

FY14 Q1: Non-GAAP Reconciliations

MEDTRONIC, INC.			
RECONCILIATION OF U.S. CORE SPINE REVENUE GROWTH TO REVENUE GROWTH ADJUSTED FOR REVENUE FROM BKP			
(in millions)			
	<u>Three months ended</u> <u>July 26, 2013</u>	<u>Three months ended</u> <u>July 27, 2012</u>	<u>Percentage</u> <u>Change</u>
U.S. Core Spine revenue, as reported	\$ 426	\$ 430	(1)%
U.S. Balloon Kyphoplasty (BKP) revenue	<u>(57)</u>	<u>(64)</u>	
U.S. Core Spine revenue, adjusted for BKP	<u>\$ 369</u>	<u>\$ 366</u>	1 %

MEDTRONIC, INC.			
RECONCILIATION OF WORLDWIDE CORE SPINE REVENUE GROWTH TO CONSTANT CURRENCY REVENUE GROWTH ADJUSTED FOR REVENUE FROM BKP			
(in millions)			
	<u>Three months ended</u> <u>July 26, 2013</u>	<u>Three months ended</u> <u>July 27, 2012</u>	<u>Percentage</u> <u>Change</u>
Core Spine revenue, as reported	\$ 641	\$ 645	(1)%
BKP revenue	<u>(78)</u>	<u>(87)</u>	
Core Spine revenue, adjusted for BKP	563	558	1 %
Foreign currency impact	<u>9</u>	<u>-</u>	
Core Spine revenue, adjusted for BKP and foreign currency	<u>\$ 572</u>	<u>\$ 558</u>	3 %

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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Three months ended July 26, 2013			
Gross margin percentage after adjusting for the impact of foreign currency (in millions)	Net sales	Cost of products sold	Gross margin percentage
As reported	\$4,083	\$1,022	75.0%
Foreign currency impact	55	-	
Adjusted	\$4,138	\$1,022	75.3%

Three months ended July 26, 2013			
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	\$4,083	\$1,416	34.7%
Foreign currency impact	55	12	
Adjusted	\$4,138	\$1,428	34.5%

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Income Tax Rate	Three months ended July 26, 2013
Effective tax rate	17.3%
Tax impact of special charges, restructuring charges, and acquisition-related items	(2.2)%
Non-GAAP nominal tax rate	19.5%

Free Cash Flow (in millions)	Three months ended July 26, 2013
Net cash provided by operating activities	\$969
Additions to property, plant, and equipment	(78)
Free cash flow	\$891

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