

Medtronic, Inc.

Principles Of Corporate Governance

(As amended through April 19, 2012)

These principles have been adopted by the Board of Directors (the "Board") of Medtronic, Inc. (the "Company") to assist the Board in the exercise of its responsibilities. These principles, along with the Company's Restated Articles of Incorporation and Bylaws and the charters of the Board committees, provide the overall framework for the governance of the Company and are not intended to limit, enlarge or change in any way the responsibilities of the directors as determined by applicable law and such Articles, Bylaws and charters.

These principles are reviewed by the Board periodically and may be amended from time to time by the Board on the recommendation of the Nominating and Corporate Governance Committee.

1. [I. Role and Composition of the Board](#)
2. [II. Board Committees – Structure and Procedures](#)
3. [III. Board Performance and Operations](#)
4. [IV. Director Compensation and Stock Ownership](#)
5. [V. Executive Development](#)
6. [Exhibit I: Principal Duties of the Chairman of the Board](#)
7. [Exhibit 2: Principal Duties of the Lead Independent Director](#)

I. Role and Composition of the Board

General. The business and affairs of the Company shall be managed under the direction of the Board. The Board may, by resolution, delegate its authority to Company management or to committees of the Board, subject to applicable law, rule or listing standard.

Selection of the CEO. The Board shall be responsible for identifying potential candidates for, and selecting, the CEO and for electing all other executive officers on the recommendation of the CEO. The Board acts as an advisor and counselor to the CEO and the executive management team and ultimately monitors their performance.

Board Size. The Board periodically reviews the number of director positions with the intent of keeping the Board small enough to promote substantive discussions in which each director can actively participate, and large enough to offer a diversity of backgrounds and expertise. The Company's Restated Articles of Incorporation currently provide that the Board shall have no fewer than three nor more than fifteen directors.

Director Independence. Independent directors shall always constitute a majority of the Board and there shall be no more than two directors who are then employed by the Company serving on the board at any time. An "independent" director is a director who, as determined by the Board, meets the New York Stock Exchange definition of "independent director." The Board makes an affirmative determination regarding the independence of each director annually, based upon the recommendation of the Nominating and Corporate Governance Committee.

Board Leadership. The Board does not have a firm policy as to whether the position of the Chairman and the position of the Chief Executive Officer ("CEO") should be separate and intends to preserve the freedom to decide what is in the best interest of the Company at any point in time.

However, the Board strongly endorses the concept of having one of the independent directors serve in a position of leadership for the rest of the non-management directors. If at any time the CEO and Chairman roles are combined or if the Chairman is not otherwise an independent director, the Board annually will elect a lead independent director ("Lead Independent Director") and such director shall also serve as Chair of the Nominating and Corporate Governance Committee. Although elected annually, the Lead Independent Director is generally expected to serve for five years. If the Chairman is an independent director, then the duties of the Lead Independent Director described herein shall be a part of the duties of the Chairman.

The principal duties of the Chairman are attached as [Exhibit 1](#) and the principal duties of the Lead Independent Director are attached as [Exhibit 2](#).

Director Selection Criteria. The Nominating and Corporate Governance Committee is responsible for recommending candidates for election to the Board. In evaluating candidates to become directors of the Company, the Nominating and Corporate Governance Committee will consider all relevant experience and qualifications as well as whether such person has demonstrated, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board's oversight of the business and affairs of the Company and the person's reputation for honesty and ethical conduct in his or her personal and professional activities. Additional factors which the Nominating and Corporate Governance Committee will consider include a candidate's specific experiences and skills, relevant industry background and knowledge, time availability in light of other commitments, age, potential conflicts of interest, material relationships with the Company and independence from management and the Company. The Nominating and Corporate Governance Committee also will seek to have the Board represent a diversity of backgrounds and experience.

