

## 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 measure provides useful information to investors regarding the underlying business trends and performance of the company’s ongoing operations and is 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.

<b>MEDTRONIC PLC</b>					
<b>Fiscal year ended April 24, 2015</b>					
<b>Gross margin and operating profit percent after adjusting for the impact of foreign currency (in millions)</b>	<b>Net Sales</b>	<b>Cost of Products Sold</b>	<b>Gross Margin Percentage</b>	<b>Operating Profit</b>	<b>Operating Profit Percent</b>
As reported	\$20,261	\$6,309	68.9%	\$3,766	18.6%
Impact of inventory step-up		(623)		623	
Impact of product technology upgrade commitment		(74)		74	
Special (gains) charges, net		-		(38)	
Restructuring charges, net		(15)		252	
Certain litigation charges, net		-		42	
Acquisition-related items		-		550	
Amortization of intangible assets		-		733	
Non-GAAP	\$20,261	\$5,597	72.4%	\$6,002	29.6%
To combine Medtronic and Covidien <sup>(1)</sup>	8,108	2,915		\$2,124	
Foreign currency impact <sup>(2)</sup>	918	318		256	
Adjusted	\$29,287	\$8,830	69.9%	\$8,382	28.6%
<b>Fiscal year ended April 25, 2014</b>					
<b>Gross margin and operating profit percent after adjusting for the impact of foreign currency (in millions)</b>	<b>Net Sales</b>	<b>Cost of Products Sold</b>	<b>Gross Margin Percentage</b>	<b>Operating Profit</b>	<b>Operating Profit Percent</b>
As reported	\$17,005	\$4,333	74.5%	\$3,813	22.4%
Special charges		-		40	
Restructuring charges, net		(10)		88	
Certain litigation charges, net		-		770	
Acquisition-related items		-		117	
Amortization of intangible assets		-		349	
Non-GAAP	\$17,005	\$4,323	74.6%	\$5,177	30.4%
To combine Medtronic and Covidien <sup>(3)</sup>	\$10,376	\$3,815		\$2,487	
Adjusted	\$27,381	\$8,138	70.3%	\$7,664	28.0%

(1) On a combined basis, which adds Covidien plc's quarters for the three month's ended December 26, 2014, three months ended September 26, 2014, and three months ended June 27, 2014.

(2) On a combined, constant currency basis, which combines Covidien plc's closest reported quarter with Medtronic's closest fiscal quarter in the prior year comparison.

(3) On a combined basis, which adds Covidien plc's year end for the twelve months ended March 28, 2014.

<b>MEDTRONIC PLC</b>			
<b>Fiscal year ended April 24, 2015</b>			
<b>Selling, general, and administrative expense (SG&amp;A) after adjusting for the impact of foreign currency (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	\$20,261	\$6,904	34.1%
To combine Medtronic and Covidien <sup>(1)</sup>	\$8,108	\$2,553	
Foreign currency impact <sup>(2)</sup>	918	184	
Adjusted	\$29,287	\$9,641	32.9%
<b>Fiscal year ended April 25, 2014</b>			
<b>Selling, general, and administrative expense (SG&amp;A) after adjusting for the impact of foreign currency (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	\$17,005	\$5,847	34.4%
To combine Medtronic and Covidien <sup>(3)</sup>	\$10,376	\$3,386	
Adjusted	\$27,381	\$9,233	33.7%

(1) On a combined basis, which adds Covidien plc's quarters for the three month's ended December 26, 2014, three months ended September 26, 2014, and three months ended June 27, 2014.

(2) On a combined, constant currency basis, which combines Covidien plc's closest reported quarter with Medtronic's closest fiscal quarter in the prior year comparison.

(3) On a combined basis, which adds Covidien plc's year end for the twelve months ended March 28, 2014.

<b>MEDTRONIC PLC</b>					
<b>Three months ended April 24, 2015</b>					
<b>Gross margin and operating profit percent after adjusting for the impact of foreign currency (in millions)</b>	<b>Net Sales</b>	<b>Cost of Products Sold</b>	<b>Gross Margin Percentage</b>	<b>Operating Profit</b>	<b>Operating Profit Percent</b>
As reported	\$7,304	\$2,934	59.8%	\$373	5.1%
Impact of inventory step-up		(623)		623	
Impact of product technology upgrade commitment		(74)		74	
Restructuring charges, net		(15)		222	
Certain litigation charges, net		-		42	
Acquisition-related items		-		368	
Amortization of intangible assets		-		468	
Non-GAAP	\$7,304	\$2,222	69.6%	\$2,170	29.7%
Foreign currency impact <sup>(1)</sup>	521	65		150	
Adjusted	\$7,825	\$2,287	70.8%	\$2,320	29.6%

<b>MEDTRONIC PLC</b>			
<b>Three months ended April 24, 2015</b>			
<b>Selling, general, and administrative expense (SG&amp;A) after adjusting for the impact of foreign currency (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	\$7,304	\$2,404	32.9%
Foreign currency impact <sup>(1)</sup>	521	149	
Adjusted	\$7,825	\$2,553	32.6%

<b>MEDTRONIC PLC</b>			
<b>Three months ended April 24, 2015</b>			
<b>Research &amp; development (R&amp;D) after adjusting for the impact of foreign currency (in millions)</b>	<b>Net Sales</b>	<b>R&amp;D Expense</b>	<b>R&amp;D Expense as a Percentage of Net Sales</b>
As reported	\$7,304	\$528	7.2%
Foreign currency impact <sup>(1)</sup>	521	10	
Adjusted	\$7,825	\$538	6.9%

(1) On a combined, constant currency basis, which combines Covidien plc's closest reported quarter with Medtronic's closest fiscal quarter in the prior year comparison.

**MEDTRONIC PLC**

**Three months ended April 24, 2015**

**Income Tax Rate**

Effective tax rate	100.5%
Tax impact of non-GAAP adjustments <sup>(1)</sup>	<u>(85.1)%</u>
Non-GAAP nominal tax rate	15.4%

(1) non-GAAP adjustments include the impact of inventory step-up, impact of product technology upgrade commitment, restructuring charges, net, certain litigations charges, net, acquisition-related items, amortization of intangible assets, and certain tax adjustments