

## NON-GAAP FINANCIAL MEASURES

This commentary contains financial measures which are considered “non-GAAP” financial measures under applicable U.S. Securities and Exchange Commission rules and regulations.

These non-GAAP financial measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with generally accepted accounting principles (GAAP). The company’s definition of these non-GAAP measures may not be the same or similar to measures presented by other companies.

Medtronic management believes that in order to properly understand its short-term and long-term financial trends, investors may find it useful to consider the impact of excluding specified items that can be highly variable or difficult to predict. The company generally uses these non-GAAP financial measures to facilitate management’s review of the operational performance of the company and as a basis for strategic planning. Management believes that the resulting non-GAAP financial measures provide useful information to investors regarding the underlying business trends and performance of the company’s ongoing operations and are useful for period over period comparisons of such operations. These non-GAAP financial measures reflect an additional way of viewing aspects of the company’s operations that, when viewed with GAAP results and the reconciliations to corresponding GAAP financial measures, may provide a more complete understanding of factors and trends affecting Medtronic’s business.

Because non-GAAP financial measures exclude the effect of items that will increase or decrease the company’s reported results of operations, management strongly encourages investors to review the company’s consolidated financial statements and publicly filed reports in their entirety. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are included herein.

**MEDTRONIC PLC**  
**RECONCILIATION OF OPERATING CASH FLOW TO ADJUSTED FREE CASH FLOW**  
(Unaudited)  
(in millions)

	<b>Three months ended</b>	
	<b>July 31, 2015</b>	
Net cash provided by operating activities	\$	816
Additions to property, plant, and equipment		(224)
Free cash flow	\$	592
Non-recurring tax payments		407
Certain litigation payments		92
Adjusted free cash flow	\$	1,091

<b>MEDTRONIC PLC</b>			
<b>Operating Profit on a Comparable, Constant Currency Basis</b>			
<b>Three months ended July 31, 2015</b>			
(in millions)	Net Sales	Operating Profit	Operating Profit Percent
As reported	\$7,274	\$1,131	15.5%
Impact of inventory step-up		226	
Restructuring charges, net		67	
Acquisition-related items		71	
Amortization of intangible assets		481	
Non-GAAP	\$7,274	\$1,976	27.2%
Foreign currency impact <sup>(1)</sup>	529	232	
Adjusted	\$7,803	\$2,208	28.3%
<b>Three months ended July 25, 2014</b>			
(in millions)	Net Sales	Operating Profit	Operating Profit Percent
As reported	\$4,273	\$1,088	25.5%
Restructuring charges, net		30	
Acquisition-related items		41	
Amortization of intangible assets		87	
Non-GAAP	\$4,273	\$1,246	29.2%
To align Medtronic and Covidien <sup>(2)</sup>	\$2,671	\$689	
Adjusted	\$6,944	\$1,935	27.9%

(1) To exclude the impact of foreign currency on a comparable basis, which combines the results for Medtronic Inc. and Covidien plc in the prior year comparison.

(2) On a comparable basis, which is prepared by aligning Covidien plc's prior year monthly results to Medtronic's fiscal quarter ended July 25, 2014.

**MEDTRONIC PLC**  
**RECONCILIATION OF EFFECTIVE TAX RATE TO NON-GAAP NOMINAL TAX RATE**  
(Unaudited)

	<b>Three months ended July 31, 2015</b>
Effective tax rate	12.8%
Tax impact of non-GAAP adjustments <sup>(1)</sup>	5.3%
Non-GAAP nominal tax rate	18.1%

(1) Non-GAAP adjustments include the impact of inventory step-up, restructuring charges, net, acquisition-related items, and amortization of intangible assets.

<b>MEDTRONIC PLC</b>			
<b>Selling, General, and Administrative Expense (SG&amp;A) on a Comparable, Constant Currency Basis</b>			
<b>Three months ended July 31, 2015</b>			
<b>(\$ in millions)</b>	<b>Net Sales</b>	<b>SG&amp;A Expense</b>	<b>SG&amp;A Expense as a Percentage of Net Sales</b>
As reported	\$7,274	\$2,449	33.7%
Foreign currency impact <sup>(1)</sup>	529	156	
Adjusted	\$7,803	\$2,605	33.4%
<b>Three months July 25, 2014</b>			
<b>(\$ in millions)</b>	<b>Net Sales</b>	<b>SG&amp;A Expense</b>	<b>SG&amp;A Expense as a Percentage of Net Sales</b>
As reported	\$4,273	\$1,506	35.2%
To align Medtronic and Covidien <sup>(2)</sup>	2,671	890	
Adjusted	\$6,944	\$2,396	34.5%

(1) To exclude the impact of foreign currency on a comparable basis, which combines the results for Medtronic Inc. and Covidien plc in the prior year comparison.

(2) On a comparable basis, which is prepared by aligning Covidien plc's prior year monthly results to Medtronic's fiscal quarter ended July 25, 2014.

<b>MEDTRONIC PLC</b>			
<b>Other Expense, Net on a Comparable, Constant Currency Basis</b>			
<b>Three months ended July 31, 2015</b>			
(\$ in millions)	Net Sales	Other Expense, Net	Other Expense, Net as a Percentage of Net Sales
As reported	\$7,274	\$61	0.8%
Impact of gains (losses) from foreign currency hedging program <sup>(1)</sup>	-	64	
Foreign currency impact <sup>(2)</sup>	529	7	
Adjusted	\$7,803	\$132	1.7%
<b>Three months July 25, 2014</b>			
(\$ in millions)	Net Sales	Other Expense, Net	Other Expense, Net as a Percentage of Net Sales
As reported	\$4,273	\$51	1.2%
Impact of gains (losses) from foreign currency hedging program <sup>(1)</sup>	-	(9)	
To align Medtronic and Covidien <sup>(3)</sup>	2,671	37	
Adjusted	\$6,944	\$79	1.1%

(1) To exclude gains (losses) from the foreign currency hedging program, which is included in Other Expense, Net.

(2) To exclude the impact of foreign currency on a comparable basis, which combines the results for Medtronic Inc. and Covidien plc in the prior year comparison.

(3) On a comparable basis, which is prepared by aligning Covidien plc's prior year monthly results to Medtronic's fiscal quarter ended July 25, 2014.