We leverage the size and global reach of our company to deliver meaningful impact to communities around the world. Our strong financial performance, alongside contributions of product, time, strategic financing, and deployment of talent, strengthens local economies, engages communities, and improves access to healthcare for the underserved.
PHILANTHROPY

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

Our contributions

We have donated more than $1 billion throughout the years to support philanthropic efforts, including our support of the Medtronic Foundation. In FY18, we committed 2% of our before-tax profits — more than $100 million.
PRODUCT DONATIONS
We work closely with global product donation partners to distribute our products to nonprofit organizations and in-country clinics around the world to support disaster relief efforts and specific programs for underserved populations.

VOLUNTEERISM
Our employees give back to communities through both skilled service and hands-on volunteering.

CHARITABLE THIRD-PARTY MEDICAL EDUCATION
Our humanitarian medical education efforts include funding for a limited number of medical fellowship positions and support for independent, third-party sponsored educational programs.

<table>
<thead>
<tr>
<th>Giving Back</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Donations ($ Million)</td>
<td>$16.8</td>
<td>$16.8</td>
<td>$15.4</td>
</tr>
<tr>
<td>Value of Volunteering* ($ Million)</td>
<td>—</td>
<td>$1.6**</td>
<td>$1.4</td>
</tr>
</tbody>
</table>

*Calculated with an hourly rate of $23.56 in FY17 and $24.14 in FY18, provided by Independent Sector.

**FY17 was the first year we tracked the value of volunteering.
Medtronic Foundation highlights — global health

In FY18, the Medtronic Foundation worked in partnership with local nonprofits and governments to strategically focus its resources toward outcome-oriented healthcare projects aimed at improving access for the underserved. In addition to key signature efforts, the Medtronic Foundation sought competitive program partnerships to improve healthcare delivery.

The Medtronic Foundation engages in multiyear demonstration projects with local stakeholders to test access models and in FY18 contributed $9.5 million, divided among three global health signature efforts: HeartRescue, HealthRise, and RHD Action. Each global signature effort made significant progress (see below).

**MEDTRONIC FOUNDATION-FUNDED GLOBAL HEALTH PROJECTS IN FY18**

**HEARTRESCUE**
Measuring and improving care for cardiac arrest

The U.S. HeartRescue consortium expanded from 16 to 18 states, covering a population of nearly 90 million people.

HeartRescue Global completed year three of a five-year international expansion project in China and India, and improved access and quality for cardiovascular disease care in Brazil.

More than 2,000 frontline health workers screened more than 85,000 people across nine sites in Brazil, India, South Africa, and the United States.

Preliminary reports show 48% of patients have been retained in care, with recent innovations such as a clinical decision tool for frontline health workers in Brazil and a noncommunicable disease (NCD) monitoring app for health workers in India (see case study on the next page).

**HEALTHRISE**
Expanding access to chronic disease care and improving health outcomes for underserved populations

In FY18, RHD Action launched a campaign, engaging with governments, nonprofit organizations, patients, and providers to build the case for greater global prioritization addressing RHD, a preventable condition that afflicts an estimated 33 million people worldwide.

Advocacy in FY18 resulted in WHO member states adopting a global resolution on RHD at the World Health Assembly in May 2018.

**RHD ACTION**
Working to end rheumatic heart disease (RHD) in vulnerable populations

Noncommunicable diseases, including cardiovascular diseases, cancers, respiratory diseases, and diabetes, are responsible for 41 million deaths each year. That number can and should be lower.
CASE STUDY: MEDTRONIC FOUNDATION—HEALTHRISE TACKLING BARRIERS TO CARE WITH MOBILE TECHNOLOGY

In India’s Shimla and Udaipur districts, some patients struggle to reach adequate healthcare facilities because of financial barriers, long travel distances, and difficult terrain. Erratic supplies of equipment and pharmaceuticals compound access problems, making diagnosis and consistent treatment of noncommunicable diseases (NCDs) challenging.

