg LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic CV Luxembourg S.a.r.l.	Healthcare	100	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 Europe BVBA/SPRL	Healthcare	100	Burgemeester Etienne De Munterlaan 5 (Avenue du Bourgmestre Etienne De Munter 5) Brussels 1090 Belgium
Medtronic Europe Sàrl	Healthcare	100	Route du Molliau 31 Case-postale Tolochenaz 1131 Switzerland
Medtronic Fabrication SAS	Healthcare	100	Route d'Anor Zone Industrielle Fourmies 59610 France
Medtronic Finance Holdings ULC	Holding Company	100	P.O. Box 309, Ugland House, Grand Cayman KY1-1104 Cayman Islands
Medtronic Finland Oy	Healthcare	100	Lentäjäntie 3, Vantaa 01530, Finland
Medtronic France S.A.S.	Healthcare	100	27/33 quai Alphonse le Gallo, Immeuble ILEO, Boulogne Billancourt 92100, France
Medtronic G.m.b.H.	Healthcare	100	Earl-Bakken-Platz 1 Dusseldorf Meerbusch 40670 Germany
Medtronic Global Holdings GP S.à r.l.	Holding Company	100	3b Boulevard Prince Henri, L-1724, Luxembourg
Medtronic Global Holdings S.C.A.	Holding Company	100	3b Boulevard Prince Henri, L-1724, Luxembourg
Medtronic Group Holding, Inc.	Holding Company	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Hellas Medical Device Commercial S.A.	Healthcare	99.95	Kifisias Avenue 24, Maroussi, Attika 151 25, Greece
Medtronic Holding B.V.	Holding Company	100	Earl Bakkenstraat 10, Heerlen 6422 PJ, Netherlands
Medtronic Holding Switzerland G.m.b.H.	Holding Company	100	c/o Acton Treuhand AG, Gotthardstrasse 28, Zug 6304, Switzerland
Medtronic Holding, Inc.	Holding Company	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Holdings Unlimited	Holding Company	100	Citco B.V.I. Limited, Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola
Medtronic Hong Kong Limited	Healthcare	100	Suite 1106-11 11/F, Tower 1 Slkotas ut Hong Kong
Medtronic Hong Kong Medical Limited	Healthcare	100	Suite 1106-11, 11/F., Tower 1, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong
Medtronic Hungaria Kereskedelmi Kft	Healthcare	100	Bocskai ut 134-136, Budapest 1113 Hungary
Medtronic Ibérica S.A.	Healthcare	100	Calle Maria de Portugal 11, 3rd Floor, Madrid 28050, Spain
Medtronic Integrated Health Solutions LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International Holding LLC	Holding Company	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International Technology, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International Trading Pte. Ltd.	Healthcare	100	#49, Changi South Avenue 2, NASACO TECH CENTRE,Singapore 486056, Singapore

Medtronic International Trading Sàrl	Healthcare	100	Route du Molliau 31, Tolochenaz CH-1131, Switzerland
Medtronic International Trading, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic International, Ltd.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Interventional Vascular, Inc.	Healthcare	100	35a Cherry Hill Drive Danvers Massachusetts 01923 United States
Medtronic Invatec LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic IP Holding International Luxembourg S.a.r.l.	Holding Company	100	3b, bd Prince Henri Luxembourg L-1724 Luxembourg
Medtronic Ireland Limited	Healthcare	100	Unit Ga, Swords Business Campus, Balheary Road, Swords, Co Dublin, Ireland
Medtronic Ireland Manufacturing Unlimited Company	Healthcare	100	Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland
Medtronic Irish Finco Unlimited Company	Healthcare	100	20 Lower Hatch Street, Dublin 2 Ireland
Medtronic Italia S.p.A.	Healthcare	100	Via Varesina 162 Milano 20156, Italy
Medtronic Japan Co., Ltd.	Healthcare	100	1-2-70 Konan, Minato-ku, Tokyo 108-0075, Japan
Medtronic Jolife LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Kazakhstan Limited Liability Partnership	Healthcare	100	VP-2/1, Nursaya-1, D.Konayev Street, Yesil District, Astana, Kazakhstan
Medtronic KL Holdings LLC	Holding Company	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Korea Ltd.	Healthcare	100	17th Floor (Glass Tower, Daechi-dong), 534, Teheran-ro, Gangnam-gu, Seoul, Korea
Medtronic Latin America, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Limited	Healthcare	100	Building 9, Croxley Green Business Park, Hatters Lane, Watford WD18 8 WW, United Kingdom
Medtronic LLC	Healthcare	100	Naberezhnaya Tower, Tower C, Presnenskaya Naberezhnaya 10, Moscow 123317, Russia Federation
Medtronic Logistics LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Luxembourg Global Holdings S.à r.l.	Holding Company	100	3b Boulevard Prince Henri, L-1724, Luxembourg
Medtronic Malaysia Sdn. Bhd.	Healthcare	100	10th Floor Menara Hap Seng No. 1 & 3 Jalan P. Ramlee 50250 Kuala Lumpur, Malaysia
Medtronic Medical Device (Chengdu) Co., Ltd.	Healthcare	100	3/F 180 Rijing Road, Shanghai Waigaoqiao Free Trade Zone, Shanghai
Medtronic Medikal Teknoloji Ticaret Limited Sirketi	Healthcare	100	Saray Mah. Dr. Adnan Buyukdeniz Cad., Akkom Ofis Park 2. Blok No: 4 Kat:18, Umraniye, Istanbul 34768, Turkey
Medtronic Mediterranean SAL	Healthcare	99.9	Regional Development Center, St. Charles City Center - 6th Floor, Omar Daouk Street, PO Box 13-6572, Beirut, Lebanon
Medtronic META FZ-LLC	Healthcare	100	Dubai Technology & Media Free Zone, Dubai, United Arab Emirates
Medtronic Mexico S. de R.L. de C.V. (Tijuana)	Healthcare	100	Paseo Cucapa #10510 El Lago, Tijuana B.C. Mexico 22210
Medtronic Micro Motion Sciences, Inc.	Healthcare	100	7000 Central Avenue N.E. Minneapolis, Minnesota 55432 United States
Medtronic MiniMed, Inc.	Healthcare	100	18000 Devonshire Street Northridge California 91325 United States

