



Medtronic

Employees Stock Purchase Plan Important Tax Information

Quarterly Purchases from March 31, 2015:

The chart below identifies the fair market values and final employee purchase price for each phase of the 2014 Employees Stock Purchase Plan.

Phase	Phase Start Date	Phase End Date	Fair Market Value	Employee Stock Purchase Price	Date of Stock Certificate/ Statement	Date Sale Restrictions Lift	Date All Transfer/Gift Restrictions Lift
45-1	1/1/15	3/31/15	77.99	66.30	3/31/15	3/31/16	3/31/17
45-2	4/1/15	6/30/15	74.10	62.99	6/30/15	6/30/16	6/30/17
45-3	7/1/15	9/30/15	66.94	56.90	9/30/15	9/30/16	9/30/17
45-4	10/1/15	12/31/15	76.92	65.39	12/31/15	12/31/16	12/31/17
46-1	1/1/16	3/31/16	75.00	63.75	3/31/16	3/31/17	3/31/18
46-2	4/1/16	6/30/16	86.77	73.76	6/30/16	6/30/17	6/30/18
46-3	7/1/16	9/30/16	86.40	73.44	9/30/16	9/30/17	9/30/18
46-4	10/1/16	12/31/16	71.23	60.55	12/31/16	12/31/17	12/31/18
47-1	1/1/17	3/31/17	80.56	68.48	3/31/17	3/31/18	3/31/19
47-2	4/1/17	6/30/17	88.75	75.44	6/30/17	6/30/18	6/30/19
47-3	7/1/17	9/30/17	77.77	66.11	09/30/17	09/30/18	09/30/19
47-4	10/1/17	12/31/17	80.75	68.64	12/31/17	12/31/18	12/31/19
48-1	01/01/18	03/31/18	80.22	68.19	03/31/18	03/31/19	03/31/20
48-2	04/01/18	06/30/18	85.61	72.77	06/30/18	06/30/19	06/30/20
48-3	07/01/18	09/30/18	98.37	83.62	09/30/18	09/30/19	09/30/20
48-4	10/01/18	12/31/18	90.96	77.32	12/31/18	12/31/19	12/31/20
49-1	01/01/19	03/31/19	91.08	77.42	03/31/19	03/31/20	03/31/21
49-2	04/01/19	06/30/19	97.39	82.79	06/30/19	06/30/20	06/30/21
49-3	07/01/19	09/30/19	108.62	92.33	09/30/19	09/30/20	09/30/21
49-4	10/01/19	12/31/19	113.45	96.44	12/31/19	12/31/20	12/31/21
50-1	1/1/20	3/31/20	90.18	76.66	3/31/20	3/31/21	3/31/22
50-2	04/01/20	06/30/20	91.70	77.95	06/30/20	06/30/21	06/30/22
50-3	07/01/20	09/30/20	103.92	88.34	09/30/20	09/30/21	09/30/22
50-4	10/01/20	12/31/20	117.14	99.57	12/31/20	12/31/21	12/31/22
51-1	01/01/21	03/31/21	118.13	100.42	03/31/21	03/31/22	03/31/23
51-2	04/01/21	06/30/21	124.13	105.52	06/30/21	06/30/22	06/30/23

This document addresses the tax ramifications to you for stock purchased under this ESPP. In most cases, you will have a portion taxed at Ordinary Income Tax Rates and a portion taxed at Capital Gain Tax Rates when you sell the stock.

STOCK HOLDING PERIOD:	ORDINARY INCOME	CAPITAL GAIN/(LOSS)
Less than 1 year	N/A – Stock must be held for at least one year	N/A – Stock must be held for at least one year
1 year or more, but less than 2 years	For the portion of stock that you sold, the entire 15% discount taken at the time of stock purchase will be ordinary income to you. This income is tracked by Wells Fargo, and it will be included in your W-2.	Your long-term capital gain/(loss) is calculated on the difference between the fair market value at the date of sale and the purchase price, less the amount to be taxed as ordinary income. Net long-term capital gains may be taxed at rates less (not more) than an individual's ordinary income tax rate. You are required to report these amounts on your personal tax return.
More than 2 years	For the portion of stock that you sold, the ordinary income component is the lesser of the 15% discount at the time of stock purchase OR the difference between the fair market value at the date of sale and the purchase price. This income will NOT be reported on your W-2. However, you are required to calculate this amount and report it on your personal tax return in the year of stock sale.	Your long-term capital gain/(loss) is calculated on the difference between the fair market value at the date of sale and the purchase price, less the amount to be taxed as ordinary income. Net long-term capital gains may be taxed at rates less (not more) than an individual's ordinary income tax rate. You are required to report these amounts on your personal tax return.