In partnership with the Himachal Pradesh government, HealthRise—a Medtronic Foundation–funded project—is pioneering an innovative approach to diagnosis, disease management, and patient empowerment through the Health Card app. Frontline health workers in the Shimla district use the app to capture information from participating individuals. With the help of a centralized data system, health workers monitor 10 common NCDs, such as cancer and diabetes, intervening with treatment when needed.

As of March 2018, healthcare professionals are following 2,490 hypertensive patients and 1,014 diabetic patients to improve their adherence to treatment. The digital innovation was selected for a Prime Minister’s Award for Excellence and has been featured in the prime minister’s book, New Pathways: Stories of Innovations and New Initiatives in Implementation of Priority Programmes, in April 2018.

Eventually, with investment from local government, the Health Card app is expected to benefit three million people in the Shimla district. In addition, preparations are beginning for rollout in Udaipur.

Also, in FY18, Medtronic Foundation created an impact framework to select and manage its partners in global health. It engaged potential partners through a competitive open call to test this framework, with potential partners proposing to test or scale innovative solutions that improve the efficiency of healthcare delivery. The Medtronic Foundation will select organizations based on this framework, provide financial support and thought capital, and create a learning collaborative for organizations that demonstrate the greatest potential for positive health outcomes for underserved populations.

Medtronic Foundation highlights—promoting employee volunteering and giving

Medtronic employees are quick to step up and help those in need. We encourage employee volunteering, including support of the Medtronic Foundation’s philanthropic efforts, through:

- **Project 6**—a monthlong volunteering drive at the start of each fiscal year
- **Volunteer Grants**—the Medtronic Foundation donates funds to nonprofits when an individual employee volunteers 25 hours or more during the year
- **Matching Grants**—the Medtronic Foundation matches employee contributions to approved charities dollar for dollar, up to $5,000
## Employee Volunteering and Community Engagement

<table>
<thead>
<tr>
<th></th>
<th>FY16*</th>
<th>FY17</th>
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<tbody>
<tr>
<td><strong>Project 6</strong></td>
<td></td>
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<tr>
<td>Volunteers</td>
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<td>14,900</td>
<td>20,952</td>
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<tr>
<td>Total Volunteer Hours</td>
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<td>62,000</td>
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<tr>
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<tr>
<td>Employee-Led Projects</td>
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<td>462</td>
<td>512</td>
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<tr>
<td><strong>Volunteer Grants</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Volunteer Grants</td>
<td>968</td>
<td>1,106</td>
<td>1,154</td>
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<tr>
<td>Volunteer Grants ($ Raised)</td>
<td>$484,000</td>
<td>$553,000</td>
<td>$577,000</td>
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<tr>
<td><strong>Global Matching Grants</strong></td>
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<tr>
<td>Employee Contributions ($ Million)</td>
<td>$14.9</td>
<td>$14.2</td>
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<tr>
<td>Medtronic Match ($ Million)†</td>
<td>$17.4**</td>
<td>$13.1</td>
<td>$14.5</td>
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</table>

* Covidien data for the period January–March 2016 is included in the FY16 employee contributions. Full FY16 Covidien data were not included due to the timing of Covidien’s integration into the Medtronic Workday system.
† Medtronic Matches are made on a 1:1 basis up to $5,000. As a result, matches are not the same amount as employee contributions.
** The Medtronic Foundation held a 2:1 matching campaign in FY16, resulting in a greater dollar amount matched than employee donations.

The Medtronic Foundation also administers the [Bakken Invitation Award](#). This annual award recognizes individuals who have overcome health challenges with the help of medical technology and now give back to their communities through advocacy and innovation. Since 2013, 59 people have attended the Bakken Invitation. Their inspiring stories can be read [online](#).
CASE STUDY: SUPPORT FOR SANTA ROSA

Medtronic and its Santa Rosa, California employees and community were greatly affected by the October 2017 wildfires. In response, Medtronic formed a local Humanitarian Care Team to provide support to employees and nonprofit organizations, and to engage in collective impact efforts in Sonoma County.

This includes a collaboration with Habitat for Humanity through which Medtronic is providing surplus land on lease for $1 at the Fountaingrove campus. Here, eight cottages will be built for low-income fire survivors.