If the Nominating and Corporate Governance Committee identifies a need to replace a current member of the Board, to fill a vacancy in the Board, or to expand the size of the Board, the Committee considers candidates from a variety of sources. The process followed by the Committee to identify and evaluate candidates may include (a) identification of potential candidates from shareholders, Board members, potential candidates themselves, and other sources, (b) use of external search firms to organize the Committee's consideration and evaluation of candidates, (c) meetings to evaluate biographical information and background material relating to candidates, and (d) interviews of selected candidates by members of the Committee. Recommendations by the Committee of candidates for inclusion in the Board slate of director nominees are based upon the criteria set forth in these principles as well as any other relevant factors that the Committee may from time to time deem appropriate, including the current composition of the Board, the balance of management and independent directors, the need for financial experts on the Audit Committee, and the evaluation of all prospective nominees.

After completing interviews and the evaluation process, the Committee makes a recommendation to the full Board as to persons who should be nominated by the Board. The Board determines the nominees after considering the recommendations and report of the Committee and making such other evaluation as it deems appropriate.

The Committee applies the same criteria to candidates recommended by shareholders. Any shareholder who wishes to recommend a prospective nominee for the Board for consideration by the Committee shall notify the Company's Corporate Secretary in writing at the offices of the Company, 710 Medtronic Parkway, Minneapolis, MN 55432. Any such recommendations should provide whatever supporting material the shareholder considers appropriate, but should at a minimum include such background and biographical material as will enable the Committee to make an initial determination as to whether the nominee satisfies the criteria for directors set out in these principles.

Alternatively, shareholders intending to appear at the annual shareholders' meeting to nominate a candidate for election by the shareholders at the annual shareholders' meeting (in cases where the Board does not nominate the candidate or where the Committee was not requested to consider his or her candidacy), must comply with the procedures in the Company's Restated Articles of Incorporation and Bylaws.

Election of Directors. Shareholders elect directors annually. In an uncontested election of directors (i.e., an election where the only nominees are those recommended by the Board), any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election by shareholders present in person or by proxy at the Annual Meeting of the Shareholders and entitled to vote in the election of directors ("Majority Withheld Vote"), shall tender a written offer to resign from the Board within five business days of the certification of the shareholder vote by the Inspector of Elections.

The Nominating and Corporate Governance Committee shall promptly consider the resignation offer and recommend to the full Board whether to accept it. In considering whether to accept or reject the resignation offer, the Nominating and Corporate Governance Committee will consider all factors deemed relevant by members of the Nominating and Corporate Governance Committee, including, without limitation, (i) the perceived reasons why shareholders withheld votes 'for' election from the director, (ii) the length of service and qualifications of the director, (iii) the director's contributions to the Company, (iv) compliance with listing standards, (v) possible contractual ramifications in the event the director in question is a management director, (vi) the purpose and provisions of these principles, and (vii) the best interests of the Company and its shareholders.

To the extent that one or more directors' resignation are accepted by the Board, the Nominating and Corporate Governance Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board.

Any director who tenders his or her offer to resign from the Board pursuant to this provision shall not participate in the Nominating and Corporate Governance Committee or Board deliberations regarding whether to accept the offer of resignation.

The Board will act on the Nominating and Corporate Governance Committee's recommendation within 90 days following the certification of the shareholder vote by the Inspector of Elections, which action may include, without limitation, acceptance of the offer of resignation, adoption of measures intended to address the perceived issues underlying the Majority Withheld Vote, or rejection of the resignation offer. Thereafter, the Board will disclose its

decision whether to accept the director's resignation offer and the reasons for rejecting the offer, if applicable, in a current report on Form 8-K to be filed with the Securities and Exchange Commission within four business days of the Board's determination.

This process relating to nominees for directors who receive a Majority Withheld Vote will be summarized or included in each proxy statement relating to an election of directors of the Company. The Board believes that this process enhances accountability to shareholders and responsiveness to shareholders' votes, while allowing the Board appropriate discretion in considering whether a particular director's resignation would be in the best interests of the Company and its shareholders.