EXAMPLES

EX	FACTS	ORDINARY INCOME	CAPITAL GAIN/(LOSS)
1	FMV at phase end date = \$60 ESPP Price = \$51 (85% x \$60) Date of stock certificate: 07/03/X1 Date of stock sale: 08/25/X2 Value at stock sale = \$65	\$9 – This amount will be reported on your W-2.	\$65-\$51-\$9=\$5
2	Same facts as example 1, except: Value at stock sale = \$58	\$9 – This amount will be reported on your W-2. You will recognize the entire 15% discount as ordinary income since you sold it within 2 years.	\$58-\$51-\$9=(\$2)
3	Same facts as example 1, except: Date of stock sale: 11/14/X3	\$9 – This amount is NOT reported on your W-2, since the stock was sold after 2 years. However, you are required to calculate this amount and report it on your personal tax return in the year of stock sale.	\$65-\$51-\$9=\$5
4	Same facts as example 1, except: Value at stock sale = \$58 Date of stock sale: 11/14/X3	\$7 – This amount is NOT reported on your W-2, since the stock was sold after 2 years. You recognize as ordinary income the lesser of the gain on sale or the 15% discount since you held the stock for at least 2 years.	\$58-\$51-\$7=\$0

The examples and the information above is intended to give you a brief overview of U.S. tax consequences when you sell stock acquired under the Medtronic Employee Stock Purchase Plan. It should not be considered tax advice and should not be relied upon in individual situations. Each participant should seek his or her own competent tax advice as to the best course of action in a particular situation.

See next page for stock purchases before November 1, 2005

Annual Purchases from October 1, 1970 – November 5, 2005:

Stock acquired under the Medtronic Employees Stock Purchase Plan must be held for one year after purchase before it can be sold. When the stock is sold, the proceeds typically are subject to ordinary income taxes and capital gain taxes.

ORDINARY INCOME TAXES are always calculated on the 15% discount at the start of the phase (the difference between the fair market value and the option price), OR, if less than the 15% discount, the difference between the fair market value at the date of sale and the purchase price.

LONG TERM CAPITAL GAIN TAXES are calculated on the difference between the fair market value at the date of sale and the purchase price, less the amount to be taxed as ordinary income. Net long-term capital gains may be taxed at rates less (not more) than an individual's ordinary tax rate.

The chart below identifies the fair market values, option prices and final employee purchase price for each phase of the plan.