Medtronic Monitoring, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Navigation Israel Ltd.	Healthcare	100	Kochav Yokneam, P.O. Box 548, Yokneam 20692, Israel
Medtronic Navigation, Inc.	Healthcare	100	826 Coal Creek Circle Louisville Colorado 80027 United States
Medtronic New Zealand Limited	Healthcare	100	Webb Henderson, Level 3, 110 Customs Street West, Auckland 1010, New Zealand
Medtronic Norge AS	Healthcare	100	Martin Linges vei 25, Fornegu 1364, Norway
Medtronic Oesterreich G.m.b.H.	Healthcare	100	Handelska 94-96, Millenium Tower OG 20, Wien 1200, Austria
Medtronic of Canada Ltd.	Healthcare	100	99 Hereford Street, Brampton, Ontario L6Y 0R3, Canada
Medtronic Pacific Trading, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Philippines, Inc.	Healthcare	100	Unit 2901-B One World Place, 32nd Street, Bonifacio Global City, Taguig City, Philippines 1634
Medtronic Poland Sp. z o.o.	Healthcare	100	Polna 11 Street, B Building, Warsaw 00-633, Poland
Medtronic Portugal, Lda	Healthcare	100	Rua Tomas da Fonseca, Torre E, 11, Lisboa, 1600-209 Portugal
Medtronic PS Acquisition LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic PS Medical, Inc.	Healthcare	100	125 Cremona Drive Goleta California 93117 United States
Medtronic PS Reorganization LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Puerto Rico Operations Co.	Healthcare	100	Ceiba Norte Industrial Park, Road 31, Km. 24, HM 4, Call Box 4070, Juncos 00777-4070, Puerto Rico
Medtronic R&D Diabetes Denmark A/S	Healthcare	100	Arne Jacobsens Alle 7 Copenhagen S 2300
Medtronic Romania SRL	Healthcare	100	Baneasa Business & Technology Park, 42-44 Bucuresti-Ploiesti Road, Building A, Wing A1, Room 7 , Bucharest 013696, Romania
Medtronic S. de R.L. de C.V. (Mexico City)	Healthcare	100	Av Nuevo Leon 67 Col Condessa Mexico City
Medtronic S.A.I.C.	Healthcare	99	Maipu Street 757, 6th Floor Buenos Aires Argentina
Medtronic Saudi Arabia Company	Healthcare	50	PO Box 10213, Riyadh 11433, Saudi Arabia
Medtronic Servicios S. de R.L. de C.V.	Healthcare	100	Varsovia No. 44 Piso II, Colonia Juarez 06600, Mexico
Medtronic SG, LLC	Holding Company	100	710 Medtronic Parkway, Minneapolis, MN 55432
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 Tennessee 38132 United States
Medtronic Sofamor Danek, Inc.	Healthcare	100	1800 Pyramid Place, Memphis, Tennessee 38132 United States
Medtronic Spine LLC	Healthcare	100	1860 Barber Lane, Melpitas, California 95035
Medtronic Srbija d.o.o. Beograd-Novi Beograd	Healthcare	100	Bulevar Zorana Dindica 64a, Belgrade 11070, Serbia
Medtronic Trading NL BV	Healthcare	100	Larixplein 4, Eindhoven 5616 VB, Netherlands
Medtronic Transneuronix, Inc.	Healthcare	100	100 Stierli Court, Suite 106 Mt.Arlington, New Jersey 07856 United States
Medtronic Ukraine Limited Liability Company	Healthcare	100	4 Mykoly Grinchenka Street, Kiev 03038, Ukraine
Medtronic Urinary Solutions, Inc.	Healthcare	100	One Chagrin Highland, 2000 Auburn Drive, Suite 320, Cleveland, Ohio 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, California 95403 United States
Medtronic Ventor Technologies Ltd.	Healthcare	100	P.O. Box 548, Kochav Yokneam, Yokneam Elit 20692, Israel
Medtronic Vertelink, Inc.	Healthcare	100	1800 Pyramid Place, Memphis, Tennessee 38132 United States
Medtronic Vietnam Company Limited	Healthcare	100	11th Floor, Tower B, Royal Center Building, 235 Nguyen Van Cu Street, Nguyen Cu Trinh Ward, District 1, Ho Chi Minh City, Vietnam
Medtronic VT, LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic World Trade Corporation	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic Xomed, Inc.	Healthcare	100	6743 Southpoint Drive North Jacksonville Florida 32216 United States
Medtronic, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Medtronic, trgovina z medicinsko tehnologijo in opremo d.o.o.	Healthcare	100	Litostrojska cesta 46A, Ljubljana 1000, Slovenia
Micro Therapeutics, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
MiniMed Distribution Corp.	Healthcare	100	18000 Devonshire Street Northridge California 91325 United States
MiniMed Pty Ltd.	Healthcare	100	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 Massachusetts 02048 United States
N.G.C. Medical Srl	Healthcare	100	Strada Provinciale Novedratese 35, Novedrate 22060, Italy
NayaMed International Sàrl	Healthcare	100	Route du Molliau 31, 1131 Tolochenaz, Switzerland
NayaMed International, S.A.	Healthcare	100	Calle Santa Engracia 113, 5 D., Madrid 28010 Spain

