Covidien plc
Form DEF 14A
January 24, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

COVIDIEN PUBLIC LIMITED COMPANY
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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January 24 , 2012

Dear Shareholder,

You are cordially invited to attend the 2012 Annual General Meeting of Covidien plc, which will be held on Tuesday, March 13, 2012, at 11:00 a.m., local time, at the Conrad Dublin Hotel, Earlsfort Terrace, Dublin 2, Ireland. Details of the business to be presented at the meeting can be found in the accompanying Proxy Statement. We hope you are planning to attend the meeting. Your vote is important. Whether or not you are able to attend, I encourage you to submit your proxy as soon as possible so that your shares will be represented at the meeting.

On behalf of the Board of Directors and the management of Covidien, I extend our appreciation for your continued support.

Yours sincerely,

José E. Almeida
President and Chief Executive Officer

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COVIDIEN PUBLIC LIMITED COMPANY

Registered In Ireland No. 466385

20 On Hatch, Lower Hatch Street

Dublin 2, Ireland

NOTICE OF 2012 ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD MARCH 13, 2012

The 2012 Annual General Meeting of Covidien plc (Covidien or the Company), a company incorporated under the laws of Ireland, will be held on March 13, 2012, at 11:00 a.m., local time, at the Conrad Dublin Hotel, Earlsfort Terrace, Dublin 2, Ireland for the following purposes:

1. By separate resolutions, to elect as Directors for a period of one year, expiring at the end of the Company s Annual General Meeting of Shareholders in 2013, the following individuals:

   (a) José E. Almeida
   (b) Craig Arnold
   (c) Robert H. Brust
   (d) John M. Connors, Jr.
   (e) Christopher J. Coughlin
   (f) Timothy M. Donahue
   (g) Randall J. Hogan, III
   (h) Martin D. Madaus
   (i) Dennis H. Reilley
   (j) Joseph A. Zaccagnino

2. To appoint Deloitte & Touche LLP as the independent auditors of the Company and to authorize the Audit Committee of the Board of Directors to set the auditors remuneration.

3. To hold an advisory vote relating to the Company s executive compensation.

4. To authorize the Company and/or any subsidiary of the Company to make market purchases of Company shares.

5. To authorize the price range at which Covidien can reissue shares that it holds as treasury shares. (*Special Resolution*)

6. To amend the Company s Articles of Association to provide for escheatment in accordance with U.S. laws. (*Special Resolution*)

7. To amend the Company s Articles of Association to give the Board of Directors authority to declare non-cash dividends. (*Special Resolution*)

8. To act on such other business as may properly come before the meeting or any adjournment thereof.

Proposals 1 through 4 are ordinary resolutions, requiring a simple majority of the votes cast at the meeting. Proposals 5, 6 and 7 are special resolutions, requiring the approval of not less than 75% of the votes cast. The foregoing items are more fully described in the Proxy Statement accompanying this Notice of Annual General Meeting of Shareholders. Shareholders as of January 12, 2012, the record date for the Annual General Meeting, are entitled to vote on these matters.

During the meeting, management will also present Covidien s Irish Statutory Accounts for the fiscal year ended September 30, 2011.

By Order of the Board of Directors,

John W. Kapples, Secretary

January 24, 2012

Whether or not you expect to attend the annual general meeting in person, we encourage you to cast your vote promptly so that your shares will be represented and voted at the meeting. **Any shareholder entitled to attend and vote at the annual general meeting may appoint one or more proxies, who need not be a shareholder(s) of Covidien plc.** If you wish to appoint as proxy any person other than the individuals specified on the Company s proxy card, please contact the company secretary at our registered office.

This Proxy Statement, our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 and our Irish Statutory Accounts are available to shareholders of record at *www.proxyvote.com*. These materials are also available in the Investor Relations section of our website at *www.covidien.com*.

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COVIDIEN PLC

PROXY STATEMENT

GENERAL INFORMATION

Questions and Answers about Proxy Materials, Voting, Attending the Meeting and Other General Information

Why did I receive this Proxy Statement?	We are making this Proxy Statement available to you on or about January 24 , 2012 on the Internet, or by delivering printed versions to you by mail, because our Board of Directors is soliciting your proxy to vote at the Company s 2012 Annual General Meeting on March 13, 2012. This Proxy Statement contains information about the items being voted on at the Annual General Meeting and important information about Covidien.
	This Proxy Statement and the following documents relating to the 2012 Annual General Meeting are available on our website at www.covidien.com/covidien/investor:
	Our Internet Notice of Availability of Proxy Materials;
	Our Annual Report to Shareholders, including our Annual Report on Form 10-K for the fiscal year ended September 30, 2011; and
	Our Irish Statutory Accounts for the fiscal year ended September 30, 2011 and the reports of the Directors and auditors thereon.
How do I access the proxy materials and vote my shares?	The instructions for accessing proxy materials and voting can be found in the information you received either by mail or email.
	For shareholders who received a notice by mail about the Internet availability of proxy materials: You may access the proxy materials and voting instructions over the Internet via the web address provided in the notice. In order to access this material and vote, you will need the control number provided on the notice you received in the mail. You may vote by following the instructions on the notice or on the website.

For shareholders who received a notice by e-mail: You may access the proxy materials and voting instructions over the Internet via the web address provided in the e-mail. In order to vote, you will need the control number provided in the e-mail. You may vote by following the instructions in the e-mail or on the website.

For shareholders who received the proxy materials by mail: You may vote your shares by following the instructions provided on the proxy card or voting instruction form. If you vote by Internet or telephone, you will need the control number provided on the proxy card or voting instruction form. If you vote by mail, please complete, sign and date the proxy card or voting instruction form and mail it in the accompanying pre-addressed envelope.

Who may vote at the Annual General Meeting and how many votes do I have?

If you owned ordinary shares of Covidien at the close of business on the record date, January 12, 2012, then you may vote at the Annual General Meeting by following the procedures outlined in this Proxy Statement. At the close of business on the record date, we had 483,102,057 ordinary shares outstanding and entitled to vote. Each ordinary share is entitled to one vote on each matter properly brought before the Annual General Meeting.

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May I vote my shares in person at the Annual General Meeting?

Yes, you may vote your shares in person at the Annual General Meeting as follows.

If you are a shareholder of record and you wish to vote in person at the Annual General Meeting, you may do so. If you do not wish to attend yourself, you may also appoint a proxy or proxies to attend, speak and vote in your place. A proxy does not need to be a shareholder of Covidien. You are not precluded from attending, speaking or voting at the Annual General Meeting, even if you have completed a proxy form. To appoint a proxy other than the designated officers of the Company, please contact the Company Secretary at our registered office.

If you are a beneficial owner of shares and you wish to vote in person at the Annual General Meeting, you must obtain a legal proxy from the bank, brokerage firm or nominee that holds your shares. You will need to bring the legal proxy with you to the meeting and hand it in with a signed ballot that you can request at the meeting. You will not be able to vote your shares at the Annual General Meeting without a legal proxy and a signed ballot.

Even if you plan to attend the Annual General Meeting, we recommend that you also vote by proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

What is the deadline for voting my shares if I do not vote in person at the Annual General Meeting?

If you are a shareholder of record, you may vote by Internet or by telephone until 5:00 p.m., United States Eastern Time, on March 12, 2012.

If you are a beneficial owner of shares held through a bank or brokerage firm, please follow the voting instructions provided by your bank or brokerage firm.

What is the difference between holding shares as a shareholder of record and as a beneficial owner of shares held in street name?

Shareholder of Record. If you hold ordinary shares and your name appears in the Register of Members of Covidien, you are considered the shareholder of record of those shares.

Beneficial Owner of Shares Held in Street Name. If your ordinary shares are held in an account at a brokerage firm, bank, broker-dealer or other similar organization, then you are the beneficial owner of shares held in street name. As a beneficial owner, you have the right to direct your bank or brokerage firm how to vote the shares held in your account.

Can I change my vote after I have submitted my proxy?

Yes. You have the right to revoke your proxy before it is voted at the Annual General Meeting, subject to the proxy voting deadlines described above. You may vote again on a later date by Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the meeting will be counted), or by signing and returning a new proxy card with a later date, or by attending the meeting and voting in person. However, your attendance at the Annual General Meeting will not automatically revoke your proxy unless you vote in person at the meeting or file a written instrument with the Secretary of Covidien at least one hour prior to the start of the meeting requesting that your prior proxy be revoked.

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What happens if I do not give specific voting instructions when I deliver my proxy?

Shareholders of Record. If you are a shareholder of record and you:

Indicate when voting by Internet or by telephone that you wish to vote as recommended by our Board of Directors; or

If you sign and return a proxy card without giving specific voting instructions,

then the Company-designated proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion regarding any other matters properly presented for a vote at the meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares and your bank or brokerage firm does not receive instructions from you about how your shares are to be voted, one of two things can happen, depending on the type of proposal. Pursuant to New York Stock Exchange (NYSE) rules, brokers have discretionary power to vote your shares with respect to routine matters, but they do not have discretionary power to vote your shares on non-routine matters. Pursuant to NYSE rules, the election of directors and the shareholder advisory vote on executive compensation are considered non-routine matters. **A bank or brokerage firm may not vote your shares with respect to non-routine matters if you have not provided instructions. This is called a broker non-vote. We strongly encourage you to submit your proxy and exercise your right to vote as a shareholder.**

What is the quorum requirement for the Annual General Meeting?

In order to conduct any business at the Annual General Meeting, holders of a majority of Covidien s shares which are outstanding and entitled to vote on the record date must be present in person or represented by valid proxies. This is called a quorum. Your shares will be counted for purposes of determining if there is a quorum, whether representing votes for, against or abstained, or broker non-votes, if you:

are present and vote in person at the meeting;

have voted by Internet or by telephone; or

you have submitted a proxy card or voting instruction form by mail.

Assuming there is a proper quorum of shares represented

The voting requirements for each of the proposals are as follows:

at the Annual General Meeting, how many shares are required to approve the proposals being voted upon at the Annual General Meeting?

Proposal	Vote Required
1. Elect Directors	Majority of votes cast
2. Appoint Independent Auditors and authorize the Audit Committee of the Board to set the Auditors remuneration	Majority of votes cast
3. Advisory vote on executive compensation	Majority of votes cast
4. Authorize market purchases of company shares	Majority of votes cast
5. Authorize the price at which Covidien can reissue shares held as treasury shares (*Special Resolution*)	75% of votes cast
6. Amend Articles of Association escheatment (*Special Resolution*)	75% of votes cast
7. Amend Articles of Association Board authority to declare non-cash dividends (*Special Resolution*)	75% of votes cast

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How are abstentions and broker non-votes treated?	Abstentions and broker non-votes are considered present for purposes of determining the presence of a quorum. Abstentions and broker non-votes will not be considered votes properly cast at the Annual General Meeting. Because the approval of all of the proposals is based on the votes properly cast at the Annual General Meeting, abstentions and broker non-votes will not have any effect on the outcome of voting on these proposals.
Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?	As explained in more detail below, we are using the notice and access system adopted by the Securities and Exchange Commission (the SEC) relating to delivery of our proxy materials over the Internet. As a result, we mailed to many of our shareholders a notice about the Internet availability of the proxy materials instead of a paper copy of the proxy materials. Shareholders who received the notice will have the ability to access the proxy materials over the Internet and to request a paper copy of the proxy materials by mail, by e-mail or by telephone. Instructions on how to access the proxy materials over the Internet or to request a paper copy may be found on the notice. In addition, the notice contains instructions on how shareholders may request proxy materials in printed form by mail or electronically by e-mail on an ongoing basis. This notice of Internet availability of proxy materials also serves as a Notice of Meeting.
What are the notice and access rules and how do they affect the delivery of the proxy materials?	The SEC s notice and access rules allow us to deliver proxy materials to our shareholders by posting the materials on an Internet website, notifying shareholders of the availability of the proxy materials on the Internet and sending paper copies of proxy materials upon shareholder request. We believe that the notice and access rules allow us to use Internet technology that many shareholders prefer, continue to provide our shareholders with the information they need and, at the same time, assure more prompt delivery of the proxy materials. The notice and access rules also lower our cost of printing and delivering the proxy materials and minimize the environmental impact of printing paper copies.
Why didn t I receive a notice in the mail about the Internet availability of the proxy materials?	Shareholders who previously elected to access the proxy materials over the Internet will not receive a notice in the mail about the Internet availability of the proxy materials. Instead, you should have received an e-mail with links to the proxy materials and the proxy voting website. Additionally, we mailed copies of the proxy materials to shareholders who previously requested to receive paper copies instead of the notice.
	If you received a paper copy of the proxy materials, you may elect to receive future proxy materials electronically by following the instructions on your proxy card or voting instruction form. Choosing to receive your future proxy materials by e-mail will help us conserve natural resources and reduce the costs of printing and distributing our proxy materials. If you choose to receive future proxy materials by e-mail, you will receive an e-mail with instructions containing a link to the website where those materials are available and a link to the proxy voting website. Your election to receive proxy materials by e-mail will remain in effect until you terminate it.