Other Public Company Directorships. The Company does not have a policy limiting the number of other public company boards of directors upon which a director may sit, in general. However, as noted above, the Nominating and Corporate Governance Committee considers the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee or a director is a member. Directors shall provide prior written notice to the Chair of the Nominating and Corporate Governance Committee of any proposed service on the board of a public or private company.

Although the Company does not impose a limit on outside directorships, board members are expected to devote sufficient time and attention to carrying out their director duties and responsibilities and ensure that their other responsibilities, including service on other boards, do not materially interfere with their responsibilities as directors of the Company.

Material Change in Director Occupation. An employee director shall submit his or her resignation from the Board upon termination of his or her active service as an employee of the Company.

All directors shall tender a written offer to resign from the Board after a material change in that director's full-time position or responsibilities. The Nominating and Corporate Governance Committee shall review the director's continuation on the Board and recommend to the Board whether the Board should accept such proposed resignation or request that the director continue to serve on the Board.

Director Retirement. It is the general policy of the Company that a director shall retire from the Board at the annual meeting of shareholders immediately following his or her attaining the age of 72 and shall not be nominated for re-election or reappointment to the Board. However, the Board may determine to waive this policy in individual cases.

[Back to Top](#)

II. Board Committees – Structure and Procedures

General. The standing committees of the Board are:

- Audit Committee
- Compensation Committee
- Finance Committee

- Nominating and Corporate Governance Committee
- Quality and Technology Committee

The purpose and responsibilities for each of these committees shall be outlined in committee charters approved by the Board. Each committee assesses the adequacy of its charter annually and recommends changes to the Board as appropriate. All committees report regularly to the full Board with respect to their activities.

Committee Independence. Each of the committees shall consist solely of independent directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee.

Assignment and Rotation of Committee Members. As a general rule, independent directors shall serve on at least two committees. Membership on committees shall be rotated as appropriate to provide directors experience on committees; however, this principle of rotation should not deprive a committee of expertise that a director possesses.

Committee Chairs. In the interest of rotating committee leadership as determined by the Board to be appropriate (taking into account all relevant circumstances), the Board shall consider rotation of committee chairs after a chairman has served for five successive years.

[Back to Top](#)

III. Board Performance and Operations

Attendance at Meetings. Directors are expected to attend all Board meetings and meetings of Board committees on which they serve, as well as the annual meeting of shareholders, absent exigent circumstances.

Board Meetings. Currently, the Board holds six regular meetings each year, and the Board (considering any recommendations from the Nominating and Corporate Governance Committee) shall determine from time to time whether fewer or more meetings shall be held. Appropriate officers of the Company may be invited to attend the general session of Board meetings when appropriate.

Agenda for Board Meetings. The Chairman of the Board and the Lead Independent Director or the CEO, if the CEO is not also the Chairman of the Board, shall prepare an agenda for Board meetings. Directors may request that additional subjects be placed on the agenda.

Board Materials Distributed in Advance. Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting.

Executive Sessions of Non-Management Directors. The non-management directors meet in executive session without management present at each regularly scheduled Board meeting. If the non-management directors include directors who are not independent directors, the independent directors shall meet in executive session at least annually. The Lead Independent Director, or the CEO, if the CEO is not also the Chairman of the Board, presides at these sessions of non-management directors and independent directors. Members of the Board's standing committees meet in executive session without management present at each committee meeting.

Director Access to Management, Employees and Advisors. Directors have full and free access to members of management and employees of the Company. The Board and each of its standing committees has the authority to engage outside counsel, accountants, experts and other advisors as it determines appropriate to assist it in the performance of its functions.

Director Orientation and Continuing Education. The Company has an orientation process for new directors that includes materials and meetings with key management designed to familiarize new directors with the Company's business, operations, finances, and governance practices. The Board encourages directors to participate in continuing education programs to assist them in performing their responsibilities as directors.