DISASTER RELIEF

When natural disasters or severe weather strikes, Medtronic steps up. The company supports relief efforts through business and philanthropic response including donations of products, resources, and supplies to affected areas. We support employees’ efforts by offering each employee five days of paid time off per year to volunteer with a nonprofit or nongovernmental organization (NGO) engaged in disaster relief efforts.

In FY18, Medtronic responded to several disasters across the globe. We also engaged deeply in key locations that impacted our operations and surrounding communities, including the wildfires in Santa Rosa, California and Hurricane Maria in Puerto Rico.

The Medtronic Foundation plays an integral role in our disaster relief efforts, distributing grants to fund emergency healthcare and support repair of damaged infrastructure, encouraging employee volunteerism, and matching employee contributions to eligible organizations.

To enable our employees to help fellow employees in need, Medtronic established the Medtronic Employee Assistance Fund, providing grants to employees with unmet financial needs in the wake of natural disasters. The Medtronic Foundation matches Medtronic employees’ contributions to the fund, dollar-for-dollar, up to $5,000 per year. In FY18, the fund distributed $3.6 million to employees affected by natural disasters.
CASE STUDY:
WORKING TOGETHER TO REBUILD A COMMUNITY

In September 2017, the fifth-strongest storm to ever hit the United States struck Puerto Rico. Hurricane Maria left the entire island without power and destroyed 80% of homes and 85% of cell towers. Many people lost everything.

As one of the largest employers in Puerto Rico, Medtronic shared the sense of devastation. We created an “oasis” at each of our sites with onsite showers, medical services, laundry, childcare, and more. We provided employees with 3.8 million bottles of clean drinking water, 25,000 boxes of food supplies, 3,567 generators, and 40,000 gallons of gas. We distributed more than 12,000 care packages to the community containing necessities such as mosquito repellent.

We also contributed direct financial and practical aid to employees and their communities and increased donations to disaster relief NGOs. In partnership with the Medtronic Foundation, we awarded $79,000 in volunteer grants to our local nonprofit partners.

To date, Medtronic employees have contributed 5,350 volunteer hours through disaster relief trips, and they continue to make financial contributions.

The island is still struggling with the hurricane’s aftermath. As recovery efforts continue, we are heartened by the strong community spirit within and outside Medtronic. Long term, we are committed to rebuilding and strengthening healthcare systems in Puerto Rico in partnership with local NGOs, with an estimated contribution of $8 million over the next four years.

MEDTRONIC FOUNDATION DISASTER RELIEF CONTRIBUTIONS

*The increase in contributions from FY17 to FY18 is largely a result of financial assistance provided following natural disasters in Puerto Rico; Santa Rosa, California; and Houston, Texas.
GLOBAL HEALTHCARE ACCESS
Medtronic develops healthcare solutions to reach people around the globe in ways that reflect market needs and priorities. Focusing on efficient, integrated care, we address the whole patient journey — from awareness, prevention, and diagnosis to treatment, therapy optimization, and long-term management.

In FY18, our products and services improved the lives of more than 71 million people. But millions of others still lack access to essential treatment.

Together with partners around the world, we use our expertise and resources to reduce barriers to care, strengthen healthcare infrastructure, and build capacity — particularly in the treatment of chronic, noncommunicable diseases. We do this by innovating meaningful technology, rethinking traditional business models, and improving healthcare delivery.

Technology innovation
We are in a new era of healthcare: one of connectivity, personalization, and precision. Our company harnesses the potential of innovative technology to serve unmet healthcare needs — including conditions that disproportionately affect people in emerging markets.

OUR INNOVATION PIPELINE

72 CLINICAL STUDIES STARTED DURING FY18

81 CLINICAL STUDIES COMPLETED DURING FY18

320 ONGOING CLINICAL STUDIES AT THE END OF FY18
INVESTING IN RESEARCH AND CLINICAL TRIALS

Today’s connected world offers new ways to predict, adapt, and respond to patient needs within and beyond the clinical setting. Our constant focus on innovation, invention, and disruption enables us to anticipate these changes and develop products that are fit for the future.

