

MEDTRONIC, INC.
RECONCILIATION OF OPERATING CASH FLOW TO FREE CASH FLOW
(Unaudited)
(in millions)

	Three months ended July 25, 2014	
Net cash provided by operating activities	\$	310
Additions to property, plant, and equipment		(109)
Free cash flow	\$	201
Certain litigation payments		761
Adjusted free cash flow	\$	962

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

RECONCILIATION OF CONSOLIDATED GAAP DILUTED EPS
TO CONSOLIDATED ADJUSTED NON-GAAP DILUTED EPS

	Three Months Ended		Percent Change
	July 25, 2014	July 26, 2013	
Diluted EPS, as reported	\$ 0.87	\$ 0.93	(6) %
Restructuring charges, net ^(a)	0.02	0.01	
Acquisition-related items ^(b)	0.04	(0.09)	
Special charges ^(c)	-	0.03	
Non-GAAP diluted EPS	\$ 0.93	\$ 0.88	6 %
Amortization of intangible assets ^(d)	0.06	0.06	
Adjusted non-GAAP diluted EPS ("Cash EPS") ⁽¹⁾	<u>\$ 0.99</u>	<u>\$ 0.94</u>	5 %

(a) To exclude restructuring charges related to the restructuring initiatives in each respective fiscal year.

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

(c) To exclude the impact of a charitable donation made to the Medtronic Foundation.

(d) 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 restructuring charges, net, acquisition-related items, special charges, and amortization of intangible assets.

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

MEDTRONIC, INC.
RECONCILIATION OF WORLDWIDE AORTIC & PERIPHERAL REVENUE GROWTH TO CONSTANT
CURRENCY REVENUE GROWTH ADJUSTED FOR REVENUE FROM PIONEER PLUS AND AMPHIRION
(Unaudited)
(in millions)

	Three months ended		Percent Change
	July 25, 2014	July 26, 2013	
Aortic & peripheral revenue, as reported	\$ 232	\$ 219	6%
Foreign currency impact	(2)	-	
Aortic & peripheral revenue, adjusted for foreign currency	\$ 230	\$ 219	5%
Revenue impact from Pioneer Plus product line	-	(2)	
Revenue impact from Amphirion product line	-	(3)	
Aortic & peripheral revenue, adjusted for foreign currency, Pioneer Plus, and Amphirion	\$ 230	\$ 214	7%

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

Three months ended July 25, 2014			
Gross margin after adjusting for foreign currency impact (in millions)	Net sales	Cost of products sold	Gross Margin Percentage
As reported	\$4,273	\$1,105	74.1%
Foreign currency impact	(34)	(19)	
Adjusted	\$4,239	\$1,086	74.4%

Three months ended July 25, 2014			
Selling, general, and administrative expense (SG&A) 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	\$4,273	\$1,506	35.2%
Foreign currency impact	(34)	(9)	
Adjusted	\$4,239	\$1,497	35.3%

Three months ended July 25, 2014	
Income Tax Rate	
Effective tax rate	19.6%
Tax impact of restructuring charges, net and acquisition-related items	(0.5)%
Non-GAAP nominal tax rate	19.1%