Annual Performance Evaluation. The Board conducts an annual self-evaluation to assess its performance. Each of the standing committees also conducts an annual self-evaluation.

[Back to Top](#)

IV. Director Compensation and Stock Ownership

Director Compensation. The Board, considering the recommendations of the Nominating and Corporate Governance Committee, reviews and determines the philosophy underlying directors' compensation. The Nominating and Corporate Governance Committee reviews and establishes the components of compensation for directors and recommends changes in compensation to the Board. A director who is also an officer of the Company shall not receive additional compensation for such service as a director.

Stock Ownership or Retention Guidelines. To more closely align their interests with those of shareholders generally, directors must own stock of the Company as provided in stock ownership or retention guidelines adopted by the Board from time to time. The Nominating and Corporate Governance Committee reviews and establishes the stock ownership guidelines for directors and recommends changes to the Board.

[Back to Top](#)

V. Executive Development

Management Evaluation. The Board conducts an annual review of the performance of the CEO and senior management. The results of the reviews are shared with the CEO and the Compensation Committee, which considers the evaluation and establishes the compensation of the CEO and other senior management based on this evaluation.

Succession Planning. The Board plans for succession to the position of the CEO, including succession in the event of an emergency or the retirement of the CEO. The Board shall ensure that successors are identified or that a plan is in place to identify successors for the CEO and for the top management positions. The Board also periodically reviews the Company's succession plans for senior management.

[Back to Top](#)

EXHIBIT 1

Principal Duties of the Chairman of the Board

Board Meetings

- Chair all meetings of the Board in a manner which utilizes the time of the Board effectively and which takes full advantage of the expertise and experience that each director has to offer.
- In consultation with the Lead Independent Director, establish an agenda for each Board meeting which covers all matters which should come before the Board in the proper exercise of its duties.

Corporate Governance

- Provide input and support to the Lead Independent Director on:
 - Selection of committee chairs and membership on Board committees.
 - Establishment of the agendas for the Nominating and Corporate Governance Committee meetings.
 - Compensation philosophy for the Board and candidates for Board membership.
- Be accountable to and provide leadership for all issues of corporate governance which should come to the attention of the Board and the Nominating and Corporate Governance Committee.

Communication

- Ensure that the Board is provided with full information on the condition of the Company, its businesses and the environment in which they operate.
- Facilitate and encourage constructive and useful communication between the management and the Board.

Shareholders' Meetings

- Recommend to the Board for its approval an agenda for each shareholders' meeting which covers all matters which should come before the shareholders.
- Provide leadership to the Board in the establishment of positions which the Board should take on issues to come before the annual meetings of shareholders.
- Preside at shareholders' meetings.

[Back to Top](#)

EXHIBIT 2

Principal Duties of the Lead Independent Director

- Chair all executive sessions of non-management or independent directors and any Board meetings where the Chairman of the Board is not present.
- Call meetings of the independent directors when necessary.
- Lead the Board in its plans for succession of the CEO.
- In collaboration with the Chairman and CEO, and considering any input from other directors, recommend committee chairs and members of Board committees to the Nominating and Corporate Governance Committee.
- Work with the Chairman to develop agendas for the Board and committee meetings.
- Be available to act as the liaison to the Board and advisor to the Chairman and CEO (and others designated as members of the office of the CEO).
- Act as the focal point on the Board for:
 - All issues of corporate governance.
 - Facilitation of communication between the Board and the CEO.
 - Suggestions from non-management directors, especially on sensitive issues that they feel need to be resolved.

- Fostering effective discussions and debate of the Board.
- Review and approval of Board agenda and seeing that any subjects that Board members want on the agenda are included.
- Review and approval of Board committee agendas.
- Preside over the Board's annual self-evaluation.
- Provide counsel to the other directors in the performance of their duties.

[Back to Top](#)

Last updated: 30 Jul 2012