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How do I attend the Annual General Meeting?	All shareholders are invited to attend the Annual General Meeting.
	Shareholders of Record. For admission to the Annual General Meeting, shareholders of record should bring picture identification to the Registered Shareholders check-in area, where ownership will be verified. If you would like someone to attend on your behalf, please contact the Company Secretary at our registered office prior to the meeting.
	Beneficial Owners of Shares Held in Street Name. Those who have beneficial ownership of ordinary shares held by a bank, brokerage firm or other nominee should come to the Beneficial Owners check-in area. To be admitted, beneficial owners must bring picture identification, as well as proof from their banks or brokers that they owned Covidien ordinary shares on January 12, 2012, the record date for the Annual General Meeting.
	Registration will begin at 10:30 a.m., local time, and the Annual General Meeting will begin at 11:00 a.m., local time. For directions to the Annual General Meeting, please call us at +353 1 438-1700.
How will voting on any other business be conducted?	Other than matters incident to the conduct of the Annual General Meeting, we do not know of any business or proposals to be considered at the Annual General Meeting other than those set forth in this Proxy Statement. If any other business is proposed and properly presented at the Annual General Meeting, the proxies received from our shareholders give the proxy holders the authority to vote on the matter at their discretion.
Who will count the votes?	Broadridge Financial Solutions, Inc. will act as the inspector of elections and will tabulate the votes.
Who will pay the costs of soliciting the proxies?	We will pay the costs of soliciting proxies. Proxies may be solicited on behalf of Covidien by directors, officers or employees of Covidien in person or by telephone, facsimile or other electronic means. We have retained D. F. King & Co., Inc. to assist in solicitation of proxies and have agreed to pay D. F. King $17,000, plus out-of-pocket expenses, for these services. As required by the SEC and the NYSE, we also will reimburse brokerage firms and other custodians, nominees and fiduciaries, upon request, for their reasonable expenses incurred in sending proxies and proxy materials to beneficial owners of our ordinary shares.
Where can I find more information about Covidien?	For other information about Covidien, you can visit our website at *www.covidien.com*. We make our website content available for information purposes only. It should not be relied upon for investment purposes, and it is not incorporated by reference into this Proxy Statement.

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CORPORATE GOVERNANCE

Our Board of Directors believes that good governance requires not only an effective set of specific practices, but also a culture of responsibility throughout an organization, and governance at Covidien is intended to achieve both. The Board also believes that good governance ultimately depends on the quality of an organization s leadership, and it is committed to recruiting and retaining directors and officers of proven leadership ability and personal integrity.

Corporate Governance Guidelines

The Board has adopted governance guidelines which are designed to assist the Company and the Board in implementing effective corporate governance practices. The governance guidelines, which are reviewed annually by the Nominating and Governance Committee, address, among other things:

- director responsibilities;
- composition and selection of the Board, including qualification standards and independence guidelines;
- majority voting for directors;
- the role of an independent Lead Director;
- Board committee establishment, structure and guidelines;
- officer and director stock ownership requirements;
- meetings of non-employee directors;
- director orientation and continuing education;
- Board access to management and independent advisors;
- communication with directors;
- Board and committee self-evaluations;
- succession planning and management development reviews;
- CEO performance reviews;

- recoupment, or claw-back , of executive compensation;
- ethics and conflicts of interest; and
- policy on shareholder rights plans.

The governance guidelines are posted on our website at *www.covidien.com*.

Independence of Nominees for Director

As noted above, the governance guidelines include criteria adopted by the Board to assist it in making determinations regarding the independence of its members. The criteria, summarized below, are consistent with the NYSE listing standards regarding director independence. To be considered independent, the Board must determine that a director does not have a material relationship, directly or indirectly, with Covidien. In assessing independence, the Board considers all relevant facts and circumstances. In particular, when assessing the materiality of a director s relationship with the Company, the Board considers the issue not just from the standpoint of the director, but also from that of the persons or organizations with which the director has an affiliation. A director will not be considered independent if he or she:

- is, or has been within the last three years, an employee of Covidien;
- has an immediate family member who is, or has been within the last three years, an executive officer of Covidien;

- is a current partner or employee of our auditor;
- has an immediate family member who is a current partner of our auditor or who is an employee of our auditor and personally works on our audit;
- has been, or has an immediate family member who has been, within the last three years, a partner or employee of our auditor who personally worked on our audit during that time;
- is, or an immediate family member is, or has been within the last three years, employed as an executive officer of a public company that has or had on the compensation committee of its Board an executive officer of Covidien (during the same period of time);
- has, or has an immediate family member who has, received more than $120,000 in direct compensation from Covidien, other than director and committee fees, in any twelve month period within the last three years;
- is a current employee, or has an immediate family member who is a current executive officer, of a company that has made payments to, or received payments from, Covidien for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company s consolidated gross revenues; or
- is, or his or her spouse is, an executive officer, director or trustee of a charitable organization to which Covidien s contributions, not including our matching of charitable contributions by employees, exceed, in any single year within the last three fiscal years, the greater of $1 million or 2% of such organization s total charitable receipts during that year.

The Board has considered the independence of its members in light of these independence criteria. In connection with its independence considerations, the Board has reviewed Covidien s relationships with organizations with which our directors are affiliated and has determined that such relationships, other than that with Tyco International Ltd. (Tyco International), from whom we spun in 2007, were established in the ordinary course of business. The Board has determined that none of these current business relationships are material to us, any of the organizations involved, or our directors. Based on these considerations, the Board has determined that each of our directors and each of the director nominees, other than José E. Almeida, our President and Chief Executive Officer, and Richard J. Meelia, our former President and Chief Executive Officer, satisfies the criteria and is independent. These independent directors are: Craig Arnold, Robert H. Brust, John M. Connors, Jr., Christopher J. Coughlin, Timothy M. Donahue, Kathy J. Herbert, Randall J. Hogan, III, Martin D. Madaus, Dennis H. Reilley and Joseph A. Zaccagnino. Each independent director is expected to notify the chair of the Nominating and Governance Committee, as soon as reasonably practicable, of changes in his or her personal circumstances that may affect the Board s evaluation of his or her independence.

Director Nominations Process

The Nominating and Governance Committee is responsible for developing the general criteria, subject to approval by the full Board, for use in identifying, evaluating and selecting qualified candidates for election or re-election to the Board. The Nominating and Governance Committee periodically reviews with the Board the appropriate skills and characteristics required of Board members in the context of the current make up of the Board. Final approval of director candidates is determined by the full Board, and invitations to join the Board are extended by the Chairman of the Board on behalf of the entire Board.

The Nominating and Governance Committee, in accordance with the Board s governance guidelines, seeks to create a Board that is strong in its collective knowledge and has a diversity of skills and experience with respect to accounting and finance, management and leadership, vision and strategy, business operations, business judgment, industry knowledge, corporate governance and global markets. When the Committee reviews a potential new candidate, the Committee looks specifically at the candidate s qualifications in light of the needs of the Board and the Company at that time, given the then current mix of director attributes.

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As described in our Corporate Governance Guidelines:

- directors should be individuals of the highest ethical character and integrity;
- directors should have demonstrated management ability at senior levels in successful organizations, including as the chief executive officer of a public company or as the leader of a large, multifaceted organization, including government, educational and other non-profit organizations;
- each director should have the ability to provide wise, informed and thoughtful counsel to senior management on a range of issues and be able to express independent opinions, while at the same time working as a member of a team;
- directors should be free from any conflict of interest or business or personal relationship that would interfere with the duty of loyalty owed to the Company; and
- directors should be independent of any particular constituency and be able to represent all shareholders of the Company.

The Committee assesses independence and also monitors compliance by the members of the Board with the requisite qualifications under NYSE listing standards for populating the Audit, Compensation and Human Resources and Nominating and Governance Committees. Directors may not serve on more than four public company boards of directors (including Covidien) or, if the director is employed as CEO of a publicly traded company, no more than three public company boards of directors (including Covidien). No person may stand for election as a director after reaching age 72.

As provided in its charter, the Nominating and Governance Committee will consider nominations submitted by shareholders. To recommend a nominee, a shareholder should write to our Secretary at Covidien s registered address, 20 On Hatch, Lower Hatch Street, Dublin 2, Ireland. Any such recommendation must include:

- the name and address of the candidate;
- a brief biographical description, including his or her occupation for at least the last five years, and a statement of the qualifications of the candidate, taking into account the qualification requirements set forth above; and
- the candidate s signed consent to serve as a director if elected and to be named in the Proxy Statement.

The recommendation must also include documentary evidence of ownership of Covidien ordinary shares if the shareholder is a beneficial owner, as well as the date the shares were acquired, as required by the Company s Articles of Association.

To be considered by the Nominating and Governance Committee for nomination and inclusion in the Company s Proxy Statement for the 2013 Annual General Meeting, shareholder recommendations for director must be received by our Secretary no later than September 26, 2012. Once the Secretary receives the recommendation, we will deliver a questionnaire to the candidate requesting additional information about the candidate s independence, qualifications and other information that would assist the Nominating and Governance Committee in evaluating the candidate, as well as certain information that must be disclosed about the candidate in the Company s Proxy Statement, if nominated. Candidates must complete and return the questionnaire within the time frame provided to be considered for nomination by the Nominating and Governance Committee.

The Nominating and Governance Committee also receives suggestions for director candidates from Board members and, in its discretion, may also employ a third-party search firm to assist in identifying candidates for director. All 10 of our nominees for director are current members of the Board. In evaluating candidates for director, the Committee uses the guidelines described above, and evaluates shareholder candidates in the same manner as candidates proposed from all other sources. Based on its evaluation, the Nominating and Governance Committee recommended each of the nominees for election by the shareholders. More information regarding each director nominee s qualifications can be found in Proposal 1 later in this Proxy Statement.

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Majority Vote for Election of Directors

Directors are elected by the affirmative vote of a majority of the votes cast by shareholders at the Annual General Meeting and serve for one-year terms. Any nominee for director who does not receive a majority of the votes cast is not elected to the Board.

Executive Sessions of the Board

The independent directors meet in executive session, without members of management present, at each regularly scheduled Board meeting and at such other times as may be deemed appropriate. These executive sessions may include a discussion with the Chief Executive Officer.

Board Leadership Structure

From June 2007 through September 2008, the positions of Chairman of the Board and Chief Executive Officer were held by separate people, due in part to the fact that the Company was a newly independent stand-alone public company, no longer part of a conglomerate, and also to the fact that the Board was newly constituted and unfamiliar with the Chief Executive Officer. In September 2008, after the Company had completed one full fiscal year as an independent Company, the Board reassessed this structure. Based in part on the strong governance structure laid down by the non-executive Chairman, the Chief Executive Officer s performance during the Company s first full fiscal year as a stand-alone public company, the Board s increasing familiarity and comfort with the Chief Executive Officer and the potential efficiencies of having the Chief Executive Officer also serve in the role of Chairman of the Board, the Board decided to revise its structure. The Board appointed Mr. Donahue as Independent Lead Director and appointed Mr. Meelia, our Chief Executive Officer at the time, as the Chairman of the Board.

The Chairman of the Board provides leadership to the Board and works with the Board to define its structure and activities in the fulfillment of its responsibilities. In conjunction with the Lead Director, the Chairman of the Board sets the Board agendas with Board and management input, facilitates communication among directors, works with the Lead Director to provide an appropriate information flow to the Board and presides at meetings of the Board of Directors and shareholders. The Lead Director works with the Chairman of the Board and other Board members to provide strong, independent oversight of the Company s management and affairs. Among other things, the Lead Director approves Board meeting agendas as well as the quality, quantity and timeliness of information sent to the Board, serves as the principal liaison between the Chairman of the Board and the independent directors and chairs an executive session of the independent directors at each regularly scheduled Board meeting. A more detailed description of the roles and responsibilities of the Chairman of the Board and of the Lead Director is set forth in our Corporate Governance Guidelines.

Code of Ethics

We have adopted the Covidien Guide to Business Conduct, which applies to all of our employees, officers and directors. The Guide to Business Conduct meets the requirements of a code of ethics as defined by SEC regulations and applies to our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, as well as all other employees, as indicated above. The Guide to Business Conduct also meets the requirements of a code of business conduct and ethics under the listing standards of the NYSE. The Guide to Business Conduct is posted on our website at *www.covidien.com* under the heading Investor Relations Corporate Governance. We disclose any material amendments to the Guide to Business Conduct, as well as any waivers for executive officers or directors, on our website.

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Board Risk Oversight

Our Board of Directors oversees an enterprise-wide approach to risk management designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the company. The involvement of the full Board of Directors in setting the Company s business strategy is a key part of its assessment of management s appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company. The full Board of Directors participates in an annual enterprise risk management assessment, which is led by the Company s general counsel. In this process, risk is assessed throughout the business, focusing on three primary areas of risk: financial risk, legal/compliance risk and operational/strategic risk.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk, including internal controls, and receives an annual risk assessment report from the Company s internal auditors. The Company s Compliance Committee assists the Board of Directors in fulfilling its oversight responsibility with respect to regulatory, healthcare compliance and public policy issues that affect the Company and works closely with the Company s legal and regulatory groups. In addition, in setting compensation, the Compensation and Human Resources Committee strives to create incentives that encourage a level of risk-taking behavior consistent with the Company s business strategy. As discussed below, the Compensation and Human Resources Committee recently conducted a compensation risk assessment. Finally, the Company s Nominating and Governance Committee conducts an annual assessment of the risk management process and reports its findings to the Board.

Compensation Risk Assessment

At the Compensation and Human Resources Committee s direction, representatives of the Company s human resources and legal departments conducted a risk assessment of the Company s compensation policies and practices during fiscal 2011. This risk assessment consisted of a review of cash and equity compensation provided to Company employees, with a focus on compensation payable to senior executives and incentive compensation plans which provide variable compensation to other Company employees based upon Company and individual performance. The Compensation and Human Resources Committee and its independent consultant reviewed the findings of this assessment and agreed with the conclusion that our compensation programs are designed with the appropriate balance of risk and reward in relation to the Company s overall business strategy and do not create risk that is reasonably likely to have a material adverse effect on the Company. The following characteristics of our compensation programs support this finding:

- our use of different types of compensation vehicles that provide a balance of long- and short-term incentives with fixed and variable components;
- the cap on awards to limit windfalls;
- our practice of looking beyond results-oriented performance in assessing the contributions of a particular executive;
- our share ownership guidelines;
- our executive compensation recoupment policy;
- our claw-back policy for equity awards; and
- the ability of the Compensation and Human Resources Committee to reduce incentive payouts if deemed appropriate.