Phase	Start of Phase			End of Phase			Employee Stock Purchase Price*	Date of Stock Certificate/ Statement
	Date	Fair Market Value	Option Price	Date	Fair Market Value	Option Price		
1	10/1/70	\$0.15	\$0.13	09/30/71	\$0.19	\$0.16	\$0.13	10/08/71
2	10/1/71	0.19	0.16	09/30/72	0.38	0.32	0.16	10/18/72
3	10/1/72	0.38	0.32	09/30/73	0.48	0.41	0.32	10/15/73
4	10/1/73	0.49	0.41	09/30/74	0.20	0.17	0.17	10/08/74
5	10/1/74	0.20	0.17	09/30/75	0.28	0.24	0.17	10/15/75
6	10/1/75	0.28	0.24	09/30/76	0.19	0.16	0.16	10/14/76
7	10/1/76	0.19	0.16	09/30/77	0.18	0.15	0.15	10/07/77
8	10/1/77	0.18	0.15	09/30/78	0.28	0.24	0.15	10/06/78
9	10/1/78	0.28	0.23	09/30/79	0.44	0.37	0.23	10/09/79
10	10/1/79	0.42	0.35	09/30/80	0.68	0.58	0.35	10/01/80
11	11/1/80	0.69	0.59	10/31/81	0.53	0.45	0.45	11/01/81
12	11/1/81	0.53	0.45	10/31/82	0.71	0.60	0.45	11/01/82
13	11/1/82	0.73	0.61	10/31/83	0.73	0.61	0.61	11/01/83
14	11/1/83	0.72	0.61	10/31/84	0.43	0.36	0.36	11/01/84
15	11/1/84	0.43	0.36	10/31/85	0.61	0.51	0.36	11/01/85
16	11/1/85	0.61	0.51	10/31/86	1.37	1.17	0.51	11/01/86
17	11/1/86	1.37	1.17	10/31/87	1.19	1.01	1.01	11/01/87
18	11/1/87	1.19	1.01	10/31/88	1.30	1.11	1.01	11/01/88
19	11/1/88	1.32	1.12	10/31/89	1.85	1.57	1.12	11/01/89
20	11/1/89	1.86	1.58	10/31/90	2.63	2.24	1.58	11/01/90
21	11/1/90	2.68	2.27	10/31/91	4.93	4.19	2.27	11/01/91
22	11/1/91	4.94	4.20	10/31/92	6.05	5.14	4.20	11/01/92
23	11/1/92	6.05	5.14	10/31/93	4.64	3.94	3.94	11/01/93
24	11/1/93	4.67	3.97	10/31/94	6.54	5.56	3.97	11/01/94
25	11/1/94	6.50	5.53	10/31/95	14.44	12.28	5.53	11/01/95
26	11/1/95	14.97	12.73	10/31/96	16.10	13.68	12.73	11/01/96
27	11/1/96	16.00	13.60	10/31/97	21.75	18.49	13.60	11/01/97
28	11/1/97	21.75	18.49	10/31/98	32.50	27.63	18.49	11/01/98
29	11/1/98	32.50	27.63	10/31/99	34.38	29.22	27.63	11/01/99
mdt	2/16/99	40.50	34.43	10/31/99	34.38	29.22	29.22	11/01/99
ave/sdg	3/22/99	34.31	29.17	10/31/99	34.38	29.22	29.17	11/01/99
avecort	11/1/99	35.56	30.23	10/31/00	54.31	46.16	30.23	11/01/00
30	11/1/00	55.00	46.75	10/31/01	40.30	34.26	34.26	11/01/01
31	11/1/01	40.90	34.77	10/31/02	44.80	38.08	34.77	11/01/02
32	11/1/02	46.06	39.15	10/31/03	45.57	38.73	38.73	11/01/03
33	11/1/03	45.57	38.73	10/31/04	51.11	43.44	38.73	11/01/04
34	11/1/04	50.69	43.09	10/31/05	56.66	48.16	43.09	11/01/05

*The lower of (a) 85% of the fair market value at the start of the phase, or (b) 85% of the fair market value at the end of the phase.

NOTE: The stock prices above have been adjusted for the following 2 for 1 stock splits: 9/72, 7/80, 8/89, 8/91, 9/94, 9/95, 9/97 and 9/99. TO ILLUSTRATE, assume you sold 100 shares (adjusted for all two-for-one stock splits) of Medtronic common stock at \$50.00 per share that you acquired under Phase 23:

Fair market value at start of Phase:	\$6.05 x 100 =	\$	605.00
Option Price at start of Phase:	\$5.14 x 100 =	-	514.00
15% to be taxed as ordinary income		\$	91.00
Fair market value at date of sale:	\$50.00 x 100 =		\$5,000.00
Employee purchase price:	\$ 3.94 x 100 =	-	394.0
Total gain			4,606.0
Ordinary income amount		-	91.0
Taxed as long term capital gain			\$ 4,515.00

The example and the information above is intended to give you a brief overview of U.S. tax consequences when you sell stock acquired under the Medtronic Employees Stock Purchase Plan. It should not be considered tax advice and should not be relied upon in individual situations. Each participant should seek his or her own competent tax advice as to the best course of action in a particular situation.

Quarterly Purchases from March 31, 2006:

The chart below identifies the fair market values and final employee purchase price for each phase of the 2005 Employees Stock Purchase Plan.