Technology is at the heart of everything we do. We work to improve patient experience and accuracy of treatment by embracing emerging solutions such as intelligent wearable and implanted devices, 3D printing, miniaturization, wafer-scale manufacturing, and augmented reality applications. We test promising innovations using rigorous clinical trials to establish safety and effectiveness.

In FY18, we invested $2.3 billion in research and development (R&D) and launched 72 new clinical studies.

DEVELOPING AND LAUNCHING NEW PRODUCTS

Innovation can change the world, but only if it is usable and effective. Our development processes utilize state-of-the-art technology to predict real-life performance and adapt our finished products to meet complex healthcare needs.

CASE STUDY: WORKING TO HELP REDUCE CERTAIN RISKS OF PAIN MEDICATION

Management of acute pain in hospitals sometimes requires opioid treatment, which can cause significant side effects. One of these is respiratory depression — ineffective breathing that can potentially lead to respiratory or cardiac arrest.

A simple risk-assessment tool could help identify patients at high risk of opioid-induced respiratory depression, with the goal of avoiding certain unnecessary complications and reducing mortality rates associated with opioid medication. In FY18, we launched the PRODIGY trial to assess the potential for such a tool.

One of the largest studies ever for monitoring patients receiving opioids in the hospital ward, the PRODIGY trial:

- Involved 1,496 patients at 16 sites
- Regularly monitored these patients’ vital signs for 24-48 hours
- Assessed 12 high-risk variables for potential prediction of respiratory compromise

We believe PRODIGY offers a significant step toward the goal of preventing patient injuries and deaths from opioid-induced respiratory compromise. We look forward to presenting and building on the results of the study in FY19.
For example:

- We use predictive engineering to ensure that finished products perform as intended in the clinical setting.

- Our Applied Innovation Lab fosters collaboration between patients and technology experts, who together develop digital health solutions to better manage chronic conditions. The Lab’s “holodeck” video screen provides an immersive experience to help scientists and engineers understand healthcare needs in remote regions.

- We test and revisit design multiple times during product development, to minimize the risk of problems further along in the process.

Our new product launches in FY18 included:

- **CoreValve® Evolut™ PRO Transcatheter Aortic Valve Replacement (TAVR) Platform**, offering exceptional design and excellent safety profile

- **Resolute Onyx™** drug-eluting stent, providing enhanced deliverability, improved visibility, and multiple size options for challenging coronary cases

- **Intellis™ Pain Stimulator and Evolve Workflow Platform** for chronic pain management, offering personalized pain relief and advanced activity tracking by utilizing the world’s smallest implantable spinal cord stimulator

- **MiniMed 670G® with Guardian™ Sensor 3**, our most advanced hybrid closed-loop diabetes pump and glucose sensor yet, helping patients with diabetes to stay on top of their sugar highs and lows

- **Signia Stapling System**, the world’s first smart stapler, combining the proven performance of Tri-Staple™ technology with the power of real-time feedback

- Full suite of enabling technologies for our spine portfolio, including surgical planning software, surgical guidance and robotics, and advanced imaging

Read more about products receiving FDA clearance or approval and CE mark approval (a certification indicating a product conforms with European Union safety, health, and environmental standards) in FY18 at the Medtronic Newsroom.

Alongside in-house innovation, we look for opportunities to invest in or acquire other medical technology companies that offer groundbreaking healthcare solutions.

Read more about our acquisitions.

PARTNERSHIPS FOR INNOVATION

Our partners at universities, hospitals, and healthcare startups keep us focused on patient needs throughout the innovation process. Here are some highlights from FY18:
We continued to develop new business models that make lives better by serving unmet needs, expanding access to our products and therapies to more people — whoever and wherever they are.

**Innovating to make healthcare affordable and sustainable**

We continue to develop new business models that make lives better by serving unmet needs, expanding access to our products and therapies to more people — whoever and wherever they are.

To have large-scale impact, our products and therapies must be effective and affordable. We work to improve affordability while advocating for adoption of value-based healthcare models.