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Hedging Policy

The Company s Insider Trading Policy prohibits employees, including directors and named executive officers, from entering into puts, calls, cashless collars, options or similar rights and obligations involving Covidien securities, other than the exercise of a Company-issued stock option.

Transactions with Related Persons

The Board s Nominating and Governance Committee is responsible for the review and, if appropriate, approval or ratification of related-person transactions involving Covidien or its subsidiaries and related persons. Under SEC rules, a related person is a director, nominee for director, executive officer or a beneficial owner of 5% or more of Covidien s shares, and their immediate family members. Our Board of Directors has adopted written policies and procedures that apply to any transaction or series of transactions in which the Company or a subsidiary is a participant, the amount involved exceeds $100,000 and a related person has a direct or indirect material interest.

Covidien personnel in the Legal and Finance departments review transactions involving related persons. If they determine that a related person could have a material interest in such a transaction, the transaction is forwarded to the Nominating and Governance Committee for review. The Nominating and Governance Committee determines whether the related person has a material interest in a transaction and may, in its discretion, approve, ratify, rescind or take other action with respect to the transaction. The Nominating and Governance Committee reviews all material facts related to the transaction and takes into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable to the Company than terms generally available to an unaffiliated third-party under the same or similar circumstances, the extent of the related person s interest in the transaction and, if applicable, the availability of other sources of comparable products or services. During fiscal 2011, there were no disclosable related party transactions.

Communications with the Board of Directors

The Board has established a process for interested parties to communicate with members of the Board. If you have a concern, question or complaint regarding our compliance with any policy or law, or would otherwise like to contact the Board, you may reach the Board via email at *board.directors@covidien.com*. A direct link to this email address can be found on our website at *www.covidien.com* under the heading Investor Relations Corporate Governance Contact Covidien Board. You may also submit communications in writing to a special address or by phone to a toll-free number that are published on our website at *www.covidien.com* under the heading Contact Us Ombudsman. Inquiries may be submitted anonymously and confidentially.

All concerns and inquiries are received and reviewed promptly by our Ombudsman. Any concerns relating to accounting, internal controls or audit matters are reviewed with the Audit Committee. All concerns will be addressed by the Ombudsman, with assistance from the Office of the General Counsel as necessary, unless otherwise instructed by the Audit Committee or the Lead Director. The status of all outstanding concerns is summarized to the Audit Committee on a regular basis, and any concern that is determined to be either (1) an immediate threat to the Company or (2) concerns a senior Company official (any executive officer or any direct report to the CEO) is immediately communicated to the Chair of the Audit Committee. The Chair of the Audit Committee or the Lead Director may determine that certain matters should be presented to the full Board and may direct the retention of outside counsel or other advisors in connection with any concern addressed to them. The Covidien *Guide to Business Conduct* prohibits any employee from retaliating against anyone for raising or helping to resolve an integrity question.

BOARD OF DIRECTORS AND BOARD COMMITTEES

General

Our business, property and affairs are managed under the direction of the Board of Directors, which currently is comprised of 12 members. Directors are kept informed of our business through discussions with the Lead Director, the Chairman of the Board, the Chief Executive Officer and other officers, by reviewing materials provided to them, and by participating in meetings of the Board and its committees. During our 2011 fiscal year, the Board held seven meetings. All of our directors who served in fiscal 2011 attended over 75% of the total of all meetings of the Board and the committees on which they served during fiscal 2011. Our Corporate Governance Guidelines provide that Board members are expected to attend each Annual General Meeting. Except for Dr. Madaus, who joined our Board in December 2011, all of our current Board members attended our 2011 Annual General Meeting.

Board Committees

The Board has a separately designated Audit Committee established in accordance with the Securities Exchange Act of 1934, as well as a Compensation and Human Resources Committee, a Nominating and Governance Committee, a Compliance Committee and a Transactions Committee. Assignments to, and chairs of, the committees are recommended by the Nominating and Governance Committee and selected by the Board. The committees report on their activities to the Board at each regular Board meeting.

The table below provides Board and committee membership information as of the date of this Proxy Statement.

	Audit Committee	Compensation and Human Resources Committee	Nominating and Governance Committee	Compliance Committee	Transactions Committee
Non-Employee Directors					
Craig Arnold	X				
Robert H. Brust	Chair				X
John M. Connors, Jr.		X			
Christopher J. Coughlin				Chair	X
Timothy M. Donahue[(1)]		Chair	X		Chair
Kathy J. Herbert[(2)]		X			
Randall J. Hogan, III	X				
Martin D. Madaus				X	
Richard J. Meelia[(2)(3)]					
Dennis H. Reilley			X	X	
Joseph A. Zaccagnino			Chair	X	X
Employee Director					
José E. Almeida					
Number of Meetings Held in Fiscal 2011	10	5	5	5	0

(1) Lead Director

(2) Retiring from the Board in March 2012.

(3) Chairman of the Board

Audit Committee

The Audit Committee monitors the integrity of our financial statements, the independence and qualifications of the independent auditors, the performance of our internal auditors and independent auditors, our compliance with legal and certain regulatory requirements and the effectiveness of our internal controls. The Audit Committee is also responsible for selecting, retaining, evaluating, setting the remuneration of and, if appropriate, recommending the termination of our independent auditors. The members of the Audit Committee are Craig Arnold, Robert H. Brust and Randall J. Hogan, III, each of whom is independent under SEC rules and NYSE listing standards applicable to audit committee members. Mr. Brust is the Chair of the Audit Committee. The Board has determined that Mr. Brust and Mr. Hogan are audit committee financial experts. The Audit Committee held ten meetings during fiscal 2011. The Audit Committee operates under a charter approved by the Board of Directors, which is posted on our website at *www.covidien.com*.

Compensation and Human Resources Committee

The Compensation and Human Resources Committee reviews and approves compensation and benefits policies and objectives, determines whether our officers and employees are compensated according to those objectives and carries out the Board s responsibilities relating to the compensation of our executives. The members of the Compensation and Human Resources Committee are John M. Connors, Jr., Timothy M. Donahue and Kathy J. Herbert, each of whom is independent under NYSE listing standards. Mr. Donahue is the Chair of the Compensation and Human Resources Committee. The Compensation and Human Resources Committee held five meetings during fiscal 2011. The Compensation and Human Resources Committee operates under a charter approved by the Board of Directors, which is posted on our website at *www.covidien.com*.

Nominating and Governance Committee

The Nominating and Governance Committee is responsible for identifying individuals qualified to become Board members, recommending to the Board the director nominees for election at the Annual General Meeting, developing and recommending to the Board a set of corporate governance guidelines, and taking a general leadership role in our corporate governance. The Nominating and Governance Committee also reviews the succession planning process relating to the Chief Executive Officer and the Company s other senior executive officers, as well as the Company s management development process. The members of the Nominating and Governance Committee are Timothy M. Donahue, Dennis H. Reilley and Joseph A. Zaccagnino, each of whom is independent under NYSE listing standards. Mr. Zaccagnino is the Chair of the Nominating and Governance Committee. The Nominating and Governance Committee held five meetings during fiscal 2011. The Nominating and Governance Committee operates under a charter approved by the Board of Directors, which is posted on our website at *www.covidien.com*.

Compliance Committee

The Compliance Committee assists the Board in fulfilling its oversight responsibility with respect to regulatory, healthcare compliance and public policy issues that affect the Company. The members of Compliance Committee are Christopher J. Coughlin, Martin D. Madaus, Dennis H. Reilley and Joseph A. Zaccagnino, each of whom is independent under NYSE listing standards. Mr. Coughlin serves as the Chair of the Compliance Committee. The Compliance Committee held five meetings during fiscal 2011. The Compliance Committee operates under a charter approved by the Board of Directors, which is posted on our website at *www.covidien.com.*

Transactions Committee

The Transactions Committee was created by the Board of Directors to maximize the efficiency of the Board s review and approval process relating to merger, acquisition and divestiture transactions. The members of Transactions Committee are Robert H. Brust, Christopher J. Coughlin, Timothy M. Donahue and Joseph A. Zaccagnino, each of whom is independent under NYSE listing standards. Mr. Donahue serves as the Chair of the Transactions Committee. The Transactions Committee did not meet during fiscal 2011.

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COMPENSATION OF NON-EMPLOYEE DIRECTORS

The Board of Directors has approved a compensation structure for non-employee directors consisting of equity awards, an annual cash retainer and, for some positions, supplemental cash retainers.

Cash Retainers

Board Members. Each non-employee Director receives an annual cash retainer which is generally paid on a quarterly basis. During fiscal 2011, the annual cash retainer was $95,000 for the first two fiscal quarters and $100,000 for the last two fiscal quarters, resulting in an effective cash retainer of $97,500 for the year.

Committee Chairs. The Chairs of the Nominating and Governance Committee and Compliance Committee each receive a supplemental annual cash retainer of $10,000. The Chair of the Audit Committee receives a supplemental annual cash retainer of $15,000. Effective for the last two fiscal quarters of 2011, the supplemental annual cash retainer for the Chair of the Compensation and Human Resources Committee was increased from $10,000 to $15,000, resulting in an effective supplemental cash retainer of $12,500 for fiscal 2011.

Committee Members. Each member of the Audit Committee (including the Chair) also receives a supplemental annual cash retainer of $5,000. Effective for the last two fiscal quarters of 2011, the Board approved payment of a supplemental annual cash retainer of $5,000 to members of the Compensation and Human Resources Committee (including the Chair), resulting in supplemental cash retainers of $2,500 for each member in fiscal 2011.

Lead Director. The Lead Director receives a supplemental annual cash retainer of $25,000 for his services.

Equity Awards

Restricted Stock Units. At the time of our 2011 Annual General Meeting, each non-employee director, other than Richard Meelia (who at that time was our President and Chief Executive Officer) and Martin D. Madaus (who was not then a member of our Board), received an annual grant of restricted stock units with a value of $135,000. The fiscal 2011 awards vest on the date of the Company s 2012 Annual General Meeting. Restricted stock units also accrue dividend equivalent units until the restricted stock units vest and shares are issued. Going forward, we expect that each non-employee director will receive an annual grant of restricted stock units on or around the date of each Annual General Meeting. In May 2011, the Board approved increasing the value of the annual grant to directors by $10,000 to $145,000. This increase will be in effect for fiscal 2012 grants.

Other

Directors from time to time may make use of tickets to various sporting events provided by the Company; for the year ended September 30, 2011, the aggregate incremental cost to the Company of these amounts was substantially less than $10,000 per director. Pursuant to Covidien s Matching Gift Program, which is available to non-employee directors on the same terms available to our employees, the Company matches contributions to charitable organizations up to $10,000. Directors are also reimbursed for reasonable out-of-pocket expenses incurred in attending Board, Board committee, and shareholder meetings and are also permitted to use the corporate aircraft to travel to and from meetings.

Director Share Retention and Ownership Guidelines

As set forth in our Corporate Governance Guidelines, all non-employee directors are required to hold at least 12,500 Covidien shares. In determining a director s ownership, shares held directly as well as shares underlying restricted stock units subject to time-based vesting and their accompanying dividend equivalent units are included. Shares underlying unexercised stock options are not included in the calculation. Directors have five years from

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becoming subject to these ownership guidelines to attain this ownership threshold. Each of Messrs. Connors, Coughlin, Meelia and Reilley has shareholdings in excess of this requirement; all other directors, with the exception of Dr. Madaus, who joined our Board in December 2011, hold over 95% of the requisite number of shares.

The following table provides information concerning the compensation paid by us to each of our non-employee directors for the fiscal year ended September 30, 2011. Compensation for Joe Almeida, our President and Chief Executive Officer, and for Richard Meelia, who served as President and Chief Executive Officer for the first three quarters of fiscal 2011, is shown in the Summary Compensation Table on page 37. Mr. Almeida receives no compensation for his services as a director. The compensation Mr. Meelia received for his services as director for the last fiscal quarter of 2011 is also included in the Summary Compensation Table on page 37. No compensation information is included for Martin D. Madaus, as Dr. Madaus did not serve on our Board of Directors in fiscal 2011.

2011 Director Compensation Table

Name	Fees Earned or Paid in Cash ($)	Stock Awards[1] ($)	Other Compensation[2] ($)	Total ($)
(a)	(b)	(c)	(g)	(h)
Craig Arnold	$102,500[3]	$134,980		$237,480
Robert H. Brust	$117,500[4]	$134,980		$252,480
John M. Connors, Jr.	$100,000[5]	$134,980		$234,980
Christopher J. Coughlin	$107,500[6]	$134,980		$242,480
Timothy M. Donahue	$137,500[7]	$134,980		$272,480
Kathy J. Herbert	$100,000[5]	$134,980	$10,000	$244,980
Randall J. Hogan, III	$102,500[3]	$134,980	$1,000	$238,480
Dennis H. Reilley	$97,500[8]	$134,980		$232,480
Tadataka Yamada	$55,833[9]	$134,980		$190,813
Joseph A. Zaccagnino	$107,500[10]	$134,980	$10,000	$252,480

(1) The amounts in column (c) reflect the aggregate grant date fair value of restricted stock units granted in fiscal 2011, calculated in accordance with Accounting Standards Codification 718. The grant date fair value does not necessarily correspond to the actual value that will be recognized by each director, which will likely vary based on a number of factors, including our financial performance, stock price fluctuations and applicable vesting. As of September 30, 2011, each current director listed in the table above had 2,662 restricted stock units (including dividend equivalent units) outstanding. As of September 30, 2011, each current director listed in the table above held options to purchase 9,600 ordinary shares received as compensation for serving on our board. No stock options were granted to non-employee directors in fiscal 2011.