Nederelandse Obesitas Kliniek Zuid B.V.	Healthcare	51	Amerfoortseweg 43,, Huis ter Heide, 3712BA, Netherlands
Nederlandse Obesitas Kliniek B.V.	Healthcare	51	Amerfoortseweg 43,, Huis ter Heide, 3712BA, Netherlands
Nederlandse Obesitas Kliniek West B.V.	Healthcare	51	Amersfoortseweg 43, Huis ter Heide, 3712BA, Netherlands
Nellcor Puritan Bennett Ireland Unlimited Company	Healthcare	100	Michael Collins Road, Mervue Galway Ireland
Nellcor Puritan Bennett Ireland Holdings Unlimited Company	Holding Company	100	Michael Collins Road, Mervue Galway Ireland
Nellcor Puritan Bennett LLC	Healthcare	100	5920 Longbow Drive Boulder CO 80301 United States
Nellcor Puritan Bennett Mexico, S.A. de C.V.	Healthcare	100	Blvd Insurgentes 19030 Colonia Libramiento, CP 22225 Mexico
New Wave Surgical, LLC	Healthcare	100	555 Long Wharf Drive New Haven Connecticut 06511 United States
Newport Medical (Asia) Limited	Healthcare	100	Room 608, 6/F, Fook Yip Blvd, 55 Kwai Fung Crescent Kwai Fong, New Territories Hong Kong
Newport Medical Instruments, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
NGC Medical UK Limited	Healthcare	100	Cannon Place, 78 Cannon Street, London, EC4N 6AF, United Kingdom
Nippon Covidien Ltd.	Healthcare	100	1-2-70 Konan, Minato-ku, Tokyo 108-0075, Japan
Nobles Medical Technology, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Obesitas International B.V.	Holding Company	51	Amersfoortseweg 43, Huis ter Heide 3712BA, Netherlands
Obesitas Nederland B.V.	Holding Company	51	Amersfoortseweg 43, Huis ter Heide 3712BA, Netherlands
Old Colony State Insurance Company	Healthcare	100	One Church Street Burlington Vermont 05401 United States
Oridion Capnography, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Oridion Medical 1987 Ltd.	Healthcare	100	7 Hamarpe Street, Jerusalem Israel
Oridion Systems Ltd.	Healthcare	100	7 Hamarpe Street, Jerusalem Israel
Osteotech, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Panmedica Pty Limited	Healthcare	100	TMF Corporate Services (Aust) Pty Limited, Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
Peak Surgical, Cayman	Healthcare	100	Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman
Polysuture Industria e Comercio Ltda.	Healthcare	100	Avenida Gabriel Ramos da Silva, ar. 1245, Parque Industrial Joao Fernando Zanin Sao Schastio do Paraiso Minas Gerais Brazil
Power Medical Interventions Deutschland GmbH	Healthcare	100	Gewerbepark 1, Neustadt/Donau D-93333, Germany
Pryor and Howard (1988) Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
PT Medtronic Indonesia	Healthcare	100	Gandaria 8 Office Tower 36th Floor, Unit A, Jalan Sultan Iskandar Muda, Kebayoran Lama, Jakarta Selatan 12240, Indonesia
PT. COVIDIEN INDONESIA	Healthcare	100	Talavera Office Park, Suite Lantai 19, J1. Letjen TB Jakarta Selatan 12430 Indonesia
PTB International LLC	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 020248 United States

