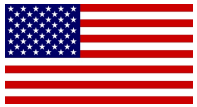


Meeting Date:	Thu, 21 Aug 2014 10:30am	Type:	AGM	Issue date:	Fri, 08 Aug 2014
Meeting Location:	8200 Coral Sea Street N.E., Mounds View, Minnesota 55112				
Current Indices:	S&P500				
Sector:	Health Care Equipment				

PROPOSALS		ADVICE
1.01	Elect Richard H. Anderson Non-Executive Director. Not considered independent as he has served the Board for more than nine years. There is insufficient independence on the Board. In addition, there are concerns about his aggregate time commitments.	Withhold
1.02	Elect Scott C. Donnelly Independent, Non-executive Director.	For
1.03	Elect Omar Ishrak Chairman and Chief Executive Officer. Combined roles at the head of the Company which Triodos does not support. There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal.	Withhold
1.04	Elect Shirley Ann Jackson Ph.D. Non-Executive Director. Not considered independent as she has served the Board for more than nine years. There is insufficient independence on the Board. Additionally, there are concerns over her aggregate time commitments.	Withhold
1.05	Elect Michael O. Leavitt Non-Executive Director. Not considered independent as he has served the Board for more than nine years. There is insufficient independence on the Board.	Withhold
1.06	Elect James T. Lenehan Independent, Non-executive Director.	For
1.07	Elect Denise M. O'Leary Non-executive Director. Not considered independent, as she has been on the Board for over nine years. There is insufficient independence on the Board.	Withhold
1.08	Elect Kendall J. Powell Lead Director. Considered independent.	For
1.09	Elect Robert C. Pozen Non-Executive Director. Not considered independent as he has been on the Board for more than nine years. There is insufficient independence on the Board.	Withhold
1.10	Elect Preetha Reddy Independent Non-executive Director.	For
2	To ratify the appointment of PricewaterhouseCoopers LLP as Medtronic's independent registered public accounting firm. PricewaterhouseCoopers LLP proposed for re-election. Non-audit fees were approximately 14% of audit fees during the year under review and 18% on a three year aggregate. This level does not raise significant concerns over the Auditors' independence.	For

- 3 Approve Pay Structure** **Oppose**
- As a result of SEC legislation (Section 951 of The Dodd-Frank Wall Street Reform and Consumer Protection Act), the company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The commentary on the disclosures made by the company are contained in the body of this report and the voting outcome for this resolution reflects the balance of our opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: BDA
- Disclosure rating: B - Current but not future targets disclosed for the annual incentive plan.
- Balance rating: D - The vesting of performance shares is determined by the company's three-year EPS ranking relative to its peer group. The vesting of cash-based awards is determined by the company's three-year average EPS, revenue growth and ROIC. Overall payout percentage for the performance period 2012-2014 was 91%. Stock options begin vesting within one year from date of grant. Annual bonus and long-term incentives employ the same metric which rewards executives twice for the same performance.
- Contracts rating: A - "double trigger" measure is in place where benefits are only received on a change in control only if the director is also terminated without cause or without good reason.
- Based upon this rating and the concerns over the structure of the incentive plans, Triodos does not support this resolution.
- Note: the 2013 'say-on-pay vote' received an oppose vote of approximately 2.1%.
- 4 To approve the Medtronic, Inc. 2014 Employees Stock Purchase Plan.** **For**
- The Board seeks approval for the Medtronic, Inc. 2014 Employees Stock Purchase Plan (the "2014 Plan"), and has reserved 22 million shares of Common Stock for issuance pursuant to the 2014 Plan. The plan is a direct replacement of the 2005 Employees Stock Purchase Plan (the "2005 Plan") which will be terminated December 31, 2014 and shares will no longer be available for use under the 2005 Plan.
- The administration of the 2014 Plan is vested in a committee appointed by the Board of Directors and consists of three or more directors who are considered to be non-employee directors. All employees of Medtronic and all of its subsidiaries are eligible to participate in the 2014 Plan. However, participation in the 2014 Plan is voluntary.
- The discounted shares will be sold to participants at 85% of the fair market value of shares on either the the first or last day of a six month period. The maximum amount that employees are capable of purchasing is \$25,000 of common stock. The percentage of outstanding shares allocated to the plan will be approximately 1.9% of total common shares outstanding, which is well below the 10% advisory threshold.
- 5* Board proposal to introduce majority voting for director election** **For**
- Currently, the company's Corporate Governance Guidelines provide that in an uncontested election a director who does not receive a majority vote must offer to tender his or her resignation to the Governance, Compensation and Nominating Committee which it will then consider the resignation. The board is seeking shareholder approval to amend the Articles of Incorporation, "intended to operate in tandem" with the recently adopted director resignation policy.
- It is considered that true accountability will only take place when director resignations are irrevocable by the board and all the directors are put for shareholder approval every year. However, it is considered that on balance, implementing the Plurality Plus voting system in the by-laws is a positive move, therefore, Triodos supports this resolution.
- Note: The proposal requires the affirmative vote of not less than 75% of votes entitled to be cast.