(2) Reflects Company match, up to $10,000, of directors   charitable contributions pursuant to Covidien   s Matching Gift Program, which is available to our directors on the same terms available to our employees.

(3) Includes annual retainer and Audit Committee member retainer.

(4) Includes annual retainer, Audit Committee member retainer and Audit Committee Chair retainer.

(5) Includes annual retainer and Compensation and Human Resources Committee member retainer.

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(6) Includes annual retainer and Compliance Committee Chair retainer.

(7) Includes annual retainer, Compensation and Human Resources Committee Chair retainer, Compensation and Human Resources Committee member retainer and Lead Director retainer.

(8) Includes annual retainer.

(9) Includes prorated annual retainer. Dr. Yamada resigned from the Board of Directors in April 2011.

(10) Includes annual retainer and Nominating and Governance Committee Chair retainer.

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COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

Executive Summary

The Compensation and Human Resources Committee (the Compensation Committee) has adopted an integrated executive compensation program that is intended to align our named executive officers interests with those of our shareholders and to promote the creation of shareholder value without encouraging excessive or unnecessary risk-taking. Additionally, the Compensation Committee has tied a majority of our named executive officers compensation to a number of key performance measures that contribute to or reflect shareholder value. Specifically, in addition to a base salary, our named executive officers compensation package includes an annual incentive compensation program that is based on the Company s attainment of objective pre-established financial performance metrics and long-term equity awards consisting of stock options, performance stock units and restricted stock units.

Despite a challenging market environment, the Company finished fiscal 2011 with solid operating performance, meeting its publicly-stated goal of mid single-digit sales growth, double-digit earnings growth and strong cash flow. The Company improved adjusted gross margin for the fifth consecutive year, increased research and development investment by 20% to drive future growth, registered excellent growth in emerging markets - a key focus area for the Company - and continued to return cash to shareholders through dividends and share buybacks. In the fourth quarter of fiscal 2011, the Company completed a $1 billion share buyback program and announced a new $2 billion share buyback program. The Company also increased its dividend by 12.5%, the third consecutive annual double-digit increase.

As a result of our positive financial results for fiscal 2011, payouts under the 2011 annual incentive plan to our named executive officers at the corporate level were made at one hundred and forty four percent (144%) of target performance level. The Company s adjusted net income exceeded the 2011 annual incentive plan maximum performance level, and free cash flow exceeded target performance level. The Company s reported 8.4% sales growth, although stronger than mid single-digit growth, was slightly below target performance.

Other significant aspects of our executive compensation programs for fiscal 2011 are reflected in the following actions taken by the Compensation Committee:

- Adjusted the weightings of performance metrics in our fiscal 2011 annual incentive plan to effect more of a balance between income and revenue growth. For corporate named executive officers, performance metrics under the 2011 annual incentive plan were adjusted net income (35%), sales growth (35%) and free cash flow (30%).

- Reviewed and approved the conclusions of a compensation risk assessment conducted by management, as discussed in the section entitled *Compensation Risk Assessment* , beginning on page 10 of this Proxy Statement.

- Adopted an Asia Growth Incentive Plan to support the Company s strategic emphasis on growth in emerging markets.

- Reviewed but maintained without material change the elements and mix of compensation for our named executive officers from fiscal 2010 to fiscal 2011, reflecting the Compensation Committee s view that consistency from year to year in both our approach to compensation and the selection of balanced elements of compensation is important in creating shareholder value by attracting, motivating and rewarding senior executives and also acknowledging shareholder approval of executive compensation in the fiscal 2010 say-on-pay vote.

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In addition, in July 2011, José E. Almeida assumed the position of President and Chief Executive Officer of Covidien upon the retirement of Richard J. Meelia, and Bryan C. Hanson became Group President, Surgical Solutions, responsible for the Company s Surgical Devices and Energy-based Devices businesses. In connection with the promotions of Mr. Almeida and Mr. Hanson, the Compensation Committee increased the base salary and approved a special grant of restricted stock units and stock options to each. Unless otherwise indicated, the discussion in this Compensation Discussion and Analysis (CD&A) of the various compensation elements for Mr. Almeida and Mr. Hanson relates to annual compensation set based on the positions they held during the first three fiscal quarters of 2011.

Say on Pay Consideration

During fiscal 2011, the Compensation Committee reviewed the results of the say-on-pay vote relating to fiscal 2010 compensation. While shareholders overwhelmingly approved the fiscal 2010 compensation, two proxy advisory services did note concerns relating to gross-up payments on change-in-control excise taxes and gross-ups for Mr. Meelia s insurance premiums. After considering a number of factors, the Compensation Committee amended the Change in Control Severance Plan for Certain U.S. Officers and Executives to eliminate, for all covered executive officers other than the Chief Executive Officer, the right to receive payment of a tax gross-up amount as a result of the application of Internal Revenue Code Section 280G to certain payments made under the Change in Control Severance Plan. In addition, when determining the compensation for Mr. Almeida as Chief Executive Officer, the Compensation Committee decided not to include gross-up payments related to insurance premiums, consistent with our practice of paying for performance and minimizing the use of perquisites.

Executive Compensation Governance Structure

The Company is committed to integrity and the highest standards of ethical conduct. The following aspects of the Company s compensation program reinforce that commitment and illustrate our commitment to good governance:

- at least two-thirds of compensation for named executive officers is performance-based (incentive bonus, options, performance-based restricted stock units);
- share ownership guidelines to promote long-term ownership, long-term shareholder perspective and responsible practices;
- executive incentive compensation recoupment (claw-back) policy to promote accountability;
- forfeiture of awards and recoupment of profits realized on equity awards in the event of termination for cause;
- cap on incentive awards to limit windfalls;
- corporate aircraft policy no longer includes a personal travel allowance for the Chief Executive Officer;
- no tax assistance (gross-ups) on change in control, other than for the Chief Executive Officer; and
- no tax assistance (gross-ups) for new Chief Executive Officer with respect to supplemental insurance coverage.

Executive Compensation Philosophy

Our compensation program is designed to reflect and advance the following core principles:

Align Interests. Compensation should strongly align the interests of our executive officers and shareholders.

Ø *How we achieve this goal:* We emphasize long-term incentive awards that motivate executives to create shareholder value and stock ownership guidelines which promote a long-term shareholder perspective.

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Support Effective Governance. Compensation should support effective governance.

- Ø *How we achieve this goal*: We hold Company officers to stock ownership guidelines to promote long-term ownership, long-term shareholder perspective and responsible practices; we cap awards to limit windfalls; we encourage simplicity and transparency in plan design; we establish clear processes for administering equity and employee benefit plans; and, in assessing the contributions of a particular executive officer, the Compensation Committee looks not only to results-oriented performance, but also to how those results were achieved whether the decisions and actions leading to the results were consistent with the values of the Company and the long-term impact of those decisions.

Reflect Total Rewards Perspective. Compensation should be based on a total rewards perspective with an explicit role for each element.

- Ø *How we achieve this goal*: There is an explicit role for each element of compensation and we make compensation decisions regarding each element with a view to the aggregate value and effect of all other elements.

Pay Competitively. We should pay competitively, but not excessively, in order to attract and retain talented executive officers who can achieve our long-term strategic goals and create shareholder value.

- Ø *How we achieve this goal*: We offer total rewards that are generally within the 50th-75th percentile range based on a review of peer companies in the medical devices and pharmaceutical industries and, as appropriate, general industry and which are fair and reasonable in light of the executive officer s responsibilities, experience and performance. Actual compensation may, however, fall outside the competitive range based on a variety of factors, including, among others, individual performance and the unique challenges of a particular position.

Support Company s Business and Talent Strategy. Compensation should support our business strategy in the areas of customer focus, globalization, operational excellence and innovation as well as our talent strategy.

- Ø *How we achieve this goal*: We recognize individual performance through merit increases and individual adjustments to equity grant levels; we standardize pay levels and programs across the Company to facilitate cross-Company career progression; we use equity grants to signal potential and nurture career commitment; and we emphasize pay-for-performance through annual and long-term incentive plans rather than retirement benefits or entitlements such as perquisites.

Balance all Reward Elements. Our reward elements should be balanced, with an emphasis on performance-based compensation.

- Ø *How we achieve this goal*: We utilize a mix of incentive plans that balance short- and long-term objectives, provide potential upside for exceeding performance targets (capped at a market-competitive degree of leverage) with downside risk for missing performance targets. We balance retention with reward for shareholder value creation, while also seeing that the elements, individually and in the aggregate, do not encourage excessive risk-taking. We establish long-term performance metrics consistent with our ability to quantify long-term goals, in a meaningful way, with respect to these metrics.

Clear Compensation Goals and Practices. Compensation goals and practices should be transparent and easy to communicate, both internally and externally.

- Ø *How we achieve this goal*: We clearly and consistently communicate our total rewards philosophy to executives, limit the number of separate compensation plans/programs we provide, minimize the number of performance metrics per plan, promote continuity in plan design, align executive programs across the Company and enhance the motivational value of compensation by regularly communicating progress against goals.

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Effective Target-Setting. Target setting is a key activity and shall be done in a rigorous manner resulting in targets that reflect stretch yet are achievable.

Ø *How we achieve this goal*: In establishing performance targets, we strive to incentivize employees to innovate and collaborate without taking excessive risks. The Compensation Committee draws from a variety of sources when it establishes targets, including information regarding the historical performance of the Company and competitors, anticipated market dynamics and growth rates, Company business strategy, Company financial forecasts and earnings guidance as well as management and Board judgment.

2011 Compensation Elements and Decisions

Our compensation program for named executive officers has three major components, all of which are designed to work together to drive a complementary set of behaviors and outcomes.

- *Base salary.* Base salary is intended to reflect the market value of the named executive officer s role, with differentiation for individual capability.
- *Annual incentive compensation.* Annual incentive compensation in the form of a market-competitive, performance-based cash bonus is designed to focus our executives on pre-set objectives each year and drive specific behaviors that foster short-term and long-term growth and profitability.
- *Long-term incentive awards.* Long-term incentive compensation generally consists of grants of stock options, restricted stock units with time-based vesting and restricted stock units with performance-based vesting, which we refer to as performance share units. Long-term incentive compensation is designed to recognize executives for their contributions to the Company, to highlight the strategic significance of each named executive officer s role, to promote retention and to align the interests of named executive officers with the interests of our shareholders in long-term growth and stock performance, rewarding executives for shareholder value creation.

When assessing and setting compensation, the Compensation Committee focuses on base salary, total cash compensation (consisting of base salary and annual incentive compensation) and total direct compensation (consisting of base salary, annual incentive compensation and long-term incentive awards).

Named executive officers also participate in various employee benefit programs, as described on page 30 of this CD&A.

Total Rewards Driving Performance and Behavior

Two of the core principles of the Company s compensation philosophy, as articulated above, are that compensation should support effective governance, and that compensation should be viewed from a total rewards perspective, considering each compensation element with a view to the aggregate value and effect of all other compensation elements. Accordingly, in setting compensation, the Compensation Committee considers whether the compensation elements, individually and in the aggregate, create incentives that encourage behavior consistent with the overall interests of the Company.

In determining compensation packages for our named executive officers, the Compensation Committee seeks to strike an appropriate balance between fixed and variable compensation and between short- and long-term compensation. We believe that making a significant portion of our named executive officers compensation variable and long-term supports our pay-for-performance executive compensation philosophy while also mitigating potential excessive risk-taking behavior.

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The following table illustrates, for fiscal 2011, the distribution of value among base salary, target annual incentive cash awards and long-term equity incentives for our Chief Executive Officer (for the first three fiscal quarters of 2011 - Richard J. Meelia, and, for the last fiscal quarter of 2011 - José E. Almeida) and for the four other named executive officers. Of total direct compensation, 91% of Mr. Meelia s, 91% of Mr. Almeida s and 81% of the other named executives was variable. For purposes of this pay mix comparison, Mr. Almeida s compensation is annualized based his compensation payable for his service as President and Chief Executive Officer during the fourth quarter of fiscal 2011.

Pay Mix of CEOs and Top 4 (NEOs)

	Mr. Almeida	Mr. Meelia	Other NEOs
Long-term Incentives (Equity)	**79%**	**75%**	**57%**
Annual Incentives (Cash)	**12%**	**16%**	**24%**
Base Salary (Cash)	**9%**	**9%**	**19%**

We believe that providing the majority of compensation in the form of equity encourages strategies and levels of risk-taking that correlate with the long-term best interests of the Company and its shareholders. The Compensation Committee carefully balances the near-term nature of our annual incentive plan with risk-mitigating aspects, including (1) a mix of financial metrics, which provide checks and balances, (2) caps on cash awards built into the plan design and (3) our executive compensation recoupment policy, which applies if an annual incentive bonus is paid based upon financial information which is required to be restated due to material noncompliance with financial reporting requirements. We emphasize share-based compensation, in combination with executive share ownership guidelines, to promote long-term ownership, long-term shareholder perspective and responsible practices, encouraging significant and sustainable performance over the longer term. Our long-term equity incentive program includes a mix of vehicles to mitigate the risk of over-emphasis on any one element and also includes a cap on awards of performance share units. Our equity programs also include claw-back provisions which apply to monetary gains from equity grants realized by executives terminated for cause. Finally, in assessing the contributions of a particular named executive officer, the Compensation Committee looks not only to results-oriented performance, but also to how those results were achieved whether the decisions and actions leading to the results were consistent with the values of the Company and the long-term impact of those decisions.