Responsive Orthopedics, LLC	Healthcare	100	710 Medtronic Parkway, Minneapolis, Minnesota 55432, United States
Retail Group de Mexico S.A. de C.V.	Healthcare	100	Calle 9NA Sur #125 Cd. Industrial Mesa de Otay Tijuana 22444 Mexico
Reverse Medical LLC	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 020248 United States
RF Surgical Systems LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Salient Coop Partner LLC	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Sanatis GmbH	Healthcare	100	Kirchstrasse 9, Rosbach 61190, Germany
Sapheon LLC	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 020248 United States
Sapheon Vascular B.V.	Healthcare	100	Earl Bakkenstraat 10, Heerlen 6422 PJ, Netherlands
Setagon, Inc.	Healthcare	100	3576 Unocal Place, Santa Rosa, California 95403 United States
Shanghai Zhikang Medical Devices Co., Ltd.	Healthcare	100	Room 202, Block 4 No 2094 Ruanxiang Street Shanghai 201500 China
Sherwood Medical Company I	Healthcare	100	15 Hampshire Street Mansfield Massachusetts 020248 United States
Sherwood Medical Industries Pty Ltd	Healthcare	100	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
Somanetics Corporation	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Sophono GmbH	Healthcare	100	Landgrafenstrasse 54, Bad Neuenahr-Ahrweiler 53474, Germany
Sophono, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
SpinalGraft Technologies, LLC	Healthcare	100	4340 Swinnea Road Memphis Tennessee 38118 United States
Stentex Holding Sarl	Healthcare	100	Atrium Business Park, 33, rue du Puits Romain, Bertrange L-8070, Luxembourg
superDimension (Europe) GmbH	Healthcare	100	Earl-Bakken-Platz 1, Meerbusch 40670, Germany
superDimension Ltd.	Healthcare	100	8 Hamonofim St., Herzliah 46725 Israel
superDimension, Inc.	Healthcare	100	555 Long Wharf Drive, New Haven, Connecticut 06511 United States
Suzhou Medtronic Venture Capital Partnership Enterprise (L.P.)	Healthcare	34	Unit E99, 2F, North Building, A1, 218 Xinghu Str., Suzhou Industrial Park, 215123, China
Suzhou Medtronic - Sequoia Innovation Investment Management Co., Ltd.	Healthcare	60	Unit E99, 2F, North Building, A1, 218 Xinghu Str., Suzhou Industrial Park, 215123, China
Suzhou Mei Zhong Capital Investment Management Co., Ltd.	Healthcare	100	Unit E100, 2F, North Building, A1, 218 Xinghu Str., Suzhou Industrial Park, 215123, China
TGM Medical, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
THC Holdings Limited	Holding Company	49	140/38 ITF Tower Building, 17th Floor, Silom Road, Khwang Suriyawongse, Khet Bangrak, Bangkok Metropolis, Thailand
THC Pool LLC	Holding Company	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States

Tissue Science Laboratories Limited	Healthcare	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
Trigate (Pty.) Ltd.	Healthcare	100	379 Roan Crescent Corporate Park North PO Box 8108 1685 South Africa
Trinance (Pty.) Ltd.	Healthcare	100	379 Roan Crescent Corporate Park North PO Box 8108 1685 South Africa
Twelve Australia Pty Limited	Healthcare	100	5 Alma Road, Macquarie Park, NSW 2113, Australia
Twelve Medical Limited	Healthcare	100	250 Chesapeake Drive Redwood City CA 94063 USA
Twelve, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
TYRX, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
U.S.S.C. Puerto Rico (NY), Inc.	Healthcare	100	201 Sabanetas Industrial Park Ponce 00716-4401 United States
U.S.S.C. Puerto Rico, Inc.	Healthcare	100	PO Box 309, Ugland House, South Church Street Grand Cayman
United States Surgical Corporation	Healthcare	100	555 Long Wharf Drive, New Haven, Connecticut 06511 United States
USSC (Deutschland) GmbH	Healthcare	100	Earl-Bakken-Platz 1, Meerbusch 40670, Germany
USSC Financial Services Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
USSC FSC, Inc.	Healthcare	100	400 Capability Green, Luton, Beds LU13AE
USSC Medical GmbH	Healthcare	100	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. Limited	Healthcare	100	TMF Corporate Services (Aust) Pty Ltd Level 16, 201 Elizabeth Street, Sydney NSW 2000, Australia
Valleylab Holding Corporation	Holding Company	100	5920 Longbow Drive Boulder CO 80301 United States
Valor Merger Sub Ltd.	Holding Company	100	c/o Meitar Liquornik Geve Leshem Tal, Law Offices, 16 Abba Hillel Silver Rd., Ramat Gan 5250608 Israel
Verdana Holdings Limited	Holding Company	100	57/63 Line Wall Road Gibraltar
Visualase, Inc.	Healthcare	100	710 Medtronic Parkway Minneapolis, MN 55432 United States
Vitatron A.G.	Healthcare	100	Talstrasse 9 Munchenbuchsee 3053 Switzerland
Vitatron Belgium S.A./N.V.	Healthcare	100	Burgemeester Etienne De Munterlaan 5 (Avenue du Bourgmestre Etienne De Munter 5) Brussels 1090 Belgium
Vitatron Holding B.V.	Holding Company	100	Meander 1051 Arnhem The Netherlands 6825MJ
Vitatron Medical España, S.A.	Healthcare	100	Calle Maria de Portugal 11, 3rd Floor, Madrid 28050, Spain
Vitatron Portugal - Comércio e Distribuição de Dispositivos Médicos, Lda	Healthcare	100	Rua Tomas da Fonseca, Torre G, 1, Freguesia de S. Domingos de Benfica, 1600-209 Lisbon, Portugal
VNUS Medical Technologies II, Inc.	Healthcare	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Warsaw Orthopedic Inc.	Healthcare	100	SDG Manufacturing 2500 Silveus Crossing Warsaw Indiana 46582-8598 United States
WEM Equipamentos Electronicos Ltda.	Healthcare	100	Rua Marechal Mascarenhas de Moraes 550 Ribeirao Preto, Sao Paolo 14095-120 Brazil