- 6*** **Board proposal to determine the size of the board** **For**
 The board seek approval for an amendment to their Articles of Incorporation to allow changes to the size of the Board of Directors upon the affirmative vote of a simple majority of shares. As the board believes that a majority voting standard for the election of directors is consistent with corporate governance best practice, they seek shareholders' support for this resolution. Acceptable proposal.
- Note: The proposal requires the affirmative vote of not less than 75% of votes entitled to be cast.
- 7*** **Board proposal to allow removal of a director upon the affirmative vote of a simple majority of shares.** **For**
 The board is submitting for shareholder approval amendments to the certificate of association which will have the effect of removing requirements that 75% of the votes outstanding support certain proposals for them to be effected. The matter for which supermajority provisions will be removed is for removal of directors. The Board understands that eliminating supermajority voting requirements is considered to be a best practice in corporate governance. Acceptable proposal.
- Note: The proposal requires the affirmative vote of not less than 75% of votes entitled to be cast.
- 8*** **To amend and restate the Company's Articles of Incorporation to allow amendments to Section 5.3 of Article 5 upon the affirmative vote of a simple majority of shares.** **For**
 The Board of Directors request approval of, an amendment and restatement of Medtronic's Articles of Incorporation to remove the sixth paragraph of Article 5, Section 5.3 of Medtronic's Articles of Incorporation. Currently, the sixth paragraph of Article 5, Section 5.3, provides for supermajority voting (75%). Paragraph 6 of Section 5.3 is included in Medtronic's Articles of Incorporation in order to conform to Section 135 of the Act, which states that if a company's articles of incorporation require a supermajority vote to transact certain business at a meeting, the same supermajority vote is required to amend the articles of incorporation to decrease such required vote proportion. If all matters identified in Article 5 of the Articles of Incorporation as being subject to a shareholder vote are governed by a simple majority standard, the sixth paragraph of Section 5.3 will be unnecessary. If the proposed amendment is approved, future amendments to Section 5.3 may be effected upon the affirmative vote of a simple majority of shares. Acceptable proposal.
- Note: The proposal requires the affirmative vote of not less than 75% of votes entitled to be cast.
 * = **Special resolution**

For Private Circulation only

©Copyright 2014 PIRC Ltd

Researcher: Rory O'Keeffe
Email: pircresearch@pirc.co.uk

Information is believed to be correct but cannot be guaranteed. Opinions and recommendations constitute our judgement as of this date and are subject to change without notice. The document is not intended as an offer, solicitation or advice to buy or sell securities. Clients of Pensions & Investment Research Consultants Ltd may have a position or engage in transaction in any of the securities mentioned.



Pensions & Investment Research Consultants Limited
6th Floor
9 Prescott Street
London E1 8AZ

Tel: 020 7247 2323
Fax: 020 7247 2457
<http://www.pirc.co.uk>

Regulated by the Financial Conduct Authority
Version 2