To improve affordability and maximize value, we:

- Offer a variety of pricing models, including volume pricing or rebate options for hospitals, adaptive pricing for treating long-term conditions, and programs to assist new and existing patients
- Work to improve our products’ efficiency and effectiveness simultaneously, to achieve better outcomes at lower cost
- Partner with others to enhance economic value across global healthcare systems

**TRANSITIONING TO VALUE-BASED HEALTHCARE MODELS**

We promote a fundamental shift to an alternative healthcare payment model — **value-based healthcare (VBHC)**. In traditional healthcare models, payment is calculated based on the volume of product or procedures delivered rather than the outcomes achieved. Treatment costs can reach levels unsustainable for many healthcare systems, particularly where financial barriers already exist.

In a value-based healthcare model:

- Payment for products and services is contingent upon their ability to improve patient outcomes relative to the cost.
- Accountability for delivering results is shared by the various parties involved in the healthcare system, with the focus on achieving positive patient outcomes.

Our Global VBHC Council — comprising leaders from across our business divisions, regions, and functions — steers our approach to value-based models.

We are taking the lead in driving industrywide transformation. We partner with like-minded organizations and global healthcare leaders to pilot and deploy new value-based business models built around clear, measurable patient outcomes.
BY 2021, 50 MILLION PEOPLE ARE EXPECTED TO BE USING CONNECTED DEVICES TO MONITOR THEIR HEALTH

Innovation in healthcare process and delivery
One way to improve access to healthcare is to reimagine how we deliver care. Our efforts to improve care delivery include Medtronic Integrated Health Solutions (IHS), Medtronic Care Management Services (MCMS), development of a hub-and-spoke model, Medtronic Labs, and Patient Access Acceleration (PAA).

WORKING SIDE-BY-SIDE WITH HEALTHCARE SYSTEMS
The need to focus on day-to-day service delivery can make it challenging for hospitals, labs, and clinics to continually improve access, cost efficiency, and quality.

Through Medtronic IHS, we partner with healthcare systems to administer facilities and improve patient outcomes. We focus primarily on hospital operating rooms and catheterization labs, achieving a typical increase in lab capacity of 25–35%.

Highlights in FY18:

- Partnership with a leading teaching hospital in the Netherlands
  Since working with Medtronic, the hospital has seen a 29% reduction in the average length of patient stay. This could enable the catheter lab to carry out an extra 760 procedures per year.

- Partnership with Horizon Health Network’s New Brunswick Heart Centre (NBHC) in Canada
  Before working with Medtronic, the median wait time for outpatient heart surgery at NBHC was 118 days, more than double the recommended standard. Within the first six months of this new partnership, operating room capacity had increased by 14%, reducing average wait times by 44%.

IMPROVING QUALITY OF LIFE AND REDUCING COSTS THROUGH CONNECTIVITY
By 2021, 50 million people are expected to be using connected devices to monitor their health. Access to real-time data through remote monitoring, wearables, and telehealth has the potential to significantly improve patient outcomes and reduce administrative costs.

For example, MCMS offers remote monitoring systems to patients with chronic diseases, or those needing follow-up after acute care or surgery:

- Healthcare professionals use our mobile or tabletop platforms to collect patients’ biometric and symptom data and conduct a clinical review when required.

- Patients benefit from the increased quality of life offered by staying at home rather than in a healthcare facility. They can access our Patient Advocacy and Support Services for advice from an experienced staff member when needed.
Improved efficiency reduces costs for our customers; monitoring patients remotely may save up to $8,375 per year.*

MCMS currently offers more than 20 different programs focused on specific diseases and comorbidities, and our employees continue to create solutions to reach new groups of patients.

DESIGNING CUSTOMIZED DELIVERY MODELS FOR RESOURCE-CONSTRAINED REGIONS

*Based on the @Home pilot study undertaken by Geneia. The study was not performed using MCMS; results relate to a third party’s program and technology.

KEEPING CARDIAC PATIENTS CONNECTED

FY18 marked the 15th anniversary of our CareLink network. CareLink connects cardiac patients with their care teams via the data recorded by our implantable cardiac devices.