World Heart B.V.	Healthcare	100	Erfstraat 10A, 5404 BE Uden
World Heart Corporation	Healthcare	100	4750 Wiley Post Way Suite 120, Salt Lake City, Utah 84116, United States
Zephyr Technology LLC	Healthcare	100	6135 Gunbarrel Avenue Boulder Colorado 80301 United States
Zorginitiatieven B.V.	Healthcare	51	Amersfoortseweg 43, Huis ter Heide, 3712BZ, Netherlands

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

Name	Nature of Business	Group Share Percent	Registered Office and Location of Incorporation
A&E Hangers Taiwan Co., Ltd.	Non-operating	99.988	4F, No. 407, RueiGuang Road, NeiHu District Taipei 114 Taiwan
A&E Karner Limited	Non-operating	100	Building 9, Croxley Park, Hatters Lane, Watford WD18 8WW, United Kingdom
A&E Products (Far East) Limited	Non-operating	100	Unit 12-16, 18th Floor, BEA Tower Millennium City 5, 418 Kwun Tong Road Kowloon Kwun Tong Hong Kong
A&E Products de Honduras S.A.	Non-operating	99.84	Zoli Zip Calpules Km.7, Carretera a La Lima San Pedtro Sula Honduras
A&E Products do Brasil Ltda.	Non-operating	50	Rua Viscondde de Piraja Ipanema, Rio de Janerio, RJ 22410-002 Brazil
A&E Products Group, Inc.	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Batts LLC	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Batts, Inc.	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Carlisle Philippines, Inc.	Non-Operating	99.3	Metropolitan Manila, Philippines
Carlisle Recycling de Mexico S.A. de C.V.	Non-Operating	100	Carr Libramiento Oriente 10001 Tijuana 6-637-1890 Mexico
Coated Products GP, Inc.	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Coated Products Holdings, Inc.	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Covidien Adhesives Italia Srl	Non-operating	100	Via San Bovio, 3 Localita San Felice Segret Milan 20090 Italy
Georgia Packaging, Inc.	Non-operating	100	918 8th Avenue PO Box 1158 Columbus GA 31902-1158 United States
Karner Europe AB	Non-operating	100	Vasagatan 7, Box 180, Stockholm SE-101 23, Sweden
Karner Europe GmbH	Non-operating	100	Fichtenweg 5a, Illertissen 89257, Germany
Kendall Ludlow Holding Corporation	Non-Operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Plastics Holding Corporation	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Polyken Technologies Europe, Inc.	Non-operating	100	15 Hampshire Street, Mansfield Massachusetts 02048 United States
Raychem Tecnologias, S. de R.L. de C.V.	Non-operating	100	Calle 11 Norte No 11002 Cd. Industrial Neuter Tijuana, B.C. Calf Mexico 22500

At April 28, 2017, the Group had the following branches outside of Ireland:

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

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

30. Approval of Financial Statements

The Board of Directors approved the financial statements on September 1, 2017.

