

## 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.

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, INC.  
RECONCILIATION OF CONSOLIDATED GAAP DILUTED EPS  
TO CONSOLIDATED ADJUSTED NON-GAAP DILUTED EPS

	<b>Three Months Ended</b>		<b>Percent Change</b>
	<b>January 23, 2015</b>	<b>January 24, 2014</b>	
Diluted EPS, as reported	\$ 0.98	\$ 0.75	31 %
Special gains <sup>(a)</sup>	(0.09)	-	
Acquisition-related items <sup>(b)</sup>	0.07	0.17	
Restructuring credits <sup>(c)</sup>	-	(0.01)	
Impact of acquisition on interest expense <sup>(d)</sup>	0.05	-	
Non-GAAP diluted EPS	\$ 1.01	\$ 0.91	11 %
Amortization of intangible assets <sup>(e)</sup>	0.06	0.06	
Adjusted non-GAAP diluted EPS ("Cash EPS") <sup>(1)</sup>	<u>\$ 1.07</u>	<u>\$ 0.97</u>	10 %

(a) To exclude the impact of a gain on divestiture recognized in connection with the sale of a product line in the Surgical Technologies division and a net gain recognized in connection with the sale of a certain equity method investment for the three months ended January 23, 2015.

(b) To exclude charges classified as certain acquisition-related items on the consolidated statements of earnings.

(c) To exclude credits classified as restructuring credits on the consolidated statements of earnings.

(d) To exclude the incremental interest expense incurred to hold debt from December 10, 2014 through the end of the third quarter of fiscal year 2015 to finance, in part, the Covidien acquisition.

(e) To exclude amortization of intangible assets.

(1) Adjusted non-GAAP diluted EPS, or diluted EPS on a cash basis, is calculated as diluted EPS excluding special gains, acquisition-related items, restructuring credits, impact of acquisition on interest expense, and amortization of intangible assets.

MEDTRONIC, INC.  
RECONCILIATION OF CONSOLIDATED GAAP DILUTED EPS  
TO CONSOLIDATED ADJUSTED NON-GAAP DILUTED EPS

	<b>Three Months Ended</b>		<b>Percent Change</b>
	<b>January 23, 2015</b>	<b>January 24, 2014</b>	
Diluted EPS, as reported	\$ 0.98	\$ 0.75	31 %
Special gains <sup>(a)</sup>	(0.09)	-	
Acquisition-related items <sup>(b)</sup>	0.07	0.17	
Restructuring credits <sup>(c)</sup>	-	(0.01)	
Impact of acquisition on interest expense <sup>(d)</sup>	0.05	-	
Non-GAAP diluted EPS	\$ 1.01	\$ 0.91	11 %
Constant Currency Impact <sup>(e)</sup>	0.02	-	
Adjusted non-GAAP diluted EPS, on a constant currency basis <sup>(1)</sup>	<u>\$ 1.03</u>	<u>\$ 0.91</u>	13 %

(a) To exclude the impact of a gain on divestiture recognized in connection with the sale of a product line in the Surgical Technologies division and a net gain recognized in connection with the sale of a certain equity method investment for the three months ended January 23, 2015.

(b) To exclude charges classified as certain acquisition-related items on the consolidated statements of earnings.

(c) To exclude credits classified as restructuring credits on the consolidated statements of earnings.

(d) To exclude the incremental interest expense incurred to hold debt from December 10, 2014 through the end of the third quarter of fiscal year 2015 to finance, in part, the Covidien acquisition.

(e) To exclude the impact of constant currency

(1) Adjusted non-GAAP diluted EPS, or diluted EPS on a constant currency basis, is calculated as diluted EPS excluding special gains, acquisition-related items, restructuring credits, impact of acquisition on interest expense, and constant currency impact.

MEDTRONIC, INC.  
RECONCILIATION OF CONSOLIDATED GAAP DILUTED EPS  
TO CONSOLIDATED ADJUSTED NON-GAAP DILUTED EPS

	Nine Months Ended		Percent Change
	January 23, 2015	January 24, 2014	
Diluted EPS, as reported	\$ 2.68	\$ 2.58	4%
Special (gains) charges, net <sup>(a)</sup>	(0.02)	0.03	
Acquisition-related items <sup>(b)</sup>	0.17	0.07	
Restructuring charges, net <sup>(c)</sup>	0.02	-	
Impact of acquisition on interest expense <sup>(d)</sup>	0.05	-	
Certain litigation charges, net <sup>(e)</sup>	-	0.02	
Non-GAAP diluted EPS	\$ 2.89	\$ 2.70	7%
Constant Currency Impact <sup>(f)</sup>	0.05	-	
Adjusted non-GAAP diluted EPS, on a constant currency basis <sup>(1)</sup>	<u>\$ 2.94</u>	<u>\$ 2.70</u>	9%

(a) To exclude the impact of a gain on divestiture recognized in connection with the sale of a product line in the Surgical Technologies division, a net gain recognized in connection with the sale of a certain equity method investment, and a charitable cash donation to the Medtronic Foundation for the nine months ended January 23, 2015. To exclude a charitable cash donation to the Medtronic Foundation for the nine months ended January 24, 2014.

(b) To exclude charges classified as certain acquisition-related items on the consolidated statements of earnings.

(c) To exclude charges classified as restructuring charges, net on the consolidated statements of earnings.

(d) To exclude the incremental interest expense incurred to hold debt from December 10, 2014 through the end of the third quarter of fiscal year 2015 to finance, in part, the Covidien acquisition.

(e) To exclude the impact of accounting charges for patent and other matters litigation.