Base Salary

Base salaries are paid in order to provide a fixed component of compensation for the named executive officers. Each named executive officer s base salary is designed to be competitive (generally within a range of the 50th to 75th percentile) with comparable positions in our peer group companies and market data. The components of market data are described in the *How We Determine Compensation Peer Group Reviews and Market Data* section of this CD&A. Actual compensation may fall outside this competitive range based on a variety of factors, including the complexity and unique challenges of the position and the individual skills, experience, background and performance of the executive. In setting base salaries for calendar year 2011, the Compensation Committee reviewed, among other things, a summary prepared by its independent compensation consultant, Steven Hall & Partners, which detailed each named executive officer s 2010 base salary and total

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cash compensation compared to market data. The Compensation Committee approved base salary increases, which became effective January 3, 2011, as follows:

Executive Officer	2010 Base Salary(1)	2011 Base Salary(1)	% Change
José E. Almeida	$745,000	$782,300(2)	5.0%
Charles J. Dockendorff	$713,900	$742,500	4.0%
Bryan C. Hanson	$423,700	$466,100(3)	10.0%
Amy A. McBride-Wendell	$493,800	$513,600	4.0%
John H. Masterson	$535,700	$551,800	3.0%
Richard J. Meelia	$1,300,000	$1,350,000(4)	3.8%

(1) The Compensation Committee sets base salaries on a calendar year basis. Accordingly, the base salary amounts noted in this table, which represent calendar year base salaries, differ from the base salary amounts set forth in the Summary Compensation Table because the Summary Compensation Table reports amounts actually earned during our fiscal year, from September to September.

(2) Effective July 1, 2011, Mr. Almeida s base salary was increased to $1,100,000 in connection with his assuming the role of President and Chief Executive Officer of the Company.

(3) Effective July 1, 2011, Mr. Hanson s base salary was increased to $520,000 in connection with his promotion to Group President.

(4) Effective July 1, 2011, Mr. Meelia retired as our President and Chief Executive Officer. Accordingly, he was paid a pro-rated portion of his base salary for the three fiscal quarters during which he served as President and Chief Executive Officer.

The salary increases were based on a consideration of individual performance, assessment of the value of the individual to the Company, a review of total direct compensation and a comparison to market data. Individual performance, other than for Mr. Meelia, was measured through performance evaluations performed by Mr. Meelia and discussed with the Compensation Committee. Mr. Meelia also discussed with the Compensation Committee the value to the Company of each of the named executive officers. Mr. Meelia s individual performance was based on an evaluation performed by the Board of Directors and the Compensation Committee.

The Compensation Committee approved these base salary increases to promote consistency with our philosophy of compensating executive officers competitively, but not excessively, within the 50th to 75th percentile range based on a review of peer companies in the medical devices and pharmaceutical industries and market data. Although more than the increase for other named executive officers, the increase in Mr. Hanson s salary reflected his increasing responsibilities, the strategic importance of his role and the fact that he received the highest possible Talent and Leadership Review (TLR) performance rating. TLR performance ratings are discussed in the *How We Determine Compensation Talent and Leadership Review* section of this CD&A.

Following the annual base salary increases for 2011, all named executive officers remained in the 50th to 75th percentile range of base salary compensation paid to executives in comparable positions, based on market data, other than Mr. Dockendorff and Ms. McBride-Wendell, both of whom were just above the 75th percentile for their respective positions. The Compensation Committee believed that it was appropriate to compensate Mr. Dockendorff and Ms. McBride-Wendell at these levels because each of them played key roles during fiscal 2010 in furthering a number of the Company s most important strategic initiatives. Mr. Dockendorff led a number of initiatives resulting in improved gross margin performance, strong cash flow and double-digit earnings per share growth. Ms. McBride-Wendell managed our portfolio to optimize our business by executing key acquisitions such as ev3 which enabled us to enter new markets, by building our business development pipeline and by exiting non-core businesses. Mr. Dockendorff and Ms. McBride-Wendell each received the highest possible TLR performance rating in recognition of their successes during the year.

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Annual Incentive Compensation

Annual incentive compensation supports the Compensation Committee s pay-for-performance philosophy and aligns individual goals with Company goals. Under our annual incentive plan, which is an element of our 2007 Stock and Incentive Plan, employees are eligible for annual incentive cash awards based on the Company s attainment of specific pre-established performance metrics. Consistent with its past practice, the Compensation Committee structured the 2011 annual incentive plan as follows:

At the beginning of the fiscal year, the Compensation Committee established performance measures and goals, which included the financial metrics being assessed, performance targets for each metric, including minimum threshold performance requirements to earn an award, and maximum performance scores.

Also at the beginning of the fiscal year, the Compensation Committee set individual award targets for each executive, expressed as a percentage of base salary, based on the executive s level of responsibility and upon an examination of compensation information from our peer group and market data.

After the close of the fiscal year, the Compensation Committee received a report from management regarding Company and segment performance against the pre-established performance goals. Awards were based on each named executive officer s individual award target percentage and the overall Company and/or individual segment s performance relative to the specific performance goal, as certified by the Compensation Committee.

Setting Annual Performance Metrics. The Compensation Committee sets the performance metrics as well as the performance targets for each metric. There are two primary classifications of performance metrics utilized in the annual incentive plan, Core Financial Metrics and Strategic Focus Metrics. Each performance metric represents part of the total award calculation, with the Core Financial Metrics accounting for, in the aggregate, 70% of the performance score and the Strategic Focus Metrics accounting for, in the aggregate, 30% of the performance score.

Core Financial Metrics. For the fiscal 2011 annual incentive plan, the Core Financial Metrics applicable to Messrs. Meelia, Dockendorff and Masterson and Ms. McBride-Wendell, all of whom served as executive officers at the corporate level, were Company sales growth and Company net income. The Core Financial Metrics applicable to Mr. Almeida, who, for the first three quarters of fiscal 2011 ran our Medical Devices operating segment, were sales growth and operating income for the Medical Devices segment. The Core Financial Metrics applicable to Mr. Hanson, who, for the first three quarters of fiscal 2011 ran our Energy-based Devices business unit and oversaw operations in Canada, Australia and New Zealand, were sales growth and operating income for the Energy-based Devices business unit and for Canada, Australia and New Zealand. The Compensation Committee chose sales growth and net/operating income as performance measures because they are important drivers of shareholder value and are key metrics in the Company s strategic plan.

Strategic Focus Metrics. For fiscal 2011, the Strategic Focus Metric applicable to Messrs. Meelia, Dockendorff and Masterson and Ms. McBride-Wendell was Company cash flow. The Strategic Focus Metrics applicable to Mr. Almeida were Company cash flow and Company net income. The Strategic Focus Metrics applicable to Mr. Hanson were Company cash flow and gross margin for the Energy-based Devices business unit and Canada, Australia and New Zealand. The Compensation Committee decided to use cash flow as a performance measure because strong cash flow performance remains a key strategic priority of the Company. The Company used gross margin at the business unit level as a performance measure to focus on profit without encouraging undue risk and to incent performance on a more granular level.

Minimum Performance Requirement. In addition to setting metrics and target performance levels, at the beginning of the fiscal year, the Compensation Committee also established a minimum annual performance

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requirement which must be met for payouts under the annual incentive plan to be made. In fiscal 2011, the minimum annual performance requirement for named executive officers at the corporate level was 75% of target net income and for the named executive officers at the segment and business unit level was 75% of target segment/business unit operating income. If the minimum annual performance requirement applicable to a named executive officer is not met, no bonus is paid under the annual incentive plan. For fiscal 2011, the Company achieved these minimum performance levels at the applicable Company, segment and business unit levels.

Calculating Performance Scores. If the minimum annual performance requirement is met, then a performance multiplier for each performance metric is determined and the overall performance score is calculated.

For each Core Financial Metric, the performance multiplier would be 0 if performance is below the threshold, 0.5x if performance is at threshold, 1x if performance is at target and 2x if performance is at or above the maximum level.

For the Core Financial Metrics, thresholds and maximums for fiscal 2011 were as follows:

Metric	Threshold	Maximum
Sales Growth *(Company, segment and business unit levels)*	3.5 percentage points below target	3.5 percentage points above target
Net Income *(Company)*	95% of target	107% of target
Operating Income *(Medical Devices segment)*	95% of target	110% of target
Operating Income *(EBD, Canada, Australia, New Zealand business units)*	94% of target	110% of target

For Strategic Focus Metrics, no thresholds or maximums are set only targets, which are either achieved or missed. If the target is missed, the performance multiplier for the Strategic Focus Metric is 0. If the target is achieved, the performance multiplier for the Strategic Focus Metric is the average of the performance multipliers for the Core Financial Metrics.

The performance multiplier for each metric is multiplied by the weighting percentage to obtain a performance score for that metric. The performance scores for each metric are added together and that total is then multiplied by the individual s target award amount to determine the actual award amount.

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The table below summarizes the performance measures, weights, targets, multipliers, scores and actual results used to determine the fiscal 2011 annual incentive cash awards for our named executive officers.

Fiscal 2011 Annual Incentive Plan Design Summary

Executive Officer	Performance Metric	Weight	Performance Target (1)	Performance Results (2)	Performance Multiplier	Performance Score
			(dollars in millions)			
Charles J. Dockendorff Amy A. McBride-Wendell John H. Masterson Richard J. Meelia	Net Income *(Company)*	35%	$1,807	$1,974	2x	70%
	Sales Growth *(Company)*	35%	9.3%	8.4%	.87x	31%
	Cash Flow *(Company)*	30%	$1,600	$1,717	1.44x	43%
Performance Score Total						**144%**
José E. Almeida	Operating Income *(segment)*	35%	$2,217	$2,301	1.38x	48%
	Sales Growth *(segment)*	35%	13.0%	13.1%	1.03x	36%
	Cash Flow *(Company)*	15%	$1,600	$1,717	1.20x	18%
	Net Income *(Company)*	15%	$1,807	$1,974	1.20x	18%
Performance Score Total						**120%**
Bryan C. Hanson	Operating Income *(business unit)*	35%	$396	$438	2x	70%
	Sales Growth *(business unit)*	35%	9.1%	10.6%	1.44x	50%
	Cash Flow *(Company)*	15%	$1,600	$1,717	1.72x	26%
	Gross Margin *(business unit)*	15%	65.8%	68.1%	1.72x	26%
Performance Score Total						**172%**

(1) The performance metrics used for compensation purposes include non-GAAP financial measures which exclude the effects of anticipated one-time, generally non-recurring items which the Compensation Committee believes may mask the underlying operating results and/or business trends of the Company or business segment, as applicable. The categories of these anticipated extraordinary items are identified at the beginning of the fiscal year when the performance measure is approved and, for the 2011 annual incentive plan, included certain restructuring charges, revenue adjustments related to businesses exited or sold, acquisitions, goodwill or other intangible asset impairment charges, shareholder and other litigation charges and certain legacy tax matters.

For the 2011 annual incentive plan, the performance targets were calculated as follows:

Sales growth is the total change in net trade sales for fiscal year 2011in US dollars, calculated using fiscal 2010 foreign exchange rates, divided by fiscal year 2010 net trade sales.

Net income is a non-GAAP financial measure which excludes the items noted above.

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Operating income is the operating income of the applicable operating segment, calculated using the foreign exchange rate applied in setting the segment s annual operating plan in order to eliminate the effect of currency fluctuations.

Cash flow means free cash flow, which is net cash provided by operating activities minus capital expenditures.

(2) Pursuant to the 2011 annual incentive plan, the Compensation Committee may also adjust the performance results to take into account extraordinary items that were not anticipated at the start of the year and which the Compensation Committee believes may mask the underlying operating results and/or business trends of the Company or business segment, as applicable. Exclusion of these extraordinary items did not impact performance results at the Company level or applicable business unit level, but did have the effect of slightly decreasing the payout for our Medical Devices segment.

The table below sets forth the 2011 annual incentive plan award target percentages, as well as the threshold, target, maximum and actual award payments approved for each of our named executive officers. The actual award payments are also reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table and the threshold, target and maximum bonus amounts are also reported in the Estimated Future Payouts Under Non-Equity Incentive Plan Awards column of the Grants of Plan-Based Awards Table.

Fiscal Year 2011 Annual Incentive Awards

Executive Officer	Target Percentage	Threshold[1]	Target	Maximum[2]	Actual
José E. Almeida	85%	$467,500	$935,000[3]	$1,870,000	$1,125,587
Charles J. Dockendorff	85%	$315,563	$631,125	$1,262,250	$906,004
Bryan C. Hanson	70%	$182,000	$364,000[4]	$728,000	$626,578
Amy A. McBride-Wendell	80%	$205,440	$410,880	$821,760	$589,834
John H. Masterson	80%	$220,720	$441,440	$882,880	$633,704
Richard J. Meelia	130%	$877,500	$1,755,000[5]	$3,510,000	$1,891,252

(1) Threshold award payments are 50% of target award payments.

(2) Maximum award payments are 200% of target award payments.