Medtronic Public Limited Company
Company Financial Statements
Financial Year Ended April 28, 2017

Medtronic plc
Company Balance Sheet

(in millions)	Note	April 28, 2017	April 29, 2016
Fixed assets			
Financial assets	2	104,806	$ 105,134
Current assets			
Debtors	3	3,073	3,529
Total current assets		$ 3,073	$ 3,529
Creditors (amounts falling due within one year)	4	44	156
Net current assets		$ 3,029	$ 3,373
Total assets less current liabilities		$ 107,835	$ 108,507
Creditors (amounts falling due after more than one year)	4	8,568	3,918
Net assets		$ 99,267	$ 104,589
Capital and reserves			
Called-up share capital presented as equity	5	$ —	$ —
Share premium account	5	51,271	50,772
Profit and loss account	5	47,996	53,817
Equity shareholders' funds		$ 99,267	$ 104,589

Approved by the Board of Directors and signed on its behalf on September 1, 2017 by:

/s/ Shirley Ann Jackson, Ph.D
Director

/s/ Omar Ishrak
Director

Medtronic plc
Company Statement of Changes in Equity

(in millions)	Ordinary Share Number	Called-up Share Capital Presented as Equity	Share Premium Account	Profit and Loss Account	Total
April 24, 2015	1,422	$ —	$ 50,172	$ 58,622	108,794
Issuance of shares under stock purchase and award plans	15	—	594	(82)	512
Total comprehensive loss for the financial year		—	—	(129)	(129)
Other			6	—	6
Dividends paid		—	—	(2,139)	(2,139)
Share-based compensation		—	—	375	375
Redemption and cancellation of shares	(38)	—	—	(2,830)	(2,830)
April 29, 2016	1,399	$ —	$ 50,772	$ 53,817	$ 104,589
Issuance of shares under stock purchase and award plans	13	—	499	(71)	428
Total comprehensive loss for the financial year		—	—	(178)	(178)
Dividends paid		—	—	(2,376)	(2,376)
Share-based compensation		—	—	348	348
Redemption and cancellation of shares	(43)	—	—	(3,544)	(3,544)
April 28, 2017	$ 1,369	$ —	$ 51,271	$ 47,996	$ 99,267

1. Basis of Presentation and Summary of Significant Accounting Policies

Medtronic plc (the Company), was incorporated in Ireland on June 12, 2014 as a private limited company, and was re-registered effective January 26, 2015 as a public limited company. The Company was established for the purpose of facilitating the acquisition of Covidien plc (Covidien), a public limited company organized under the laws of Ireland and Medtronic, Inc., a United Statements (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. The address of its registered office is 20 On Hatch, Lower Hatch Street, Dublin 2, Ireland.

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

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

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

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

(1) Exemption from the requirement to present a statement of cash flows,
(2) Exemption from the financial instrument disclosure requirement to provide the equivalent disclosures included in the consolidated financial statements of the group in which the entity is consolidated, and
(3) Exemption from the requirement to disclose key management personnel compensation in total.

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

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

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

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

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

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

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

Impairments of Long-Lived Assets The Company periodically evaluates whether current facts or circumstances indicate that the carrying values of its investment in subsidiaries may not be recoverable. If such circumstances are determined to exist, an estimate of the recoverable amount is compared to the carrying value to determine whether an impairment exists. If the asset is determined to be impaired, the loss is measured based on the difference between the asset's recoverable amount and its carrying value.

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

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

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

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

Financial assets

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

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

At the end of each financial year financial assets measured at amortized cost are assessed for impairment. If there is objective evidence that a financial asset measured at amortized cost is impaired an impairment loss is recognized in the statement of comprehensive 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. The 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 Income tax expense for the financial year comprises current and deferred tax recognized in the financial year. Current or deferred tax assets and liabilities are not discounted.

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

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

Dividends Dividends may only be declared and paid out of the profits available for distribution in accordance with accounting practice generally accepted in Ireland and applicable Irish company law. Any dividends, if and when declared, will be declared and paid in U.S. dollars. Dividends declared by the directors are recognized when paid.

2. Financial Assets

The principal activity of the Company is investment holding.

(in millions)		
April 24, 2015	$	105,299
Investment in subsidiary undertakings		381
Recharge related to stock-based compensation		(546)
April 29, 2016	$	105,134
Investment in subsidiary undertakings		348
Recharge related to stock-based compensation		(676)
April 28, 2017		104,806

Details of the Company's directly owned subsidiaries are as follows:

Name	Nature of Business	Group Share %	Registered Office and Country of Incorporation
Medtronic Luxembourg Global Holdings S.a.r.l.	Holding Company	100	3b Boulevard Prince Henri, L-1724, Luxembourg
Medtronic Irish Finco Unlimited Company	Healthcare	100	20 on Hatch, Lower Hatch Street, Dublin 2, Ireland
Medtronic Global Holdings GP S.a.r.l	Holding Company	100	3b Boulevard Prince Henri, L-1724, Luxembourg
Covidien Logistics BVBA	Healthcare	100	Weg naar Zwartberg, Opglabbeek, 3660 Belgium

3. Debtors

Debtors consisted of the following:

(in millions)	April 28, 2017	April 29, 2016
Amounts falling due within one year:		
Due from subsidiary undertakings	$ 3,063	$ 3,505
Other debtors and prepayments	10	24
Total amounts falling due within one year	$ 3,073	$ 3,529

Loan amounts owed to the Company from subsidiary undertakings are unsecured, non-interest bearing, and payable on demand.

