

# FY14 Q3: Non-GAAP Reconciliations

MEDTRONIC, INC. OPERATING LEVERAGE ADJUSTED FOR FOREIGN CURRENCY IMPACT (\$ in millions)					
	Three months ended January 24, 2014 (as reported)	Foreign currency impact	Three months ended January 24, 2014 (adjusted for foreign currency impact)	Three months ended January 25, 2013 (as reported)	Change
Net sales	\$ 4,163	\$ 41	\$ 4,204	\$ 4,027	
Less:					
Cost of products sold	1,050	7	1,057	999	
Research and development expense (R&D)	360	1	361	376	
Selling, general, and administrative expense (SG&A)	1,454	9	1,463	1,401	
Net sales less cost of products sold, R&D, and SG&A	\$ 1,299		\$ 1,323	1,251	
Operating leverage			31.5%	31.1%	0.4%

MEDTRONIC, INC. RECONCILIATION OF WORLDWIDE ENDOVASCULAR REVENUE GROWTH TO CONSTANT CURRENCY REVENUE GROWTH ADJUSTED FOR REVENUE FROM PIONEER PLUS AND AMPHIRION (in millions)			
	Three months ended January 24, 2014	Three months ended January 25, 2013	Percentage Change
Endovascular revenue, as reported	\$ 218	\$ 212	3%
Less: Aortic revenue	182	175	
Peripheral revenue, as reported	36	37	(3)%
Revenue impact from Pioneer Plus product line	-	(2)	
Revenue impact from Amphirion product line	2	(2)	
Peripheral revenue, adjusted for Pioneer Plus and Amphirion	38	33	15%
Foreign currency impact	-	-	
Peripheral revenue, adjusted for Pioneer Plus, Amphirion, and foreign currency	\$ 38	\$ 33	15%

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.



# FY14 Q3: 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>January 24, 2014</u>	<u>Three months ended</u> <u>January 25, 2013</u>	<u>Percentage</u> <u>Change</u>
U.S. Core Spine revenue, as reported	\$ 419	\$ 422	(1)%
U.S. Balloon Kyphoplasty (BKP) revenue	<u>(55)</u>	<u>(60)</u>	
U.S. Core Spine revenue, adjusted for BKP	<u>\$ 364</u>	<u>\$ 362</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>January 24, 2014</u>	<u>Three months ended</u> <u>January 25, 2013</u>	<u>Percentage</u> <u>Change</u>
Core Spine revenue, as reported	\$ 631	\$ 639	(1)%
BKP revenue	<u>(77)</u>	<u>(85)</u>	
Core Spine revenue, adjusted for BKP	554	554	- %
Foreign currency impact	<u>9</u>	<u>-</u>	
Core Spine revenue, adjusted for BKP and foreign currency	<u>\$ 563</u>	<u>\$ 554</u>	2%

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.



# FY14 Q3: Non-GAAP Reconciliations

Three months ended January 24, 2014			
Gross margin percentage after adjusting for the impact of foreign currency (in millions)	Net sales	Cost of products sold	Gross margin percentage
As reported	\$4,163	\$1,050	74.8%
Foreign currency impact	41	7	
Adjusted	\$4,204	\$1,057	74.9%

Income Tax Rate	Three months ended January 24, 2014
Effective tax rate	20.2%
Tax impact of special charges, restructuring charges, certain litigation charges, net, and acquisition-related items	(0.6)%
Non-GAAP nominal tax rate	19.6%

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.