Phase	Phase Start Date	Phase End Date	Fair Market Value	Employee Stock Purchase Price	Date of Stock Certificate/ Statement	Date Sale Restrictions Lift	Date All Transfer/Gift Restrictions Lift
36-1	11/01/05	03/31/06	\$50.75	\$43.14	03/31/06	04/01/07	04/01/08
36-2	04/01/06	06/30/06	\$46.92	\$39.88	06/30/06	07/01/07	07/01/08
36-3	07/01/06	09/30/06	\$46.44	\$39.47	09/30/06	09/30/07	09/30/08
36-4	10/01/06	12/31/06	\$53.51	\$45.48	12/31/06	12/31/07	12/31/08
37-1	01/01/07	03/31/07	\$49.06	\$41.70	03/31/07	03/31/08	03/31/09
37-2	04/01/07	06/30/07	\$51.86	\$44.08	06/30/07	06/30/08	06/30/09
37-3	07/01/07	09/30/07	\$56.41	\$47.95	09/30/07	09/30/08	09/30/09
37-4	10/01/07	12/31/07	\$50.27	\$42.73	12/31/07	12/31/08	12/31/09
38-1	01/01/08	03/31/08	\$48.37	\$41.11	03/31/08	03/31/09	03/31/10
38-2	04/01/08	06/30/08	\$51.75	\$43.99	06/30/08	06/30/09	06/30/10
38-3	07/1/08	09/30/08	\$50.10	\$42.59	09/30/08	09/30/09	09/30/10
38-4	10/01/08	12/31/08	\$31.42	\$26.71	12/31/08	12/31/09	12/31/10
39-1	01/01/09	03/31/09	\$29.47	\$25.05	03/31/09	03/31/10	03/31/11
39-2	04/1/09	06/30/09	\$34.89	\$29.66	06/30/09	06/30/10	06/30/11
39-3	07/1/09	09/30/09	\$36.80	\$31.28	09/30/09	09/30/10	09/30/11
39-4	10/1/09	12/31/09	\$43.98	\$37.39	12/31/09	12/31/10	12/31/11
40-1	01/1/10	03/31/10	\$45.03	\$38.28	03/31/10	03/31/11	03/31/12
40-2	04/01/10	06/30/10	\$36.27	\$30.83	06/30/10	06/30/11	06/30/12
40-3	07/1/10	9/30/10	\$33.58	\$28.55	09/30/10	09/30/11	09/30/12
40-4	10/1/10	12/31/10	\$37.09	\$31.53	12/31/10	12/31/11	12/31/12
41-1	1/1/11	3/31/11	\$39.35	\$33.45	3/31/11	3/31/12	3/31/13
41-2	4/1/11	6/30/11	\$38.53	\$32.76	6/30/11	6/30/12	6/30/13
41-3	7/1/11	9/30/11	\$33.24	\$28.26	9/30/11	9/30/12	9/30/13
41-4	10/1/11	12/31/11	\$38.25	\$32.52	12/31/11	12/31/12	12/31/13
42-1	01/01/12	03/31/12	\$39.19	\$33.32	03/31/12	03/31/13	03/31/14
42-2	04/01/12	06/30/12	\$38.73	\$32.93	06/30/12	06/30/13	06/30/14
42-3	07/01/12	09/30/12	\$43.12	\$36.66	09/30/12	09/30/13	09/30/14
42-4	10/01/12	12/31/12	\$41.02	\$34.87	12/31/12	12/31/13	12/13/14
43-1	01/01/13	03/31/13	\$46.96	\$39.92	03/31/13	03/31/14	03/31/15
43-2	04/01/13	06/30/13	\$51.47	\$43.75	06/30/13	06/30/14	06/30/15
43-3	07/01/13	09/30/13	\$53.25	\$45.27	09/30/13	09/30/14	09/30/15
43-4	10/1/13	12/31/13	\$57.39	\$48.79	12/31/13	12/31/14	12/31/15
44-1	01/01/14	03/31/14	\$61.54	\$52.31	03/31/14	03/31/15	03/31/16
44-2	04/01/14	06/30/14	\$63.76	\$54.20	06/30/14	06/30/15	06/30/16
44-3	07/01/14	09/30/14	\$61.95	\$52.66	09/30/14	09/30/15	09/30/16
44-4	10/1/14	12/31/14	\$72.20	\$61.37	12/31/14	12/31/15	12/31/16

The terms of the Medtronic Employee Stock Purchase Plan (ESPP) changed on 11/01/05.