4. Creditors

Creditors consisted of the following:

(in millions)	April 28, 2017	April 29, 2016
Amounts falling due within one year:		
Income taxes payable	$ 13	$ 11
Accruals and other creditors	31	145
Total amounts falling due within one year	$ 44	$ 156
Amounts falling due after one year:		
Due to subsidiary undertakings	$ 8,568	$ 3,918
Total amounts falling due after one year	$ 8,568	$ 3,918

At the balance sheet date, the amounts due after one year relate to two revolving loans the Company has with subsidiary undertakings. They are both due to mature in 2025 and have variable interest rates based on three month U.S. dollar LIBOR plus a spread of 87 and 93 basis points respectively.

5. Shareholders' Funds

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

(in millions, except share data)	April 28, 2017	
Authorized:	**Number**	**Amount**
Ordinary Shares, $0.0001 par value	2,600,000,000	$ —
Euro Deferred Shares, €1.00 par value	40,000	—
Preferred Shares, $0.20 par value	127,500,000	26
A Preferred Shares, $1.00 par value	500,000	1
Total authorized		$ 27
Allotted, called up and fully paid:		
Ordinary Shares, $0.0001 par value	1,369,424,818	$ —
A Preferred Shares, $1.00 par value	1,872	—
Total allotted, called up and fully paid		$ —

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

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 During the prior financial year, all issued Euro Deferred Shares were transferred back to the Company and subsequently canceled, with a par value of €40 thousand transferred to another undenominated capital account.

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 Company issued 624 A Preferred Shares, par value $1.00 for a total of 1,872 A Preferred Shares outstanding with an aggregate consideration of $75 thousand. The holders of A Preferred Shares are entitled to payment of dividends prior to any other class of shares in the Company equal to twice the dividend to be paid per Company ordinary share. On a return

of assets, whether on liquidation or otherwise, the A Preferred Shares are entitled to repayment of the capital paid up thereon in priority to any repayment of capital to the holders of any other shares and the holders of the A Preferred Shares shall not be entitled to any further participation in the assets or profits of the Company. The holders of the A Preferred Shares are not entitled to receive notice of, nor to attend, speak, or vote at any general meeting of the Company.

Share Premium and significant transactions impacting the share premium account In connection with the completion of the Transaction, the Company issued a total of 436 million Ordinary shares of $0.0001 each to the former Covidien shareholders and certain former Covidien award holders and the Company and Makani II Unlimited Company (Makani) paid, in aggregate, to the former Covidien shareholders and award holders approximately $16.0 billion in cash. In consideration for the issuance of such Ordinary shares, the Company and Makani received 455 million Ordinary shares of Covidien plc and the benefit of the cancellation of the share awards. As the price paid for the Covidien Ordinary shares in connection with the completion of the Transaction was $108.75 per share, the total value received by the Company and Makani, for the Covidien shares and for the benefit of the cancellation of the share awards, was in the amount of $49.4 billion, of which $33.3 billion was share premium on shares issued by the Company.

In addition to the issue of Ordinary shares to the former Covidien shareholders and certain former Covidien award holders in connection with the Transaction, on January 26, 2015, on completion of the Transaction and pursuant to the terms of the merger, the Company also issued 986 million Ordinary shares of $0.0001 at a premium, which shares were, pursuant to the merger, transferred to the former Medtronic, Inc. shareholders on a one-for-one basis in exchange for each share of Medtronic, Inc. stock held immediately prior to the merger. As a result of the foregoing, Medtronic, Inc., became an indirect subsidiary of the Company. As the closing price of the Medtronic, Inc. common stock on the NYSE as at the trading day immediately prior to the completion of the Transaction was $76.95 per share, the total value of the consideration received by the Company as consideration for the Ordinary shares issued by the Company was in the amount of $75.9 billion of share premium.

On February 27, 2015, the Irish High Court approved the creation of distributable reserves of Medtronic plc through the reduction of the share premium account by $59.2 billion. This resulted in a transfer of reserves from the share premium account to the profit and loss account of the same amount.

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

6. Guarantees and Contingencies

The Company has the following contingent liabilities, estimated to amount to a potential maximum of $28.9 billion arising from the Company's guarantee of the Group debt outlined below.

On January 26, 2015, Medtronic plc and Medtronic Global Holdings S.C.A., an entity organized under the laws of Luxembourg (“Medtronic Luxco”), each provided a full and unconditional guarantee of the obligations of Medtronic, Inc. under the Medtronic Outstanding Notes (as defined below) and of Covidien International Finance S.A., a Luxembourg company (“CIFSA”) under the Covidien Outstanding Notes (as defined below).