(3) Mr. Almeida s fiscal 2011 target award is based on the target percentage set at the beginning of the fiscal year (85%), multiplied by his base salary in effect on August 1, 2011, ($1,100,000), per the terms of our annual incentive plan.

(4) Mr. Hanson s fiscal 2011 target award is based on the target percentage set at the beginning of the fiscal year (70%), multiplied by his base salary in effect on August 1, 2011, ($520,000), per the terms of our annual incentive plan.

(5) Mr. Meelia s fiscal 2011 target award is based on the target percentage set at the beginning of the fiscal year (130%), multiplied by his annual base salary. His actual award is pro-rated for the number of days during fiscal 2011 that he served as President and Chief Executive Officer.

In setting individual target percentages for fiscal 2011, the Compensation Committee reviewed, for each named executive officer, the target percentages applicable in fiscal 2010, the total cash compensation received in fiscal 2010 and the projected cash compensation for fiscal 2011, considering how the total cash compensation of each named executive officer compared to peer group and related market data. The Compensation Committee also took into account the day-to-day responsibilities of each named executive officer. Following this review, the Compensation Committee determined that the fiscal 2010 award target percentages remained appropriate in light of peer group data and the overall compensation of each named executive officer.

Mr. Meelia s target percentage was significantly higher than those of other named executive officers given his position as Chief Executive Officer and the significant responsibilities that accompany that position. His target percentage, as with the target percentages for each of the other named executive officers, was in-line with market data. As noted previously, Mr. Meelia retired as President and Chief Executive Officer at the end of the third fiscal quarter of 2011 and was succeeded by Mr. Almeida. Due to Mr. Meelia s retirement, his actual award is pro-rated for the number of days during fiscal 2011 that he served as President and Chief Executive Officer.

At the start of fiscal 2011, Mr. Almeida s target bonus award was set at 85% of his then-current base salary of $782,300, and Mr. Hanson s target bonus award was set at 70% of this then-current base salary of $466,100. In connection with their July 1, 2011 promotions, the base salaries and target percentages for each were increased. Our annual incentive plan, however, provides that:

- if an employee s target percentage is modified during the fourth quarter of a fiscal year, the modification is disregarded for purposes of determining the bonus for that fiscal year and the prior target percentage remains in effect; and

- an employee s base salary as of August 1st of the fiscal year is utilized to calculate the bonus for such fiscal year.

Accordingly, Mr. Almeida s annual incentive plan award was determined using his pre-promotion target percentage of 85% and his increased base salary of $1,100,000 and Mr. Hanson s annual incentive plan award was determined using his pre-promotion target percentage of 70% and his increased base salary of $520,000.

Long-Term Incentive Awards

The Compensation Committee uses long-term incentive compensation in the form of equity awards to deliver competitive compensation that recognizes employees for their contributions to the Company and aligns the interests of named executive officers with shareholders by focusing them on long-term growth and stock performance. Recognizing that long-term incentives are generally the most significant element of total remuneration at the senior level and also acknowledging that long-term incentives are a crucial part of the total rewards compensation package that the Company offers, during fiscal 2010 the Compensation Committee, with input from its consultant, conducted a review of the Company s long-term incentive structure. The Compensation Committee examined a number of potential long-term incentive vehicles for equity grants, considering the pros and cons of each. The Compensation Committee also considered the proportion of long-term incentive value to be ascribed to vehicles with time-based vesting versus vehicles with performance-based vesting. Based on this evaluation, the Compensation Committee determined that the existing mix of stock options, restricted stock units and performance share units continued to serve the Company well. Accordingly, for the fiscal 2011 grants, the Compensation Committee maintained the following allocations:

- 50% of the value of each grant comprised of stock options with a four-year vesting period;

- 25% of the value of each grant comprised of restricted stock units with time-based vesting over a four-year vesting period; and

- 25% of the value of each grant comprised of performance share units with performance-based vesting over a three-year vesting period based on relative total shareholder return.

The Compensation Committee considers this allocation appropriate, as performance-orientation is reflected in performance share units and stock options (which only have value to the extent the Company s stock price increases from the stock price on the grant date), while grants of restricted stock units allow the program to support retention, even in down stock markets. In addition, the Compensation Committee took into consideration the fact that consistency of program structure is likely to enhance employee understanding of the function and benefits of the long-term incentives offered.

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The Compensation Committee also reviewed the performance share plan payout curve and determined that relative total shareholder return (total shareholder return for the Company as compared to total shareholder return of companies comprising a healthcare industry index), measured over the three-year performance period, continued to be the appropriate metric for the performance share units. Total shareholder return in the top half of peer group performance is a key long-term financial goal of the Company. The healthcare industry index selected by the Compensation Committee for the fiscal 2011 grant is comprised of the Company as well as 17 healthcare companies which generally replicate the Company s mix of businesses and includes all of the members of the peer group established by the Company for purposes of establishing fiscal 2011 compensation.

In determining the value of the fiscal 2011 annual long-term incentive awards for each named executive officer, the Compensation Committee considered, among other things, individual performance, including TLR performance ratings, the officer s total compensation and mix of compensation for the previous fiscal year, the resulting compensation mix projected for fiscal 2011, previous equity grants and the value of the proposed equity grant relative to market data and to proposed grants for other executive officers.

The table below compares the value of each named executive officer s annual long-term incentive award for 2011 versus the value for 2010.

Long-Term Incentive Compensation

Executive Officer	**Fiscal 2010** (1) *(millions)*	**Fiscal 2011** (1) *(millions)*	**% change**
José E. Almeida	$2.8	$3.1(2)	10.7%
Charles J. Dockendorff	$2.3	$2.4	4.3%
Bryan C. Hanson	$0.7	$0.77(3)	10.0%
Amy A. McBride-Wendell	$1.2	$1.2	none
John H. Masterson	$1.0	$1.1	10.0%
Richard J. Meelia	$7.5	$8.0	6.7%

(1) These values differ from those included in the Grants of Plan-Based Awards table due to the value, for accounting purposes, attributed to the performance share units included in the Grants of Plan-Based Awards table.

(2) Does not include Mr. Almeida s one-time grant of $3.792 million of restricted stock units and stock options in connection with his election as President and Chief Executive Officer, effective July 1, 2011.

(3) Does not include a one-time grant of performance share units to Mr. Hanson under the Asia Growth Incentive Plan, discussed below, with a target value equal to his fiscal 2010 base salary ($423,700), or the one-time grant of $264,167 in restricted stock units and stock options made in connection with his promotion, effective July 1, 2011.

For fiscal 2011, the value of annual long-term incentive awards increased for all named executive officers, other than Ms. McBride-Wendell, for whom the value stayed the same.

Although the value of Ms. McBride-Wendell s annual long-term incentive award did not increase from 2010 to 2011, the value of her fiscal 2011 long-term incentive award put Ms. McBride-Wendell well above the 75th percentile in terms of total direct compensation paid to executives in comparable positions at our peer group companies and based on market data. The Compensation Committee believed that this award was appropriate

given Ms. McBride-Wendell s exceptional performance in leading the Company s efforts in optimizing its portfolio during fiscal 2010, including the acquisition of ev3 and divestiture of non-core businesses, coupled with her receipt of the highest possible TLR performance rating.

The value of the long-term incentive award for Mr. Dockendorff increased by 4.3% from 2010 to 2011. This increase, while less than the increase of other named executive officers, brought Mr. Dockendorff slightly above the 75th percentile range of compensation paid to executives in comparable positions at our peer group companies and based on market data on a total direct compensation basis. The Compensation Committee determined this was appropriate, given that he received the highest possible TLR performance rating.

Messrs. Almeida, Hanson and Masterson received increases in annual long-term incentive award values of approximately 10% in order to bring their total direct compensation closer to the 75th percentile of corresponding compensation paid to executives in comparable positions at our peer group companies and based on market data. In connection with his election as President and Chief Executive Officer, effective July 1, 2011, the Compensation Committee awarded Mr. Almeida a special equity grant consisting of $3.0 million in restricted stock units and $792,000 in equal parts restricted stock units and stock options. Mr. Hanson also received a special grant of restricted stock units and stock options, effective July 1, 2011, in connection with his promotion, as well as a one-time grant of performance share units under the Asia Growth Incentive Plan discussed below.

In addition to reviewing and affirming the current base components of the Company s long-term incentive structure, during fiscal 2011, the Compensation Committee put in place the Asia Growth Incentive Plan. As part of the Company s long-term strategic plan, the Company embarked on an Asia growth initiative intended to support the Company s continued growth and expansion in the Asian market. The Compensation Committee adopted the Asia Growth Incentive Plan to incentivize certain employees to execute actions that have been identified as being essential to the long-term success of the Asia growth initiative within specified time frames. The Asia Growth Incentive Plan is structured as a one-time grant of performance share units subject to performance-based vesting, with the value of the grant equivalent to a proportion of the grantee s salary based on potential impact and achievement. Awards vest after three years, assuming the achievement of certain milestones relating to infrastructure build-out and the retention of key personnel in the region as well as attainment of a minimum level of cumulative operating income. Actual payout is dependent on achievement of the revenue goals identified in the Asia Growth Incentive Plan; these aggressive revenue goals are in excess of revenue goals for the region included in the Company s strategic plan. Performance shares granted under the Asia Growth Incentive Plan may not vest in full or at all, given the difficulty of the milestones and revenue requirements of the plan. One of our named executive officers, Bryan Hanson, was selected as a participant in the Asia Growth Incentive Plan. The target value of Mr. Hanson s grant under the Asia Growth Incentive Plan is $423,700, which is equal to his pre-promotion base salary for fiscal 2011.

Summary of New Chief Executive Officer Compensation

As discussed above, in July 2011, Mr. Almeida became our President and Chief Executive Officer. To reflect his increased responsibilities, the Compensation Committee approved:

- an increase in his base salary to $1,100,000;
- an increase in his target percentage under the annual incentive plan to 120% of his base salary;
- a special promotion equity grant of $3 million in restricted stock units, all of which vest on July 1, 2014;
- a prorated annual grant of $792,000 in equal parts restricted stock units and stock options which vests in equal installments on the first, second, third and fourth anniversaries of the date of grant; and
- supplemental long-term disability insurance.

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In setting Mr. Almeida s compensation as Chief Executive Officer, the Compensation Committee considered, among other things, the compensation of Chief Executive Officers of peer companies, the compensation of the Company s then President and Chief Executive Officer and the business experience of Mr. Almeida. For his initial year as President and Chief Executive Officer, the Compensation Committee established Mr. Almeida s compensation at the 35th percentile of compensation paid to Chief Executive Officers of our peer companies to allow for increases in his compensation as he develops as Chief Executive Officer. Provided that Mr. Almeida exhibits positive development and growth in the position, the Compensation Committee plans to adjust his compensation gradually to the 50th to 75th percentile of market over a three-year period.

Other Benefits

Retirement Benefits

We maintain retirement plans to assist our named executive officers with retirement income planning and increase the attractiveness of employment with us. For our named executive officers, we currently provide:

- a defined contribution 401(k) plan, the Covidien Retirement Savings and Investment Plan, that is available to all eligible United States employees (the Retirement Savings Plan); and

- a non-qualified deferred compensation plan, the Covidien Supplemental Savings and Retirement Plan, in which executive officers and other senior employees may participate.

For more information regarding our non-qualified deferred compensation plan, see Non-Qualified Deferred Compensation below.

Health and Welfare and Other Benefits

Health and Welfare Benefits. As part of our overall compensation offering, our health and welfare benefits are intended to be competitive with peer companies. The health and welfare benefits we provide to our named executive officers are offered to all of our eligible United States-based employees and include medical, dental, prescription drug, vision, life insurance, accidental death and dismemberment, business travel accident, personal and family accident, flexible spending accounts, short- and long-term disability coverage and the employee assistance program. The Company also provides Mr. Almeida with supplemental long-term disability insurance, which commenced when he became our President and Chief Executive Officer on July 1, 2011. The Company does not provide tax assistance with respect to premiums paid by the Company for this insurance coverage (no gross-ups).

Perquisites. Although the Company does not have a perquisite program, the Compensation Committee determined that it was in the Company s and the executives best interests to establish an executive physical program which offers comprehensive and coordinated annual physical examinations at a nominal cost to the Company. Other than the executive physical program and the limited use of corporate aircraft described below, we do not provide our named executive officers with any perquisites. The Compensation Committee believes that the emphasis on performance-based compensation, rather than on entitlements such as perquisites, is consistent with its compensation philosophy.

Airplane Usage. The Compensation Committee believes that it is important to have a corporate aircraft policy due to the security and efficiency benefits that such a policy provides to us. Personal travel for our named executive officers is permitted only if such use is at no incremental cost to the Company and is approved in advance by the Chief Executive Officer or if there are unusual circumstances, such as a medical or family emergency, that the Chairman of the Compensation Committee or the Chief Executive Officer believe warrant such use. Additionally, until his retirement in July 2011, our policy permitted Mr. Meelia to use our corporate aircraft for personal travel, up to sixty (60) block hours (including dead-head legs) per fiscal year. Effective

July 1, 2011, the policy was amended to exclude the sixty hour personal travel allowance for the Chief Executive Officer. Pursuant to current income tax rules applicable to personal use of aircraft, the Company imputes income to named executive officers for any personal use based on the Standard Industry Fare Level rates set by the Civil Aeronautics Division of the Department of Transportation. This imputed income amount is included in a named executive officer s earnings at the end of the year and reported as W-2 income to the Internal Revenue Service. The Company does not provide tax assistance with respect to this imputed income (i.e., no gross-ups).