(f) To exclude the impact of constant currency

(1) Adjusted non-GAAP diluted EPS, or diluted EPS on a constant currency basis, is calculated as diluted EPS excluding special (gains) charges, net, acquisition-related items, restructuring charges, net, impact of acquisition on interest expense, certain litigation charges, net, and constant currency impact.

(2) The data in this schedule has been intentionally rounded to the nearest \$0.01 and, therefore, may not sum.

MEDTRONIC, INC.  
RECONCILIATION OF WORLDWIDE REVENUE GROWTH TO  
CONSTANT CURRENCY GROWTH  
(Unaudited)  
(in millions)

	Nine months ended		Reported Growth	Currency Impact on Growth		Constant Currency Growth
	January 23, 2015	January 24, 2014		Dollar	Percentage	
Worldwide Medtronic Revenue	\$ 12,957	\$ 12,440	4%	\$ (162)	(1)%	5%

MEDTRONIC, INC.  
RECONCILIATION OF WORLDWIDE REVENUE GROWTH TO CONSTANT CURRENCY  
REVENUE GROWTH ADJUSTED FOR THE IMPACT OF ACQUISITIONS, DIVESTITURE, AND FOREIGN CURRENCY  
(Unaudited)  
(in millions)

	<b>Three months ended</b>		<b>Percent Change</b>
	<b>January 23, 2015</b>	<b>January 24, 2014</b>	
World wide revenue, as reported	\$ 4,318	\$ 4,163	4%
Impact of acquisitions and divestiture	(33)	(9)	
Adjusted world wide revenue	\$ 4,285	\$ 4,154	3%
Foreign currency impact	158	-	
World wide revenue, adjusted for the impact of acquisitions, divestiture, and foreign currency	\$ 4,443	\$ 4,154	7%

MEDTRONIC, INC.  
RECONCILIATION OF INTERNATIONAL REVENUE GROWTH TO  
NON-U.S. DEVELOPED MARKETS REVENUE GROWTH  
(Unaudited)  
(in millions)

	<u>Three months ended</u>		<u>Reported</u> <u>Growth</u>	<u>Currency Impact</u> <u>on Growth</u>		<u>Constant</u> <u>Currency</u> <u>Growth</u>
	<u>January 23,</u> <u>2015</u>	<u>January 24,</u> <u>2014</u>		<u>Dollar</u>	<u>Percentage</u>	
International Revenue	\$ 1,859	\$ 1,890	(2)%	\$ (158)	(9)%	7%
<i>Less:</i> Emerging Market Revenue	542	513	6%	(32)	(6)%	12%
Non-U.S. Developed Markets Revenue	<u>\$ 1,317</u>	<u>\$ 1,377</u>	<u>(4)%</u>	<u>\$ (126)</u>	<u>(9)%</u>	<u>5%</u>

MEDTRONIC, INC.  
RECONCILIATION OF DIABETES EMERGING MARKET REVENUE GROWTH TO  
CONSTANT CURRENCY GROWTH  
(Unaudited)  
(in millions)

	<u>Three months ended</u>		<u>Reported Growth</u>	<u>Currency Impact on Growth</u>		<u>Constant Currency Growth</u>
	<u>January 23,</u>	<u>January 24,</u>		<u>Dollar</u>	<u>Percentage</u>	
	<u>2015</u>	<u>2014</u>				
Diabetes Emerging Market Revenue (a)	\$ 35	\$ 28	25%	\$ (3)	(11)%	36%

(a) Emerging Market Revenue includes revenues from Asia Pacific (except Australia, Japan, Korea, and New Zealand), Central and Eastern Europe, Greater China, Latin America, the Middle East and Africa, and South Asia.

MEDTRONIC, INC.  
RECONCILIATION OF WORLDWIDE DIABETES REVENUE GROWTH TO CONSTANT CURRENCY  
REVENUE GROWTH ADJUSTED FOR FOREIGN CURRENCY AND PRIOR YEAR REVENUE RECOGNIZED FROM  
THE TECHNOLOGY GUARANTEE REVENUE DEFERRAL  
(Unaudited)  
(in millions)

	<u>Three months ended</u>		<u>Percent Change</u>
	<u>January 23, 2015</u>	<u>January 24, 2014</u>	
Diabetes revenue, as reported	\$ 449	\$ 436	3%
Foreign currency impact	14	-	
Adjusted Diabetes revenue	\$ 463	\$ 436	6%
Recognized revenue from technology guarantee revenue deferral	-	(23)	
Diabetes revenue, adjusted for foreign currency and revenue recognized from the technology guarantee revenue deferral	\$ 463	\$ 413	12%

<b>Three months ended January 23, 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	\$4,318	\$1,487	34.4%
Foreign currency impact	158	48	
Adjusted	\$4,476	\$1,535	34.3%

<b>Three months ended January 23, 2015</b>	
<b>Income Tax Rate</b>	
Effective tax rate	18.2%
Tax impact of special charges, acquisition-related items, and impact of acquisition on interest expense	(1.1)%
Non-GAAP nominal tax rate	17.1%



MEDTRONIC, INC.  
RECONCILIATION OF INTEREST EXPENSE, NET TO  
TO ADJUSTED INTEREST EXPENSE, NET  
(Unaudited)  
(in millions)

	<b>Three Months Ended</b>
	<b>January 23, 2015</b>
Interest expense, net, as reported	\$ 81
<i>Less:</i> Impact of acquisition on interest expense <sup>(a)</sup>	<u>(77)</u>
Adjusted interest expense, net	\$ 4

(a) To exclude the incremental interest expense incurred to hold debt from December 10, 2014 through the end of the third quarter of fiscal year 2015 to finance, in part, the Covidien acquisition.