Of the $28.9 billion, Medtronic, Inc. has $23.9 billion aggregate principal amount issued and outstanding consisting of the following; $1.0 billion aggregate principal amount of 1.375 percent senior notes due 2018, $1.0 billion aggregate principal amount of 1.500 percent senior notes due 2018, $400 million aggregate principal amount of 5.600 percent senior notes due 2019, $500 million aggregate principal amount of floating rate senior notes due 2020, $2.5 billion aggregate principal amount of 2.500 percent senior notes due 2020, $766 million aggregate principal amount of 4.450 percent senior notes due 2020, $500 million aggregate principal amount of 4.125 percent senior notes due 2021, $675 million aggregate principal amount of 3.125 percent senior notes due 2022, $2.5 billion aggregate principal amount of 3.150 percent senior notes due 2022, $530 million aggregate principal amount of 2.750 percent senior notes due 2023, $850 million aggregate principal amount of 3.625 percent senior notes due 2024, $4.0 billion aggregate principal amount of 3.500 percent senior notes due 2025, $2.382 billion aggregate principal amount of 4.375 percent senior notes due 2035, $300 million aggregate principal amount of 6.500 percent senior notes due 2039, $500 million aggregate principal amount of 5.550 percent senior notes due 2040, $400 million aggregate principal amount of 4.500 percent senior notes due 2042, $325 million aggregate principal amount of 4.000 percent senior notes due 2043, $650 million aggregate principal amount of 4.625 percent senior notes due 2044, and $4.150 billion aggregate principal amount of 4.625 percent senior notes due 2045 (collectively, the “Medtronic Outstanding Notes”).

CIFSA has $3.1 billion aggregate principal amount issued and outstanding, consisting of $1.2 billion aggregate principal amount of 6.000 percent senior notes due 2018, $600 million aggregate principal amount of 4.200 percent senior notes due 2020, $650 million aggregate principal amount of 3.200 percent senior notes due 2022, $310 million aggregate principal amount of 2.950 percent senior notes due 2023, and $374 million aggregate principal amount of 6.550 percent senior notes due 2037 (collectively, the “Covidien Outstanding Notes”).

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 28, 2017, the Company had $901 million of commercial paper outstanding. No amount of commercial paper was outstanding at April 29, 2016.

The Company has a $3.5 billion five year revolving syndicated line of credit facility ($3.5 Billion Revolving Credit Facility), by and among Medtronic plc, Medtronic, Inc., Medtronic Luxco, the lenders from time to time party thereto and Bank of America, N.A., as administrative agent and issuing bank, which expires in January 2020. The Company is a party to a guarantee for the obligations under the Amended and Restated Revolving Credit Agreement. At April 28, 2017 and April 29, 2016, no amounts were outstanding on the committed line of credit.

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

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

The Company provides a guarantee for intercompany liabilities totaling $26.3 billion, in relation to intercompany financing activities, for a number of subsidiary entities and also guarantees a third party netting agreement, entered into by a subsidiary up to $750 million. The Company is a party to a guarantee arrangement with an external counterparty whereby it guarantees a total of less than $1 million in grant monies received by a subsidiary of the Company.

The Company and some of its subsidiaries are involved in a number of legal actions involving product liability, intellectual property disputes, shareholder derivative actions, securities class actions, and other class actions. The outcomes of these legal actions are not within the Company's complete control and may not be known for prolonged periods of time. In some actions, the claimants seek damages, as well as other relief (including injunctions barring the sale of products that are the subject of the lawsuit), that could require significant expenditures or result in lost revenues. The Company records a liability in its financial statements for loss contingencies when a loss to the Company is known or considered probable and the amount can be reliably estimated. Estimates of probable losses resulting from litigation and governmental proceedings involving the Company are inherently difficult to predict, particularly when the matters are in early procedural stages, with incomplete scientific facts or legal discovery; involve unsubstantiated or indeterminate claims for damages; potentially involve penalties, fines or punitive damages; or could result in a change in business practice. While it is not possible to predict the outcome for most of these matters, the Company believes it is possible that costs associated with them could have a material adverse impact on the Company's profit, financial position, or cash flows. For further information related to specific litigation the Company and its subsidiaries are involved in refer to the consolidated financial statements Note 24.

7. Loss Attributable to Medtronic plc

In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting and filing its individual profit and loss account. Medtronic plc’s loss for financial year 2017 and financial year 2016 as determined in accordance with Irish GAAP (FRS 102) was $178 million and $129 million, respectively.

8. Related-party Transactions

The Company has not disclosed related party transactions between the Company and subsidiaries of Medtronic Plc, as it has availed of the exemption available under Schedule 3(67), paragraph 3, Companies Act 2014, which exempts disclosure of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

9. Auditors' Remuneration

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

	Fiscal Year	
(in thousands)	**2017**	**2016**
Audit of Company financial statements	$ 27	$ 27

Note 27 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 1, 2017, the date this report was approved by the Board of Directors. There have been no material events of note, since year end, other than those noted in note 28 to the consolidated financial statements.

11. Approval of Financial Statements

The Board of Directors approved the financial statements on September 1, 2017.