

# FY14 Q4: Non-GAAP Reconciliations

MEDTRONIC, INC. OPERATING LEVERAGE ADJUSTED FOR FOREIGN CURRENCY IMPACT (\$ in millions)					
	Fiscal year ended April 25, 2014 (as reported)	Foreign currency impact	Fiscal year ended April 25, 2014 (adjusted for foreign currency impact)	Fiscal year ended April 26, 2013 (as reported)	Change
Net sales	\$ 17,005	\$ 175	\$ 17,180	\$ 16,590	
Less:					
Cost of products sold	4,333	(4)	4,329	4,126	
Research and development expense (R&D)	1,477	1	1,478	1,557	
Selling, general, and administrative expense (SG&A)	5,847	38	5,885	5,698	
Net sales less cost of products sold, R&D, and SG&A	\$ 5,348		\$ 5,488	5,209	
Operating leverage			31.9%	31.4%	0.5%

Free Cash Flow (in millions)	Fiscal year ended April 25, 2014	Nine months ended January 24, 2014	Three months ended April 25, 2014
Net cash provided by operating activities	\$4,959	\$3,631	\$1,328
Additions to property, plant, and equipment	(396)	(291)	(105)
Free cash flow	\$4,563	\$3,340	\$1,223

Investors should consider these non-GAAP measures in addition to, and not as a substitute for, financial measures prepared in accordance with U.S. GAAP.



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MEDTRONIC, INC.			
RECONCILIATION OF WORLDWIDE CORE SPINE REVENUE GROWTH TO CONSTANT CURRENCY REVENUE GROWTH ADJUSTED FOR REVENUE FROM BKP			
(in millions)			
	Three months ended April 25, 2014	Three months ended April 26, 2013	Percentage Change
Core Spine revenue, as reported	\$ 662	\$ 671	(1)%
BKP revenue	(83)	(92)	
Core Spine revenue, adjusted for BKP	579	579	- %
Foreign currency impact	6	-	
Core Spine revenue, adjusted for BKP and foreign currency	<u>\$ 585</u>	<u>\$ 579</u>	1%

Three months ended April 25, 2014			
Gross margin percentage after adjusting for the impact of foreign currency (in millions)	Net sales	Cost of products sold	Gross margin percentage
As reported	\$4,566	\$1,171	74.4%
Fiscal year 2014 restructuring initiative impact	-	(10)	
As reported, adjusted for fiscal year 2014 restructuring impact	\$4,566	\$1,161	74.6%
Foreign currency impact	39	(1)	
Adjusted	\$4,605	\$1,160	74.8%

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Three months ended April 25, 2014			
Selling, general, and administrative (SG&A) expense after adjusting for the impact of foreign currency (in millions)	Net sales	SG&A expense	SG&A expense as a percentage of net sales
As reported	\$4,566	\$1,539	33.7%
Foreign currency impact	39	10	
Adjusted	\$4,605	\$1,549	33.6%

Income Tax Rate	Three months ended April 25, 2014	Fiscal year ended April 25, 2014
Effective tax rate	6.9%	17.3%
Tax impact of special charges, restructuring charges, net, certain litigation charges, net, acquisition-related items, and certain tax adjustments	7.4%	0.7%
Non-GAAP nominal tax rate	14.3%	18.0%

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