By remotely monitoring data collected from each device, healthcare professionals can detect potential issues early. To date, CareLink has served more than 1.6 million patients in 15,000 clinics across 82 countries.

Our hub-and-spoke model transforms how long-term needs are addressed in resource-constrained regions. In FY18, we used this model with a partner in India to develop a neuroscience center of excellence that will be the “hub” of a hub-and-spoke network, connected to 15 hospitals in the local area.
The hub and spokes work together to map the current care pathway, identify barriers to access, and develop workable solutions, resulting in:

- High-quality diagnostic and treatment protocols
- A well-defined patient pathway and referral system
- Complete coordinated care
- Improved patient convenience
- Economies of scale
IMPROVING OUTCOMES FOR CARDIAC PATIENTS

Cardiovascular disease is the leading cause of death in Brazil, yet only 8% of the population has access to appropriate medical treatment.

By combining our hub-and-spoke model with telemedicine facilities, the Latin America Telemedicine Infarct Network (LATIN) is changing the way heart conditions are managed. A total of 188 spoke centers across Brazil, Colombia, and Mexico have remote access to 29 hub hospitals, enabling speedy diagnosis and admission for heart conditions.

Since LATIN began in FY15, admission times have decreased by 70%, and the mortality rate from severe heart attacks (ST-elevation myocardial infarctions) has decreased by 200% in participating locations.

INCREASING HEALTHCARE ACCESS FOR UNDERSERVED POPULATIONS

Many patients, families, and communities struggle to access the healthcare they need when they need it. In parts of the world where the disparity between need and access is greatest, Medtronic Labs works to close the gap by:

- Developing bold ideas for global health access that prioritize social impact alongside financial sustainability
- Focusing on effective, scalable healthcare delivery models with and for communities
- Incorporating technical innovation across the care continuum
- Partnering with local tech entrepreneurs, healthcare systems, nongovernmental organizations, governments, and other stakeholders
TACKLING HEARING LOSS THROUGH TRAINING AND TECHNOLOGY

Worldwide, as many as 330 million people suffer from chronic ear infections,* which can cause significant hearing loss if not addressed quickly and effectively.

Medtronic Labs’ India-based Shruti program addresses the spread of these infections using a combination of awareness-raising, diagnosis, and treatment of underserved populations. Through partnerships with local healthcare professionals, Shruti-trained community health workers organize camps and go door-to-door with screening devices. They collect patient history, photograph the patient’s eardrum, and transmit data to a surgeon for diagnostic assistance and treatment recommendations.

Since Shruti launched in 2013:

- More than 390,000 patients have been screened for chronic ear infection.
- More than 12,000 patients have received affordable treatment.
- Ninety-seven community health workers have been trained.

*According to the World Health Organization.

TAKING A LOCALIZED APPROACH TO EXPANDING ACCESS TO HEALTHCARE

Our PAA approach enables us to quantify treatment needs in a specific location before identifying, prioritizing, and formulating strategies to tackle barriers to access. The combined data from thousands of PAA assessments help us to improve planning and reduce risks associated with future investments in market development.

We partner with hospitals around the world to deliver our Patient Access Insights (PAI) consulting service, which identifies access needs and barriers and informs the development of appropriate local solutions. In FY18, we completed four PAI engagements in four countries.

Partnership and advocacy to widen our reach

We strategically pursue Private-Public Partnerships (PPP) around the world to address gaps in healthcare. Our solutions range from providing a single function, such as research and development, to developing a holistic solution for disease management. In FY18, our PPPs included:

- The Diabetic Association of Bangladesh — to improve outcomes for patients using diabetes care technologies
- SingHealth in Singapore — to establish a center of excellence for diabetes treatment and management in Southeast Asia
We engage with governments to advocate for changes in policy or regulation that remove barriers or create opportunities for improved access. For example, in FY18, we communicated with various governments to address barriers in the stroke-care and renal-care pathways and to advocate for value-based healthcare models.