Employee Stock Purchase Plan. We maintain a broad-based employee stock purchase plan which provides eligible employees, including our named executive officers, with the opportunity to purchase Company shares. We believe that providing an employee stock purchase plan is consistent with our philosophy that compensation should align the interests of executive officers and shareholders and promote a long-term shareholder perspective. Eligible employees authorize payroll deductions to be made for the purchase of Company shares. The Company provides a fifteen percent (15%) matching contribution on up to $25,000 of an employee s payroll deductions in any calendar year. All shares are purchased on the open market by a designated broker. Messrs. Meelia and Masterson participated in the employee stock purchase plan in 2011.

Severance and Change in Control Benefits

The Company maintains executive severance and change in control benefit plans. The Compensation Committee believes that providing severance and change in control benefits to our named executive officers is appropriate, given the fact that these are standard benefits provided by peer companies and also given the need to provide for continuity of management in the event of an actual or threatened change in control.

Severance Plan. Under the severance plan, benefits are payable to any named executive officer upon an involuntary termination of employment for any reason other than cause, permanent disability or death. Severance benefits, in the form of base salary, bonus and health benefits are generally payable for 18 months (24 months for our Chief Executive Officer) following termination of employment.

Change in Control Plan. Under the change in control plan, benefits are payable to any named executive officer upon an involuntary termination of employment or good reason resignation that occurs during a period shortly before and continuing after a change in control (a double trigger arrangement). Benefits are generally payable following termination in a lump sum cash payment equal to two times (2.99 times for our Chief Executive Officer) the sum of the executive s base salary and the average of the executive s bonus for the previous three fiscal years. Additional benefits provided upon a change in control termination include full vesting of outstanding equity awards, continued Company subsidy for health plan premiums for a 24 month period (36 months for our Chief Executive Officer) and outplacement services. Receipt of these benefits is conditioned upon the named executive officer signing a release of any claims against the Company. The Compensation Committee has carefully evaluated these arrangements and believes that it is important to provide named executive officers with protection in the event that their employment is terminated in connection with a change in control or their position is modified in such a way as to diminish their authority, responsibilities or compensation. Maintaining a double trigger for payment of change in control benefits helps to provide that protection while simultaneously precluding the named executive officer from receiving benefits solely due to a change in control (a single trigger arrangement). As noted above, after carefully considering the issue, the Compensation Committee determined to amend the change in control plan, effective October 1, 2011, to eliminate for all covered executive officers other than the Chief Executive Officer the right to receive payment of a tax gross-up amount as a result of the application of Internal Revenue Code Section 280G to certain payments made under the change in control plan.

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How We Determine Compensation

Compensation Committee Role and Input from Management

The Compensation Committee is responsible for the Company s executive compensation strategies, structure, policies and programs and must specifically approve compensation actions relating to our executive officers. For each executive officer, other than our Chief Executive Officer, the Compensation Committee relies on input from our Chief Executive Officer and our Senior Vice President of Human Resources in setting the officer s performance objectives, evaluating the actual performance of the officer against those objectives and making appropriate salary and incentive awards. The Chief Executive Officer and Senior Vice President of Human Resources participate in Compensation Committee meetings, at the request of the Compensation Committee, to provide background information and explanations supporting compensation recommendations, including the results of the annual performance evaluations that our Chief Executive Officer conducts on each named executive officer, as well as a TLR performance rating. Additionally, in light of Mr. Almeida s election as President and Chief Executive Officer, the Compensation Committee reviewed the performance review and compensation-setting process for Mr. Hanson, who is Mr. Almeida s brother-in-law. The Compensation Committee determined that it would be appropriate to provide for additional oversight of this process by having Mr. Hanson s performance assessments conducted by the Chairman of the Board, the Chief Financial Officer and the Senior Vice President of Human Resources and by requiring that the Compensation Committee review and approve any compensation actions relating to Mr. Hanson.

The Compensation Committee conducts the annual performance evaluation of our Chief Executive Officer. The process begins with the Compensation Committee approving an evaluation form which is then completed by the Chief Executive Officer as a self-evaluation. This completed self-evaluation is submitted to the full Board of Directors for review along with a blank evaluation for completion by each Director. The Compensation Committee s independent consultant compiles the results of the evaluations and prepares a summary for the Compensation Committee. The Compensation Committee reviews and discusses the results, after which the Chairman of the Compensation Committee leads a further discussion with the full Board of Directors. Following this extensive discussion with the full Board of Directors, the Lead Director provides feedback to the Chief Executive Officer. The Compensation Committee uses these evaluations and discussions in setting the Chief Executive Officer s compensation.

The Committee utilized the process described above in determining Mr. Meelia s compensation for fiscal 2011. Mr. Almeida s initial compensation as Chief Executive Officer was established as described on page 30 of this CD&A. The Compensation Committee expects to continue the annual performance evaluation process described above in setting Mr. Almeida s compensation following the completion of his first full year as Chief Executive Officer.

Compensation Consultants

The Compensation Committee has the sole authority to retain, compensate and terminate any independent compensation consultants of its choosing. During fiscal 2011, Steven Hall & Partners served as the Compensation Committee s independent compensation consultant. Steven Hall & Partners reports directly to the Compensation Committee and does not provide services to, or on behalf of, any other part of our business. Steven Hall typically provides the Compensation Committee with advice on compensation program design and best practices and, as noted below, produces the comparative information derived from the peer group and published survey data that the Compensation Committee reviews. Major services provided during fiscal 2011 by Steven Hall & Partners under its engagement with the Compensation Committee included: (1) preparing the market study described below; (2) reviewing the Company s compensation peer group; (3) analyzing the Company s share allocation and utilization as compared with 10 peer companies; (4) providing regulatory updates; (5) assisting the human resources department in preparing the tally sheets reporting total compensation for each executive officer; and (6) assisting in the Chief Executive Officer evaluation process. Steven Hall & Partners is the only compensation consultant who played a role in determining or recommending the amount or form of executive compensation for fiscal 2011.

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Peer Group Review and Market Data

When reviewing compensation programs for the named executive officers, the Compensation Committee considers the compensation practices of specific peer companies with annual revenues generally within the range of one-half to two times our annual revenues, as well as compensation data from general industry published surveys. In selecting the peer group to be considered in setting 2011 compensation, the Compensation Committee considered various factors relating to similarly-situated medical device and pharmaceutical companies, including revenue, net income, and market capitalization.

The Compensation Committee determined that the peer group utilized in setting compensation for 2010 remained appropriate for 2011. The Compensation Committee believes that this peer group continues to represent our primary competitors for capital, executive talent and, in some cases, business within our industry. The Compensation Committee reviews this peer group on an on-going basis and modifies it as circumstances warrant. The following table sets forth the peer group approved by the Compensation Committee for purposes of setting 2011 compensation, along with fiscal 2010 financial information for each. The table also includes information regarding Covidien s relative position in the peer group in each of the categories.

Company	Fiscal Year End	Revenue	Net Income	Market Capitalization at 1/31/11
			(dollars in millions)	
Baxter International Inc.	12/10	$12,843	$1,420	$28,256
Becton, Dickinson & Company	9/10	7,372	1,318	19,075
Boston Scientific Corporation	12/10	7,806	(1,065)	10,610
Bristol-Myers Squibb Company	12/10	19,484	3,102	43,100
Eli Lilly & Company	12/10	23,076	5,070	40,095
Medtronic, Inc.	4/10	15,817	3,099	41,136
St. Jude Medical, Inc.	1/11	5,165	907	13,886
Stryker Corporation	12/10	7,320	1,273	22,858
Thermo Fisher Scientific, Inc.	12/10	10,789	1,036	22,764
Zimmer Holdings, Inc.	12/10	4,220	597	11,681
Covidien plc	9/10	10,429	1,632	23,507
Rank		6 of 11	4 of 11	5 of 11
Percentile		54	68	57

In setting compensation for fiscal 2011, the Compensation Committee considered a market study prepared by its independent compensation consultant (the results of which we refer to throughout this CD&A as the market data). The market data compiled by the Compensation Committee s independent compensation consultant included information regarding base salary, annual cash incentive awards and the value of equity awards. The study included data derived from a number of sources, including the proxy statements of the Company s peer group companies, a Watson Wyatt Survey Report on Top Management Compensation, a Radford Executive Survey, three confidential survey sources and, for companies with revenue of approximately $10 billion, general industry data as well as data for the medical devices, pharmaceuticals and bio-technology industries where available. The Compensation Committee did not strictly tie target compensation for our named executive officers to any one type of peer group data, but instead considered all of these sources in evaluating whether target compensation was in the 50th to 75th percentile of compensation provided by the peer group. Data drawn from our peer group proxy statements was given greater consideration for the chief executive officer and chief financial officer positions than for group head positions. In addition, based on his current responsibilities, data for senior operating executives was utilized in considering Mr. Almeida s compensation for the first three fiscal quarters, including data from proxy statements of companies outside of the Company s peer group that disclosed compensation for senior operating executives.

Use of Tally Sheets

In setting compensation for each named executive officer, in addition to reviewing market data, the Compensation Committee reviews each named executive officer s total annual compensation from the previous four years. The Compensation Committee uses individual tally sheets prepared by our human resources department and the Compensation Committee s compensation consultant as a presentation format to facilitate this review. The tally sheets identify the value of each pay element, including base salary, annual incentive bonus, sign-on bonus or other cash payments, long-term incentives, grant date value of equity awards and retirement benefits. The tally sheets also reflect current stock ownership and equity awards held as well the value of termination and change-in-control payments under various potential termination and change-in-control scenarios. Reviewing the tally sheets helps the Compensation Committee to balance the various elements of compensation so that no one element is weighted too heavily and so that there is an appropriate mix between fixed and variable compensation and between short- and long-term compensation, consistent with our belief that our executive compensation program should not encourage excessive or unnecessary risk-taking.

Talent and Leadership Review

The Company utilizes a Talent and Leadership Review, or TLR, process to manage its talent and organizational capability with the goal of maximizing organizational excellence and business success. TLR assists the Company in understanding its leadership strengths and gaps, helps identify key and emerging talent and provides insight into current organizational capability versus strategic goals and objectives. As part of the TLR process, the Chief Executive Officer in conjunction with the Senior Vice President of Human Resources assigns to each executive officer a rating on two discrete dimensions: leadership behaviors and results. Three possible ratings can be assigned in each of these two dimensions: exceptional, effective, and not yet effective. While the TLR process is intended to assist in evaluating the needs of the Company from a human resources perspective, these performance ratings are also considered by the Chief Executive Officer in formulating compensation recommendations to the Compensation Committee. These performance ratings impacted both base salary decisions as well as decisions regarding the value of long-term incentive compensation awards.

Other Compensation Policies and Arrangements

Employment Agreement with Richard J. Meelia

On July 1, 2011, Mr. Meelia retired as President and Chief Executive Officer of the Company. In accordance with the terms of the employment agreement that he entered into with Tyco International in connection with our separation from that company, the Company will pay severance and other benefits as described in the Summary Compensation Table as well as the narrative to the Potential Payments Upon Termination table under the heading Severance Benefits Payable to Mr. Meelia.

Executive Compensation Recoupment Policy

Accountability is one of our core values. To encourage our senior executives to take responsibility and affirm the Company s commitment to integrity and the highest standards of ethical conduct, to reinforce these values through our compensation program, and to support good governance practices, we maintain an Executive Compensation Recoupment Policy (the Recoupment Policy). The Recoupment Policy requires that the Company recoup, or claw-back , portions of incentive compensation paid to our executive officers if there is a restatement of the Company s financial statements due to the material noncompliance by the Company with financial reporting requirements under applicable securities laws or regulations and the amount of incentive compensation that was awarded to an executive officer during the three (3) fiscal years immediately preceding the date of the restatement (or such other period as required under applicable securities laws or regulations) is higher than the amount of incentive compensation that would have been awarded to the executive officer had the financial results subject to the restatement been properly reported. For this purpose, incentive compensation includes annual incentive compensation, certain long-term incentive awards, and any other compensation determined to be incentive compensation pursuant to regulations to be issued by the SEC.

In addition, our equity awards are subject to a claw-back provision, pursuant to which we may recover the amount of any profit the named executive officer realized upon the exercise of options or vesting of other equity awards during the 12-month period that occurs immediately prior to the officer s involuntary termination for cause.

Executive Officer Share Retention and Ownership Guidelines

The Compensation Committee has determined that it is in the best interests of the Company for all named executive officers to have meaningful share ownership positions in Covidien in order to reinforce the alignment of management and shareholder interests. Accordingly, the Compensation Committee adopted share retention and ownership guidelines for named executive officers. Under these guidelines, named executive officers are expected to hold company equity with a value expressed as a multiple of base salary as follows:

Chief Executive Officer	5 times base salary
Other Named Executive Officers	3 times base salary

In determining an executive s ownership, shares held directly as well as shares underlying restricted stock units subject to time-based vesting and their accompanying dividend equivalent units are included. Shares underlying unexercised stock options and unvested performance share units and their accompanying dividend equivalent units are not included in the calculation. Executives are required to achieve the requisite ownership position within five years of first becoming subject to the share ownership guidelines. Messrs. Almeida, Dockendorff, Masterson and Meelia and Ms. McBride-Wendell have each achieved shareholdings in excess of the applicable multiple set forth above. Mr. Hanson achieved shareholdings in excess of the 1.5 times base salary requirement to which he was subject for the first three quarters of fiscal 2011 and is well on his way to satisfying his new target of 3 times base salary within the five year phase-in period. The Company s Insider Trading Policy prohibits employees, including named executive officers, from engaging in transactions in puts, calls, cashless collars, options or similar rights and obligations involving Covidien securities, other than the exercise of a Company-issued stock option.

