

FY13 Q2: Non-GAAP Reconciliations

RECONCILIATION OF CONSOLIDATED GAAP NET EARNINGS TO CONSOLIDATED Adjusted NON-GAAP NET EARNINGS (in millions)			
	Three months ended		Percentage Change
	October 26, 2012	October 28, 2011	
Net earnings, as reported	\$ 646	\$ 871	-26%
Certain litigation charges, net	235	-	
Certain acquisition-related items	6	9	
Physio-Control divestiture-related items	-	5	
Impact of authoritative convertible debt guidance on interest expense, net	15	13	
Non-GAAP net earnings	\$ 902	\$ 898	-
Less Q2 FY12 PEAK and Salient net gains	-	(33)	
Adjusted Non-GAAP net earnings	\$ 902	\$ 865	4%

FY13 Q2: Non-GAAP Reconciliations

RECONCILIATION OF CONSOLIDATED GAAP DILUTED EPS TO CONSOLIDATED Adjusted NON-GAAP DILUTED EPS			
	Three months ended		Percentage Change
	October 26, 2012	October 28, 2011	
Diluted EPS, as reported	\$ 0.63	\$ 0.82	-23%
Certain litigation charges, net	0.23	-	
Certain acquisition-related items	0.01	0.01	
Physio-Control divestiture-related items	-	-	
Impact of authoritative convertible debt guidance on interest expense, net	0.01	0.01	
Non-GAAP diluted EPS	\$ 0.88	\$ 0.84	5%
Less Q2 FY12 PEAK and Salient net gains	-	(0.03)	
Adjusted Non-GAAP diluted EPS	\$ 0.88	\$ 0.81	9%

FY13 Q2: Non-GAAP Reconciliations

Three months ended October 26, 2012			
Gross margin percentage after adjusting for the impact of foreign currency (in millions)	Net sales	Cost of products sold	Gross margin percentage
As reported	\$4,095	\$1,020	75.1%
Foreign currency impact	118	7	
Adjusted	\$4,213	\$1,027	75.6%

Interest Expense, Net (in millions)	Three months ended October 26, 2012
Interest expense, net	\$24
Impact of authoritative convertible debt guidance on interest expense, net	23
Non-GAAP interest expense, net	\$ 1

FY13 Q2: Non-GAAP Reconciliations

Income Tax Rate	Three months ended October 26, 2012
Effective tax rate	24.4%
Tax impact of certain litigation charges, net, acquisition-related items and authoritative convertible debt guidance	4.4%
Non-GAAP nominal tax rate	20.0%

Free Cash Flow (in millions)	Six months ended October 26, 2012
Net cash provided by operating activities	\$2,167
Additions to property, plant, and equipment	(211)
Free cash flow	\$1,956