**Building the capacity for transformative change**

Professional skills and patient knowledge, along with capacity and infrastructure, are essential parts of any healthcare system.

In FY18, we invested $139 million in capacity building and training for medical professionals (reaching a record 89,000 people) and $33.8 million in patient education. For example:

- Medtronic Innovation Centers provide healthcare professionals with specialist training and equipment to bolster their knowledge and skills. At our newest center in Shanghai, China, we trained nearly 7,000 physicians on surgical technique.
- We opened Canada’s first Medtronic diabetes resource center — supporting and educating patients in between appointments, so they are better able to manage their disease.

**HEALTHCARE CAPACITY BUILDING**

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<tr>
<th></th>
<th>FY16*</th>
<th>FY17</th>
<th>FY18</th>
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<td>EDUCATION FOR MEDICAL PROFESSIONALS</td>
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<tr>
<td>EDUCATION FOR PATIENTS</td>
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**MEDICAL PROFESSIONALS REACHED**

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<tr>
<th></th>
<th>FY16*</th>
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<tr>
<td># of Medical Professionals</td>
<td>64,233</td>
<td>52,193</td>
<td>89,220</td>
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</table>

*Excludes MITG Patient Monitoring and Recovery business.
WE REMAIN IN THE S&P 500 DIVIDEND ARISTOCRATS INDEX MARKING OUR 41ST CONSECUTIVE YEAR OF DIVIDEND INCREASES

THE ECONOMIC IMPACT OF OUR BUSINESS

Our financial success means we can continue making important economic contributions through the jobs we create, the capital we invest, and the taxes we pay. As Medtronic grows, we expand access to care, strengthen local economies, and deliver consistent shareholder returns.

Financial performance

In FY18, we achieved record revenue of $30 billion. Our strategy for revenue growth is built on developing an unmatched pipeline of best-in-class products and services and growing our global reach in diversified markets.

Our emerging market revenue grew 13% on a constant currency basis in FY18 compared to FY17, reflecting the contributions of multiple geographies and growth drivers. This growth underscores continued improvement in our understanding of local markets around the world.

For more information on our financial performance, please see our 2018 Form 10-K on file with the U.S. Securities and Exchange Commission.

Return to shareholders

In FY18, Medtronic had a free cash flow of $4.7 billion, after adjusting for the $1.1 billion prepayment to the IRS-related in-process litigation on Puerto Rico transfer pricing. We returned $4.3 billion to shareholders in the form of dividends and share repurchases, net of share issuances.

DIVIDEND PER SHARE

Compensation

Our employees are vital to our success. Offering desirable compensation and benefits allows us to attract and retain top talent in a competitive market.
Investments and expenditures
Medtronic invests in infrastructure, manufacturing capabilities, and technology. In FY18:

- We built our fourth plant in the Dominican Republic, bringing our total investment there to more than $160 million, including 4,000 jobs among our four factories.
- Our capital expenditures totaled nearly $1.1 billion.

In FY18, Medtronic employed more than 86,000 people in more than 150 countries. We hire locally, stimulating the economies of communities near our operations.

Medtronic ensures equal pay for equal work between men and women globally. Pay equity is reviewed annually and corrective action is taken for any statistically significant differences. The same standard is applied for employee ethnic classifications in the United States.
Operating costs and other expenditures are essential to running our business and securing our position as a technology leader. Around the world, communities benefit from our salaries and wages; research and development investments; sales, general, and administrative expenses; and taxes.

**Acquisitions and divestitures**

We pursue acquisitions that bring new technology, strategic skills, capabilities, and expertise to Medtronic as well as align with our Mission. Our goal is to offer a broad range of therapies to restore patients’ health and extend lives.

In FY18, our acquisitions included **Crospon**, an innovative endoscopic diagnostics company, and **Visionsense**, an Israeli developer of minimally invasive surgery technology.

When appropriate, divestitures allow us to more closely align our product and therapy portfolio and business activities with our strategic priorities. On July 29, 2017, we completed the sale of our Patient Care, Deep Vein Thrombosis, and Nutritional Insufficiency businesses to Cardinal Health for $6.1 billion in cash.