Deductibility of Executive Compensation

Internal Revenue Code Section 162(m) limits to $1 million the tax deduction available to public companies for annual compensation that is paid to covered employees (generally, the named executive officers other than the Chief Financial Officer), unless the compensation qualifies as performance-based or is otherwise exempt from Code Section 162(m). In evaluating compensation programs applicable to our named executive officers (including the 2007 Stock and Incentive Plan, under which our named executive officers receive annual incentive bonuses and equity awards), the Compensation Committee considers the potential impact on the Company of Code Section 162(m). The Compensation Committee generally intends to maximize deductibility of compensation under Code Section 162(m) to the extent consistent with our overall compensation program objectives, while also maintaining maximum flexibility in the design of our compensation programs and in making appropriate payments to named executive officers.

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Compensation Committee Report on Executive Compensation

The Compensation Committee is responsible for the oversight of the Company s compensation programs on behalf of the Board of Directors. In fulfilling these responsibilities, the Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth in this Proxy Statement.

Based on the review and discussions referred to above, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2011, and Proxy Statement for the 2012 Annual Meeting of Shareholders, each of which will be filed with the Securities and Exchange Commission.

Compensation and Human Resources Committee

Timothy M. Donahue, Chairman

John M. Connors, Jr.

Kathy J. Herbert

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Executive Compensation Tables

Summary Compensation

The information included in the Summary Compensation Table below reflects compensation earned during each of the last three fiscal years by our Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers in our 2011 fiscal year. The table also includes information for Richard J. Meelia, who served as our Chief Executive Officer until his retirement on July 1, 2011. We refer to the six individuals collectively as our named executive officers. For a more complete understanding of the table, please read the narrative disclosures that follow the table.

SUMMARY COMPENSATION TABLE

Name and Principal Position (A)	Fiscal Year (B)	Salary ($) (C)	Stock Awards ($) (E)	Option Awards ($) (F)	Non-Equity Incentive Plan Compensation ($) (G)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (H)	All Other Compensation ($) (I)	Total ($) (J)
José E. Almeida[1] President and Chief Executive Officer	2011	$846,795	$5,224,971	$2,081,345	$1,125,587	$402	$128,666	$9,407,766
	2010	$732,885	$1,652,014	$1,507,744	$910,440	$3	$72,579	$4,875,665
	2009	$677,177	$1,665,005	$1,456,848	$560,811	$166	$72,889	$4,432,896
Charles J. Dockendorff Executive Vice President and Chief Financial Officer	2011	$734,800	$1,416,002	$1,255,281	$906,004	$68,419	$109,441	$4,489,947
	2010	$704,746	$1,357,019	$1,238,493	$849,541	$55,348	$94,639	$4,299,786
	2009	$665,638	$1,276,464	$1,116,923	$714,742	$103,709	$83,411	$3,960,887
Bryan C. Hanson[2] Group President, Surgical Solutions	2011	$467,330	$1,010,069	$541,137	$626,578	$2,949	$61,617	$2,709,680
Amy A. McBride-Wendell[3] Senior Vice President, Strategy and Business Development	2011	$508,269	$707,950	$627,641	$589,834	$8,407	$75,680	$2,517,781
	2010	$488,685	$708,054	$646,203	$553,056	$3,072	$65,218	$2,464,288
John H. Masterson Senior Vice President and General Counsel	2011	$547,465	$648,971	$575,342	$633,704	$21,892	$72,251	$2,499,625
	2010	$532,873	$613,579	$560,005	$599,984	$16,965	$63,902	$2,387,308
	2009	$519,431	$638,270	$558,462	$519,637	$35,747	$61,411	$2,332,958
Richard J. Meelia[4] Chairman of the Board	2011	$1,143,462	$4,720,038	$4,184,185	$1,891,252	$1,091	$7,882,732	$19,822,760
	2010	$1,286,538	$4,425,028	$4,038,643	$2,366,000	$1,598	$731,292	$12,849,099

2009	$1,220,808	$3,330,011	$2,913,745	$2,009,735	$6,900	$603,578	$10,084,777

(1) Mr. Almeida assumed the position of President and Chief Executive Officer, effective July 1, 2011. Mr. Almeida previously served as our Senior Vice President and President, Medical Devices.

(2) Mr. Hanson was not a named executive officer for fiscal 2010 or fiscal 2009.

(3) Ms. McBride-Wendell was not a named executive officer for fiscal 2009.

(4) Mr. Meelia retired as our President and Chief Executive Officer effective July 1, 2011, but continued serving as the Chairman of our Board of Directors during the remainder of fiscal 2011. Amounts reported in the Summary Compensation Table include compensation paid to Mr. Meelia during fiscal 2011 as well as severance benefits to which Mr. Meelia is entitled pursuant to his employment agreement, the payment of which has been delayed for six months after his retirement in order to

comply with Internal Revenue Code Section 409A. For more information regarding the severance benefits payable to Mr. Meelia, please read the narrative to the Potential Payments Upon Termination Table under the heading Severance Benefits Payable to Mr. Meelia.

The discussion below sets forth a description of the elements of compensation reported in the columns of the Summary Compensation Table.

Salary (Column C) For Mr. Meelia, the amount in this column includes $1,025,000 of base salary he received for serving as President and Chief Executive Officer during fiscal 2011, $25,000 in director fees for his service as a member of our Board of Directors during the last quarter of fiscal 2011, and $93,462 paid to him upon his retirement for accrued vacation time pursuant to our vacation policy. Effective July 1, 2011, Mr. Almeida s base salary was increased to $1,100,000, in connection with his assuming the role of President and Chief Executive Officer; and Mr. Hanson s salary was increased to $520,000, in connection with his promotion to Group President, Surgical Solutions. Amounts reported for Messrs. Almeida and Hanson in this column include payment of the applicable increased base salary during the fourth quarter of fiscal 2011.

Stock Awards (Column E) and Option Awards (Column F) These columns represent the aggregate grant date fair value, computed in accordance with Accounting Standards Codification 718 (ASC 718), of restricted stock unit, performance share unit and stock option awards issued to each of our named executive officers during the 2009, 2010 and 2011 fiscal years. Further information regarding the 2011 awards is included in the 2011 Grants of Plan-Based Awards Table and 2011 Outstanding Equity Awards at Fiscal Year-End Table later in this Proxy Statement as well as in the *Compensation Discussion and Analysis* (CD&A), beginning on page 17.

In the case of performance share unit awards issued to all named executive officers as part of our 2011 equity incentive award, the grant date fair value is based on the probable outcome of the market-based performance conditions, calculated based on the application of a Monte Carlo simulation model. The actual amounts which vest are determined at the end of the three-year performance cycle and are based on total shareholder return for the Company as compared to total shareholder return of companies comprising a healthcare industry index.

In the case of the performance share unit award issued to Mr. Hanson as part of our Asia Growth Initiative, the grant date fair value is based on the Company s closing share price on the grant date. The actual amounts which vest are determined at the end of the three-year performance cycle and are based on the completion of a minimum number of milestones, the achievement of a minimum level of operating income and the achievement of specified revenue goals. Assuming that the highest level of performance conditions are achieved for this award, the grant date fair value is $847,378.

With respect to both types of performance share unit awards described above, depending upon whether or to what extent the performance conditions are met, twice as many performance share units may vest, or none may vest at all. Amounts in these columns do not correspond to the actual value that may be recognized by the named executive officers, which may be higher or lower based on a number of factors, including the Company s performance or, in the case of the Asia Growth Initiative, the performance of our Asia Regional Business Unit, stock price fluctuations and applicable vesting. For additional information relating to assumptions made in the valuation for current year awards reflected in these columns, see Note 17 to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

Non-Equity Incentive Plan Compensation (Column G) The amounts reported in Column G represent annual incentive cash awards paid to the named executive officers under our Annual Incentive Plan. For information regarding the calculation of these awards, see the CD&A, beginning on page 17.

Change in Pension Value and Non-Qualified Deferred Compensation Earnings (Column H)

The amounts reported in Column H are attributable to the increase in the actuarial present value of the accumulated benefit under the frozen Kendall Pension Plan at September 30, 2011, as compared to September 24, 2010. For more information, see the 2011 Pension Benefits Table and related notes and narrative.

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Amounts in Column H also include above-market earnings on amounts credited to our Supplemental Savings Plan for Messrs. Dockendorff and Masterson. All investments offered under the Supplemental Savings Plan mirror investments offered under the Retirement Savings Plan (our tax-qualified Section 401(k) plan), except that the Supplemental Savings Plan includes an additional investment alternative, the Enhanced Moody s Rate, which is available to eligible employees, including Messrs. Dockendorff and Masterson. During fiscal 2011, the Enhanced Moody s Rate produced above-market earnings of $63,928 for Mr. Dockendorff and $19,252 for Mr. Masterson. For more information, see the Fiscal 2011 Non-Qualified Deferred Compensation Table and related narrative.

All Other Compensation (Column I) The amounts reported in Column I represent the aggregate dollar amount for each named executive officer for Company contributions to the Retirement Savings Plan, Company credits to the Supplemental Savings Plan, personal benefits, insurance premiums and tax reimbursements. With respect to Mr. Meelia, amounts reported in Column I also include severance benefits payable pursuant to his employment agreement. The following table shows the specific amounts included in Column I of the Summary Compensation Table for fiscal 2011. For a more complete understanding of the table, please read the narrative disclosures that follow the table.

ALL OTHER COMPENSATION

Name and Principal Position	Company Contributions to Retirement Savings Plan	Company Credits to Supplemental Savings Plan	Perquisites and Other Personal Benefits	Insurance Premiums	Tax Reimbursements	Severance Benefits	Total
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
José E. Almeida President and Chief Executive Officer	$14,700	$96,843		$17,123			$128,666
Charles J. Dockendorff Executive Vice President and Chief Financial Officer	$17,150	$92,291					$109,441
Bryan C. Hanson Group President, Surgical Solutions	$14,530	$47,087					$61,617
Amy A. McBride-Wendell Senior Vice President, Strategy and Business Development	$16,001	$59,679					$75,680
John H. Masterson Senior Vice President and General Counsel	$14,700	$57,552					$72,252
Richard J. Meelia Chairman of the Board	$21,627	$338,265	$219,405	$63,055	$32,896	$7,207,484	$7,882,732

Perquisites & Other Personal Benefits (Column D)

Mr. Meelia. The amount in Column D includes the following: $151 for reimbursement of health club dues (generally available to employees); $26,059 for office space rental and administrative support for Mr. Meelia in connection with his continuing service as Chairman of the Board; and $193,195 attributable to personal use of Company aircraft. Mr. Meelia agreed to continue to serve as the Chairman of our Board for a transition period of up to one year following his July 2011 retirement as President and Chief Executive Officer, and the Board determined that it would be appropriate for Mr. Meelia to have an office separate from the Company in connection with his service as Chairman during this transition period. The value of flights on corporate aircraft is based on the total variable incremental cost incurred by the Company in providing such flights, calculated on an annualized per hour basis. The variable costs associated with such flights include fuel, trip-related maintenance, crew travel expenses, on-board catering, landing and parking fees and other variable costs. As Company-owned aircraft are used predominantly for business purposes, we have not included fixed costs, such as pilots salaries, insurance and standard maintenance, which do not change based on usage. Mr. Meelia was taxed on the imputed income attributable to his personal use of Company aircraft and the Company did not provide him with any tax assistance, *i.e.*, no gross-ups, with respect to that income. As discussed in the CD&A, effective July 1, 2011, the Committee amended the Company s corporate aircraft policy to eliminate the personal use travel allowance for the Chief Executive Officer.

Insurance Premiums (Column E)

Mr. Meelia. This column reflects premiums paid by the Company during fiscal 2011 on Mr. Meelia s behalf for universal life insurance, supplemental long-term disability insurance, excess disability insurance and extended care insurance as well as $1,234, which represents the Company contribution towards the cost of post-employment COBRA continuation coverage.

Tax Reimbursements (Column F)

Mr. Meelia. This column reflects tax reimbursements for taxes associated with premiums paid by the Company during fiscal 2011 on Mr. Meelia s behalf for universal life insurance and supplemental long-term disability insurance.

Severance (Column G)

This column reflects severance benefits payable to Mr. Meelia pursuant to his employment agreement and includes $7,075,735, which represents his cash severance benefit; $14,274, which represents the Company s payment of the employer portion of the premium for post-employment COBRA continuation coverage after fiscal year 2011; $61,146, which represents the continued payment of premiums by the Company for universal life insurance, supplemental long-term disability insurance, and long-term care insurance; and $56,329, which represents the tax gross-up on such insurance premiums. Payment of all amounts, other than the employer portion of the premium for post-employment COBRA continuation coverage, has been delayed for six months after Mr. Meelia s retirement to comply with Internal Revenue Code Section 409A. The severance benefits payable to Mr. Meelia are described in the narrative to the Potential Payments Upon Termination Table under the heading Severance Benefits Payable to Mr. Meelia.

Grants of Plan-Based Awards

The following table provides information concerning the annual incentive cash awards and equity incentive awards granted to each of our named executive officers in fiscal 2011.

AIP is the annual incentive cash award payable pursuant to our 2011 Annual Incentive Plan.

PSUs are restricted stock unit awards subject to performance-based vesting, which we refer to as performance share units.

RSUs are restricted stock unit awards subject to time-based vesting.

Options are nonqualified stock options subject to time-based vesting.