

Medtronic

April 29, 2020

Ms. Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: SEC File Number S7-01-20
Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information

Submitted via rule-comments@sec.gov

Dear Ms. Countryman:

Medtronic is submitting this letter in response to the Securities and Exchange Commission's (SEC or "the Commission") Proposed Rule Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information ("the amendments" or "the Proposal" or "the Proposed Rule"). Medtronic plc, headquartered in Dublin, Ireland, is among the world's largest medical technology, services, and solutions companies - alleviating pain, restoring health, and extending life for millions of people around the world. Medtronic was founded in 1949 and today serves hospitals, physicians, clinicians, and patients in more than 150 countries worldwide. The Company is 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."

Executive Summary

We commend and support the Commission's initiatives to simplify and streamline disclosures, making them more effective for investors and significantly reducing the cost and compliance burdens to registrants. A good example was the Commission's recently adopted amendments to the financial disclosure requirements for guarantors and issuers of guaranteed securities registered or being registered.

As preparers of financial information, we support the Commission for its efforts to modernize Regulation S-K Items 301, 302, and 303. We recognize the importance of providing decision-useful and relevant information to investors to facilitate informed investment decisions. We agree that the proposed amendments should provide pertinent information for investor decision making while decreasing the burden on preparers by eliminating certain disclosure duplication. We have feedback on the following areas of the proposed amendments.

Item 301 – Selected Financial Data

We support the elimination of the 5-year data tables in Item 301. If needed, historical information can be readily accessed through prior filings with the SEC. In our opinion, whenever acquisitions or divestitures occur, trend comparisons are not as meaningful. Also, multiple adoption approaches for new accounting standards (such as retrospective or modified retrospective approach) may cause 5-year data to be less comparable year over year.

Item 302(a) – Supplementary Financial Information

We support the elimination of Item 302(a) quarterly information. The requirements in Item 302(a) are generally duplicate information from prior quarterly reports. We understand that this amendment may result in the loss of companies separately disclosing fourth quarter information. However, material fourth quarter information will still be required to be disclosed under existing requirements in financial statements or Item 303. In addition, once the Form 10-Ks are filed, fourth quarter information can be easily derived in conjunction with referencing prior Form 10-Q filings.

Item 303 – Management’s Discussion and Analysis

Critical Accounting Estimates and Streamlining Items 303(a) and 303(b)

The Proposal amends Item 303(a) to specifically require disclosure of Critical Accounting Estimates (CAE’s), including 1) why the estimate is subject to uncertainty, 2) how much the estimate has changed during the reporting period and 3) the sensitivity of the reported amounts to the material methods, assumptions, and estimates underlying the estimate’s calculation. While we support that analysis and discussion of CAE’s should focus on the nature of the estimate and the related sensitivities, we do not believe disclosure of how much the critical accounting estimate has changed during the reporting period should be required disclosure, as it could result in financial statement user confusion and potential for unwarranted questioning of past judgements, particularly in sensitive areas such as litigation contingencies and income tax reserves. Furthermore, we believe ASC 275 acknowledges that actual results could differ from estimates made and provided that the risks and uncertainties relating to such estimates are disclosed, differences between the estimates and actuals are not necessarily an indication of an error or a deviation from U.S. GAAP. In addition, we believe there are certain critical accounting estimates for which sensitivity analysis is not relevant to users or is impractical, and therefore, should not be required for each critical accounting estimate. We believe management should use reasonable judgment to determine if sensitivity analysis would be meaningful to understanding the business and the relevant impacts of each critical accounting estimate. To the extent practicable, the sensitivity analysis should focus on assumptions that would have a material effect on the CAE’s, should not necessarily isolate a particular assumption, and should allow for the consideration of interrelationships of material assumptions.

The revised language in the new Item 303(b) no longer includes the word reportable when referring to segments as the focus of the discussion of a registrant’s financial condition, changes in financial condition, and results of operation for full fiscal years within the MD&A. We encourage the Commission to retain the current language to include reference to reportable segments.

Item 303(a)(4) – Off-Balance Sheet Arrangements

We support the proposed amendments to Item 303(a)(4) to include a principles-based instruction instead of the current more prescriptive off-balance sheet arrangement definition and related disclosure requirements. We believe the various updates to U.S. GAAP since the adoption of Item 303(a)(4) have led to a significant overlap between U.S. GAAP and Item 303(a)(4) which is resulting in duplicative disclosures. We believe the proposed principles-based approach for off-balance sheet arrangement disclosures will lessen the duplication in filings without resulting in the loss of material information. We agree with the Commission that the discussion of off-balance sheet arrangements does not need to occur in a separately captioned section and that the amendment may result in greater integration of the material off-balance sheet arrangements within the context of other MD&A discussions.

Item 303(b) – Interim Period Discussion

We support the proposed amendments to permit companies to compare their most recently completed quarter to either the corresponding quarter of the prior year or to the immediately preceding quarter. This change will allow companies additional flexibility to present the comparative information most relevant to analysts and investors, depending on the nature of the business. In addition, we suggest that the Commission also consider revising the requirement to compare current year-to-date information to prior year-to-date information. Many companies find that investors are not using the year-to-date comparative information as we find investors primary focus of attention is on sequential quarterly results. We believe this requirement should be optional and that registrants should have more explicit guidance to support the application of judgment in deciding whether to include year-to-date comparative information.

Conclusion

In summary, Medtronic supports the Commission's effort to gather feedback regarding the proposed amendments to modernize Regulation S-K Items 301, 302, and 303. We hope our responses provided in this letter help the Commission to form its final opinions and recommendations for these matters.

In addition, we respectfully ask the Commission to carefully review and evaluate all comment letters received.

Sincerely,

/s/ Mary Wilcox

Mary Wilcox
Vice President and Chief Accounting Officer